
**MODUN RESOURCES LTD
(TO BE RENAMED LIVETILES LIMITED)
ACN 066 139 991**

NOTICE OF GENERAL MEETING

TIME: 10:00am (EST)
DATE: 30 July 2015
PLACE: Suite 2
Level 16
56 Pitt Street
Sydney NSW 2000

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

INDEPENDENT EXPERT'S REPORT: Shareholders should carefully consider the Independent Expert's Report prepared by Stantons International Securities Pty Ltd (trading as Stantons International Securities) for the purposes of the Shareholder approval required by Section 611 (Item 7) of the Corporations Act. The Independent Expert's Report comments on the fairness and reasonableness of the transaction the subject of Resolutions 5 and 6 to the non-associated Shareholders and concludes it is **NOT FAIR BUT REASONABLE** to the non-associated Shareholders.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 9217 3300.

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IMPORTANT INFORMATION

Time and place of Meeting

Notice is given that the Meeting will be held at 10:00am (EST) on 30 July 2015 at:

Suite 2
Level 16
56 Pitt Street
Sydney NSW 2000

Your vote is important

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 at 7:00pm (EST) on 28 July 2015.

Voting in person

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

Voting by proxy

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

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

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and

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

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

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

Further details on these changes are set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does:**

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (ie as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on, the proxy must vote on a poll, and must vote that way (ie as directed); and
- if the proxy is not the chair, the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (ie as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting; or
 - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 – CHANGE TO NATURE AND SCALE OF ACTIVITIES

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

"That, subject to the passing of all Acquisition Resolutions, for the purpose of ASX Listing Rule 11.1.2 and for all other purposes, approval is given for the Company to complete the Acquisition as described in the Explanatory Statement and to consequently make a significant change to the nature and scale of its activities."

Short Explanation: The Company proposes to acquire LiveTiles Holdings Pty Ltd (**LiveTiles**), which together with its three subsidiaries (together the **LiveTiles Group**), is involved in the development of a proprietary software tool that enables organisations to build user interfaces for Microsoft's cloud collaboration platforms. If the acquisition of LiveTiles is successful, it will result in the Company changing the nature of its activities from mining exploration activities to a company with interests in the software industry. The Company is required to seek Shareholder approval to change the nature and scale of its activities by acquiring LiveTiles. ASX Listing Rule 11.1.2 requires the Company to seek Shareholder approval where it proposes to make a significant change to the nature or scale of its activities. Please refer to the Explanatory Statement for further details.

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 ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

2. RESOLUTION 2 – CONSOLIDATION OF CAPITAL

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

"That, subject to the passing of all Acquisition Resolutions, pursuant to section 254H of the Corporations Act and for all other purposes, the issued capital of the Company be consolidated on the basis that:

- (a) every 50 Shares be consolidated into one (1) Share; and*
- (b) every 50 Options be consolidated into one (1) Option,*

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

3. RESOLUTION 3 – ADOPTION OF EMPLOYEE SHARE PLAN

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

"That, subject to the passing of all Acquisition Resolutions, for the purposes of ASX Listing Rule 7.2 (Exception 9(b)) and for all other purposes, approval is

given for the Company to adopt an employee incentive scheme titled Employee Share Plan and for the issue of securities under that Plan, on the terms and conditions set out in the Explanatory Statement."

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

Voting Prohibition Statement:

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

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

However, the above prohibition does not apply if:

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

4. RESOLUTION 4 – ADOPTION OF MANAGEMENT INCENTIVE PLAN

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

"That, subject to the passing of all Acquisition Resolutions, for the purposes of ASX Listing Rule 7.2 (Exception 9(b)) and for all other purposes, approval is given for the Company to adopt an employee incentive scheme titled Management Incentive Plan and for the issue of securities under that Plan, on the terms and conditions set out in the Explanatory Statement."

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

Voting Prohibition Statement:

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

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or

- (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

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

5. RESOLUTION 5 – ISSUE OF CONSIDERATION SHARES AND PARTICIPATION IN MANAGEMENT INCENTIVE PLAN – ZTH TECH PTY. LTD.

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

"That, subject to the passing of all Acquisition Resolutions, for the purposes of ASX Listing Rule 10.14, Section 208 and Section 611 (Item 7) of the Corporations Act and for all other purposes, approval is given for the Company to issue:

- (a) *the 90,187,638 Consideration Shares (on a post-Consolidation basis) to ZTH Tech Pty. Ltd. as trustee for the Triton Discretionary Trust pursuant to the Agreement; and*
- (b) *up to 19,500,000 Shares (on a post-Consolidation basis) to Karl Redenbach as Director incentive remuneration under the Management Incentive Plan; and*

including approval for:

- (a) *ZTH Tech Pty. Ltd. as trustee for the Triton Discretionary Trust; and*
- (b) *Karl Redenbach,*

*(collectively, **the ZTH Shareholders**) and their respective associates thereby acquiring a combined voting power in the Company of up to 32.22% on the terms and conditions set out in the Explanatory Statement."*

Expert's Report: Shareholders should carefully consider the report prepared by the Independent Expert for the purposes of the Shareholder approval required under Section 611 Item 7 of the Corporations Act. The Independent Expert's Report comments on the fairness and reasonableness of the transactions the subject of this Resolution to the non-associated Shareholders in the Company.

Voting Exclusion: Under Section 611 (Item 7) of the Corporations Act, no votes may be cast in favour of the Resolution by:

- (a) the person proposing to make the acquisition and their associates; or
- (b) the persons (if any) from whom the acquisition is to be made and their associates.

Accordingly, the Company will disregard any votes cast on this Resolution by ZTH Tech Pty. Ltd. as trustee for the Triton Discretionary Trust and Karl Redenbach 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.

Voting Prohibition Statement:

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

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

However, the above prohibition does not apply if:

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

6. RESOLUTION 6 – ISSUE OF CONSIDERATION SHARES AND PARTICIPATION IN MANAGEMENT INCENTIVE PLAN – NIA TECH PTY. LTD.

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

“That, subject to the passing of all Acquisition Resolutions, for the purposes of ASX Listing Rule 10.14, Section 208 and Section 611 (Item 7) of the Corporations Act and for all other purposes, approval is given for the Company to issue:

- (a) the 90,187,638 Consideration Shares (on a post-Consolidation basis) to NIA Tech Pty. Ltd. as trustee for the Odean Discretionary Trust pursuant to the Agreement; and*
- (b) up to 6,750,000 Shares (on a post-Consolidation basis) to Peter Nguyen-Brown as Director incentive remuneration under the Management Incentive Plan,*

including approval for:

- (a) NIA Tech Pty. Ltd. as trustee for the Odean Discretionary Trust; and*
- (b) Peter Nguyen-Brown,*

*(collectively, **the NIA Shareholders**) and their respective associates thereby acquiring a combined voting power in the Company of up to 28.47% on the terms and conditions set out in the Explanatory Statement.”*

Expert's Report: Shareholders should carefully consider the report prepared by the Independent Expert for the purposes of the Shareholder approval required under Section 611 Item 7 of the Corporations Act. The Independent Expert's Report comments on the fairness and reasonableness of the transactions the subject of this Resolution to the non-associated Shareholders in the Company.

Voting Exclusion: Under Section 611 (Item 7) of the Corporations Act, no votes may be cast in favour of the Resolution by:

- (a) the person proposing to make the acquisition and their associates; or

- (b) the persons (if any) from whom the acquisition is to be made and their associates.

Accordingly, the Company will disregard any votes cast on this Resolution by NIA Tech Pty. Ltd. as trustee for the Odean Discretionary Trust and Peter Nguyen-Brown 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.

Voting Prohibition Statement:

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

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

However, the above prohibition does not apply if:

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

7. RESOLUTION 7 – ISSUE OF CONSIDERATION SHARES TO A RELATED EMPLOYEE SELLER

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

“That, subject to the passing of all Acquisition Resolutions, for the purposes of ASX Listing Rule 10.14, Section 208 of the Corporations Act and for all other purposes, approval is given for the Company to issue up to 9,000,000 Shares (on a post-Consolidation basis) under the Employee Share Plan to Matthew Brown (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by Matthew Brown (and his nominee) 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.

8. RESOLUTION 8 – ISSUE OF CONSIDERATION SHARES TO UNRELATED NON-EMPLOYEE SELLERS

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

“That, subject to the passing of all Acquisition Resolutions, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 30,055,974 Shares (on a post-Consolidation basis) on the terms and conditions set out in the Explanatory Statement.”

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 ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

9. RESOLUTION 9 – CAPITAL RAISING PURSUANT TO A PROSPECTUS

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

"That, subject to the passing of all Acquisition Resolutions, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 80,000,000 Shares (on a post-Consolidation basis) on the terms and conditions set out in the Explanatory Statement."

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 ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

10. RESOLUTION 10 – ISSUE OF DIRECTOR INCENTIVE SHARES AND APPROVAL OF LOAN TO RELATED PARTY – MATTHEW BROWN

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, subject to the passing of all Acquisition Resolutions, for the purposes of ASX Listing Rule 10.14, Section 208 of the Corporations Act and for all other purposes, approval is given for the Company to issue up to 4,250,000 Shares (on a post-Consolidation basis) as Director incentive remuneration to Matthew Brown under the Management Incentive Plan on the terms and conditions set out in the Explanatory Statement."

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

Voting Prohibition Statement:

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

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

However, the above prohibition does not apply if:

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

11. RESOLUTION 11 – ISSUE OF DIRECTOR INCENTIVE SHARES AND APPROVAL OF LOAN TO RELATED PARTY – ANDREW GRAY

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, subject to the passing of all Acquisition Resolutions, for the purposes of ASX Listing Rule 10.14, Section 208 of the Corporations Act and for all other purposes, approval is given for the Company to issue up to 2,250,000 Shares (on a post-Consolidation basis) as Director incentive remuneration to Andrew Gray under the Management Incentive Plan on the terms and conditions set out in the Explanatory Statement.”

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

Voting Prohibition Statement:

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

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

However, the above prohibition does not apply if:

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

12. RESOLUTION 12 – ISSUE OF DIRECTOR INCENTIVE SHARES AND APPROVAL OF LOAN TO RELATED PARTY – MIKE HILL

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, subject to the passing of all Acquisition Resolutions, for the purposes of ASX Listing Rule 10.14, Section 208 of the Corporations Act and for all other purposes, approval is given for the Company to issue up to 2,250,000 Shares (on a post-Consolidation basis) as Director incentive remuneration to Mike Hill

under the Management Incentive Plan on the terms and conditions set out in the Explanatory Statement."

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

Voting Prohibition Statement:

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

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

However, the above prohibition does not apply if:

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

13. RESOLUTION 13 – PARTICIPATION OF A DIRECTOR IN THE CAPITAL RAISING – MIKE HILL

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

"That, subject to the passing of Resolution 9, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 666,667 Shares under the Capital Raising to Mike Hill (or his nominee) on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by Mike Hill (and his nominee) 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.

14. RESOLUTION 14 – PARTICIPATION OF A DIRECTOR IN THE CAPITAL RAISING – ANDREW GRAY

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

"That, subject to the passing of Resolution 9, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 3,333,334 Shares under the Capital Raising to Andrew Gray (or his nominee) on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by Andrew Gray (and his nominee) 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.

15. RESOLUTION 15 – DISPOSAL OF INTEREST IN NUURST THERMAL COAL PROJECT

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

"That, for the purposes of ASX Listing Rule 11.2 and for all other purposes, approval is given for the disposal by the Company of its interest in the share capital of Modun Resources LLC on the terms and conditions and for the purpose set out in the Explanatory Statement."

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by any party who might obtain a benefit, except a benefit solely in the capacity of a Shareholder, 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 proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or if it is cast by a 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.

16. RESOLUTION 16 – CHANGE OF COMPANY NAME

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

"That, subject to completion of the Acquisition, for the purposes of section 157(1)(a) and for all other purposes, approval is given for the name of the Company to be changed to 'LiveTiles Limited'."

17. RESOLUTION 17 – REPLACEMENT OF CONSTITUTION

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

"That, for the purposes of section 136(2) of the Corporations Act and for all other purposes, approval is given for the Company to repeal its existing Constitution and adopt a new constitution in its place in the form as signed by the chairman of the Meeting for identification purposes."

18. RESOLUTION 18 – ELECTION OF DIRECTOR – KARL REDENBACH

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

"That, subject to the passing of all Acquisition Resolutions, for the purpose of clause 13.3 of the Constitution and for all other purposes, Karl Redenbach, being eligible and having consented to act, be elected as a director of the Company on and from Completion of the Acquisition."

19. RESOLUTION 19 – ELECTION OF DIRECTOR – PETER NGUYEN-BROWN

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

"That, subject to the passing of all Acquisition Resolutions, for the purpose of clause 13.3 of the Constitution and for all other purposes, Peter Nguyen-Brown, being eligible and having consented to act, be elected as a director of the Company on and from Completion of the Acquisition."

20. RESOLUTION 20 – ELECTION OF DIRECTOR – MATTHEW BROWN

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

"That, subject to the passing of all Acquisition Resolutions, for the purpose of clause 13.3 of the Constitution and for all other purposes, Matthew Brown, being eligible and having consented to act, be elected as a director of the Company on and from Completion of the Acquisition."

Dated: 10 June 2015

By order of the Board

**Andrew Whitten
Company Secretary**

EXPLANATORY STATEMENT

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

1. ACQUISITION OF LIVETILES HOLDINGS PTY LTD

1.1 Background

On 27 April 2015, the Company announced that it had executed a binding conditional share sale agreement with the current shareholders of LiveTiles Holdings Pty Ltd (ACN 603 266 888) (**LiveTiles**) (**Agreement**) pursuant to which the Company proposes to acquire 100% of the issued share capital in LiveTiles (**Acquisition**).

The current shareholders of LiveTiles as at the date of this Notice comprise:

- (a) NIA Tech Pty. Ltd. (ACN 158 542 271) as trustee for the Odean Discretionary Trust (**NIA Tech**);
- (b) ZTH Tech Pty. Ltd. (ACN 158 542 404) as trustee for the Triton Discretionary Trust (**ZTH Tech**); and
- (c) rhipe LiveTiles Pty Limited (ACN 603 338 781) (**Investor Seller**).

NIA Tech and ZTH Tech are together referred to as the **Founder Sellers**.

LiveTiles is a New York-based software company involved in the development of a proprietary software tool that deploys on top of Microsoft's cloud collaboration platforms, including SharePoint, Office365 and Azure, enabling organisations to rapidly build and deploy modern business solutions, including intranets and extranets.

A description of its business and products is set out in section 1.3 of this Explanatory Statement.

For further details of the terms of the Agreement to complete the Acquisition, refer to section 1.9 of this Explanatory Statement.

1.2 Existing Activities

The Company is an Australian company, incorporated on 24 August 1994 and listed on the Australian Securities Exchange on 17 August 1999 (ASX: MOU).

The Company currently holds a 100% interest in the Nuurst Thermal Coal Project in Mongolia. On 24 November 2014, the Company announced a highly conditional agreement to sell the Nuurst Thermal Coal Project. Further, on 5 February 2015, the Company announced that it had agreed to extend the exclusive due diligence period for the purchaser to continue its due diligence on the project for a further two months expiring on 30 April 2015. Whilst the exclusivity period has expired, the Company continues to negotiate with the proposed purchaser.

The sale of the Nuurst Thermal Coal Project is conditional on Shareholder approval, which is the subject of Resolution 15.

In the event that the agreement to sell the Nuurst Thermal Coal Project does not complete, the Company will seek to negotiate with other interested parties to sell its interest in the Nuurst Thermal Coal Project following completion of the Acquisition.

1.3 About LiveTiles

General

LiveTiles is an Australian proprietary company headquartered in New York, with offices in Melbourne and Richland (Washington State).

LiveTiles, together with its three subsidiaries (together the **LiveTiles Group**), is involved in the development of a proprietary software tool that deploys on top of Microsoft's cloud collaboration platforms including SharePoint, Office365 and Azure, enabling organisations to build and deploy modern user interfaces and business solutions, including intranets and extranets. The LiveTiles Group includes:

- (a) LiveTiles Pty Ltd (ACN 601 177 691) (wholly owned subsidiary);
- (b) LiveTiles R and D Pty Ltd (ACN 158 548 700) (wholly owned subsidiary); and
- (c) LiveTiles LLC (a company incorporated in the United States of America, company number 46-5181168) (wholly owned subsidiary).

The LiveTiles concept was founded in 2012 by Karl Redenbach and Peter Nguyen-Brown. Prior to December 2014, LiveTiles was part of the nSynergy Group. The nSynergy Group's core business was technology consulting. In December 2014, LiveTiles was demerged from the nSynergy Group when rhipe Limited (ASX: RHP) (**rhipe**) acquired the nSynergy Group.

In February 2015, it was announced that LiveTiles had achieved the 2014 Microsoft Asia Pacific Platinum Partner Award in the Independent Software Vendor category.

LiveTiles Products

The LiveTiles Group has developed two proprietary software products, being "LiveTiles" and "LiveTiles Mosaic" which are detailed below.

(a) **LiveTiles**

LiveTiles is a proprietary software tool that enables organisations to build user interfaces that deploy on top of Microsoft's cloud collaboration platforms including SharePoint, Office365 and Azure. The LiveTiles product is focused on enterprise customers of all sizes.

LiveTiles is primarily used by organisations as a modern user interface for intranets and extranets that are powered by Microsoft's SharePoint software. LiveTiles is touch-enabled, mobile-friendly, device-agnostic and very easy to reconfigure.

An intranet is a computer network that uses internet technology to share information, operational systems and computing services within an organisation. An extranet is a computer network that allows controlled access from outside of an organisation's intranet. LiveTiles version 1.0 was launched in March 2014 and deployed to early enterprise customers on a free basis as a deliberate strategy to quickly achieve visibility in the enterprise software market and collect valuable customer feedback.

LiveTiles commenced charging new enterprise customers subscription fees in conjunction with the launch of LiveTiles version 2.0 in February 2015. LiveTiles version 2.0 includes several important enhancements relative to LiveTiles version 1.0 including:

- a major overhaul of the design user interface with a focus on simplification of the user experience and moving towards HTML 5 web technology;
- introducing key usability improvements including drag to resize and an undo function;
- tighter integration with the SharePoint experience; and
- improved page load performance.

(b) **LiveTiles Mosaic**

LiveTiles Mosaic is focused on the K-12 education market. LiveTiles Mosaic is a free education solution that lets any school with an Office 365 tenant build collaborative, touch-friendly classrooms in the cloud.

LiveTiles Mosaic allows teachers to create interactive learning spaces via LiveTiles' 'drag and drop' functionality, and connect students to the classroom anywhere, on any device, at any time. LiveTiles Mosaic was created to help teachers excite students with cloud-based learning opportunities, and to give students the chance to become proficient at Office 365 and associated technologies that are commonly used in the business world.

LiveTiles Mosaic has been deployed into schools and school districts representing approximately 2,200 schools in Australia, the United States of America and more than 20 other countries. LiveTiles estimates that this school base has approximately 2.0 million students and teachers.

Intellectual Property

LiveTiles relies on a combination of trademark, copyright, trade secret and patent laws in the United States and other jurisdictions as well as confidentiality procedures and contractual provisions to protect LiveTiles' proprietary technology and its brands. LiveTiles also enters into confidentiality and intellectual property rights agreements with its employees, contractors and other third parties and controls access to software, documentation and other proprietary information.

LiveTiles has applied to the United States Patent and Trademark Office (**USPTO**) to register LiveTiles as a trademark. The trademark application is pending and LiveTiles is expecting a response from the USPTO in the near term.

LiveTiles filed two United States non-provisional patent applications. The first application was filed on 2 July 2014 and is entitled "Browser-based designer tool for a user interface and the administration of tiles". This application is pending before the USPTO. Based on USPTO guidelines, LiveTiles expects a response from the USPTO in late 2015 or early 2016. The second application was filed on 7 May 2015 and covers further aspects of the browser-based designer tool for a user interface.

1.4 **LiveTiles Business Model**

LiveTiles product

Since the launch of version 2.0 of the LiveTiles product in February 2015, LiveTiles has provided its software to enterprise customers on a subscription basis. The level of subscription fees are based on the number of licensed users. Small customers pay US\$1.00 per user per month and discounts are offered as the number of licensed

users increases. For example, the subscription fee for a customer with 10,000 licensed users is currently US\$0.74 per user per month, which equates to US\$88,800 per annum.

Customers have the option of paying annually upfront or monthly. To date, the majority of LiveTiles' customers have elected to pay annually upfront. LiveTiles recognises revenue rateably over the term of the subscription period.

LiveTiles expects that many of its customers who received LiveTiles version 1.0 for free prior to February 2015 can be converted to subscription fee-paying customers in conjunction with being upgraded to LiveTiles version 2.0.

LiveTiles Sales and Marketing

LiveTiles sales and marketing strategy is focused on:

- (a) *Increasing penetration with existing customers* – many of LiveTiles' existing customers use LiveTiles within part of their organisation. As LiveTiles' customers realise the benefits of the LiveTiles product, LiveTiles aims to grow the licensed user base within the organisation by targeting additional business units, with the ultimate goal of achieving enterprise-wide deployments; and
- (b) *Pursuing new customers* – LiveTiles will continue to aggressively target new enterprise customers, with a particular focus on the United States of America, the United Kingdom, Europe and the Asia-Pacific region.

LiveTiles employs a direct sales team of 8 inside sales and enterprise sales personnel who are organised by account size and region. LiveTiles intends to continue to grow its direct sales team in the short term.

As a core part of its strategy, in late 2014 LiveTiles started to develop an ecosystem of partners in order to expand its reach to both large and small enterprises. As at 30 April 2015, LiveTiles had 65 partners, primarily comprising consulting and implementation services providers across the United States of America, the United Kingdom and Europe.

In the Asia-Pacific region (including Australia), LiveTiles has an exclusive distribution arrangement with rhipe (summarised in Section 1.5 of this Explanatory Statement). rhipe, in turn, has a channel partner network of more than 1,500 partners across the Asia-Pacific region. In April 2015, rhipe announced that it has been appointed as one of only two companies to Microsoft Australia's Cloud Solutions Provider program. This will enable rhipe to bundle the LiveTiles product with Microsoft's Office365 platform. rhipe expects to launch the LiveTiles product to its channel partners in June 2015.

LiveTiles partners receive commission in the range of 10% to 30% of subscription fees, depending on their LiveTiles certification level. rhipe's commission level is 30%.

LiveTiles employ a variety of marketing programs across traditional and social channels to target prospective and current customers and partners. LiveTiles' primary marketing activities include:

- *Content marketing*: Deployed into three distinct programs: awareness, educational and solution recognition. Each prospect is assigned a predetermined content journey to ensure relevancy and progressive profiling. Data is captured using tier 1 marketing automation and analytics software. Content includes blogs, articles, infograms, e-newsletters, white papers, eBooks, webinars, case studies and instructional videos.

- *Advertising:* LiveTiles' advertising schedule is chiefly focused in the digital space, using Google AdWords and Remarketing, LinkedIn banners and sponsored content and Facebook advertising. LiveTiles also invests in advertising space in industry journals, both in print and online formats.
- *Events:* Fundamental to LiveTiles' awareness program is its global events calendar, which includes sponsorships in several major Microsoft events (e.g. Worldwide Partner Conference, SharePoint Conference), technology industry tradeshow (such as the National Retail Federation) and numerous customer-focused SharePoint conferences.
- *Social media and public relations:* LiveTiles actively pursues media placement in key publications and channel networks including social engagement across Twitter, LinkedIn, Instagram, YouTube, Google+, Pinterest and Facebook, and awards submissions for both company and product innovation.
- *Customer loyalty and remarketing:* To promote ongoing customer value and loyalty, LiveTiles maintains several social communities in which customers can interact with key personnel in real time. LiveTiles also uses these communities to gather general product sentiments, feedback and ideas for future releases.
- *Partner marketing and enablement:* LiveTiles provides value to its partners through enablement and training programs, marketing resources and ongoing communications around product updates and associated benefits.

LiveTiles Mosaic

LiveTiles Mosaic is offered for free. LiveTiles' strategy is to rapidly grow the LiveTiles Mosaic user base, with a view to it becoming the leading web and mobile user interface in the K-12 education market.

LiveTiles will explore various potential alternatives to monetise the LiveTiles Mosaic user base in future. LiveTiles has no current intention to charge subscription fees for LiveTiles Mosaic.

Customers

LiveTiles has been deployed into 69 enterprise customers with an aggregate employee base of approximately 2.1 million. Existing customers include Nike, Best Buy, Siemens, Australia Post, Commonwealth Bank and the Tasmanian Government.

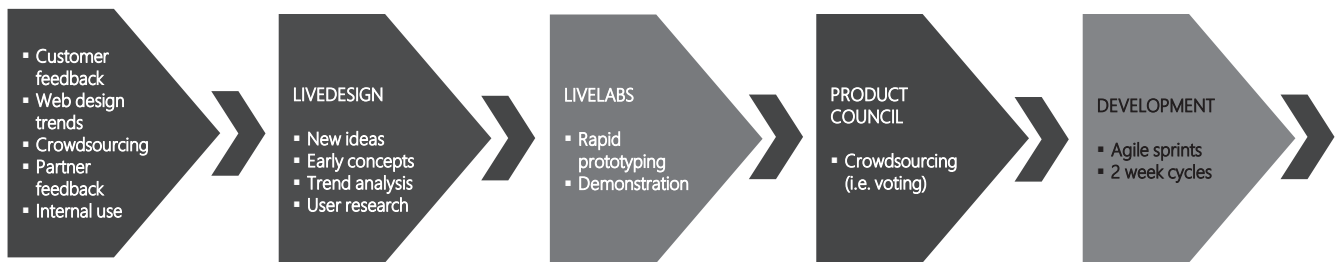
LiveTiles Mosaic has been deployed into schools and school districts representing approximately 2,200 schools in Australia, the United States of America and more than 20 other countries. LiveTiles estimates that this school base has approximately 2.0 million students and teachers.

Product Development

LiveTiles' product development team is responsible for the development, testing and certification of its products. LiveTiles is focused on continuous innovation and improving the reliability, performance and flexibility of its products. From time to time, internal research and development activities are supplemented with outside development resources.

Overview of the LiveTiles Product Development process

The following diagram provides an overview of the LiveTiles product development process:



1.5 LiveTiles key contracts

LiveTiles Distribution and Reseller Agreement – rhipe Australia Pty Limited

On 12 December 2014, LiveTiles LLC and LiveTiles Pty Ltd (each a wholly owned subsidiary of LiveTiles) (**LiveTiles Subsidiaries**) entered into an agreement with rhipe Australia Pty Limited (ACN 103 659 212) (a wholly owned subsidiary of rhipe) (**Reseller**) pursuant to which the LiveTiles Subsidiaries appointed the Reseller with:

- (a) the non-exclusive rights to market, resell and distribute the LiveTiles product and any other products developed by LiveTiles from time to time (**Products**) and the support, assurance, new releases and related services for the Products (**Support**) globally and in the Asia Pacific region; and
- (b) the exclusive right to market, resell and distribute the Products and Support to cloud hosting providers in the Asia Pacific region.

In addition, the LiveTiles Subsidiaries have appointed rhipe, and each subsidiary of rhipe, as a reseller on the same terms as the appointment of the Reseller.

The Reseller will order supplies of the Products and Support from the LiveTiles Subsidiaries as are required from time to time. The Reseller will pay the LiveTiles Subsidiaries a monthly or annual subscription price for the Products and Support which are determined based on the size of the user base (**Prices**). The Prices may be reviewed by the LiveTiles Subsidiaries twice annually on 31 December and 20 June in each year. The LiveTiles Subsidiaries have agreed to make the Products and Support available to the Reseller to resell and distribute to customers at a minimum 30% discount to the prices for the Products and Support set out in any price list published by the LiveTiles Subsidiaries from time to time.

The LiveTiles Subsidiaries have granted the Reseller a non-transferrable, non-exclusive, royalty free license to use the LiveTiles Subsidiaries intellectual property (which includes patents, trademarks, design rights, copyright, trade or business names, know-how and trade secrets and any other similar rights or obligations) solely for the purpose of performing its obligations under the agreement. The license automatically terminates on termination of the agreement.

The agreement continues for an initial term of five years and then successive further terms of five years, unless terminated earlier by either party. Either party may terminate the agreement at any time by giving the other party written notice if:

- (a) the other party breaches any provision of the agreement and fails to remedy that breach within 15 days after receiving notice from the first party requiring it to do so; or
- (b) the other party becomes subject to an insolvency event.

The Reseller may terminate the agreement without cause, by giving the LiveTiles Subsidiaries 60 days' written notice.

1.6 Market opportunity

LiveTiles operates within the fast-growing Enterprise Content Management (**ECM**) market which describes the management of a business' internal information, records and data from creation to disposal. The ECM market was estimated to be US\$5.5 billion in 2014 and there are reasonable published estimates of its continued growth over the coming years as businesses continue to grow and utilise or further utilise online or computerised data management systems. Growth in the ECM market is being driven by:

- (a) the proliferation of data and content;
- (b) the ongoing shift to digital information;
- (c) increasing use of mobile devices in the workplace; and
- (d) the consumerisation of enterprise technology.

Within the ECM market, LiveTiles products currently integrate with Microsoft's SharePoint, Office 365 and Azure platforms.

SharePoint is one of Microsoft's core enterprise products. It is a web-based platform developed by Microsoft which integrates intranet, content management and document management. SharePoint was first launched in 2001 and is primarily sold to the business market. SharePoint's on-premises and cloud products were estimated to have 191 million users in 2014. This is forecast by The Radicati Group, Inc. to grow to 288 million users by 2018, representing an annual average growth rate of 11% per year.

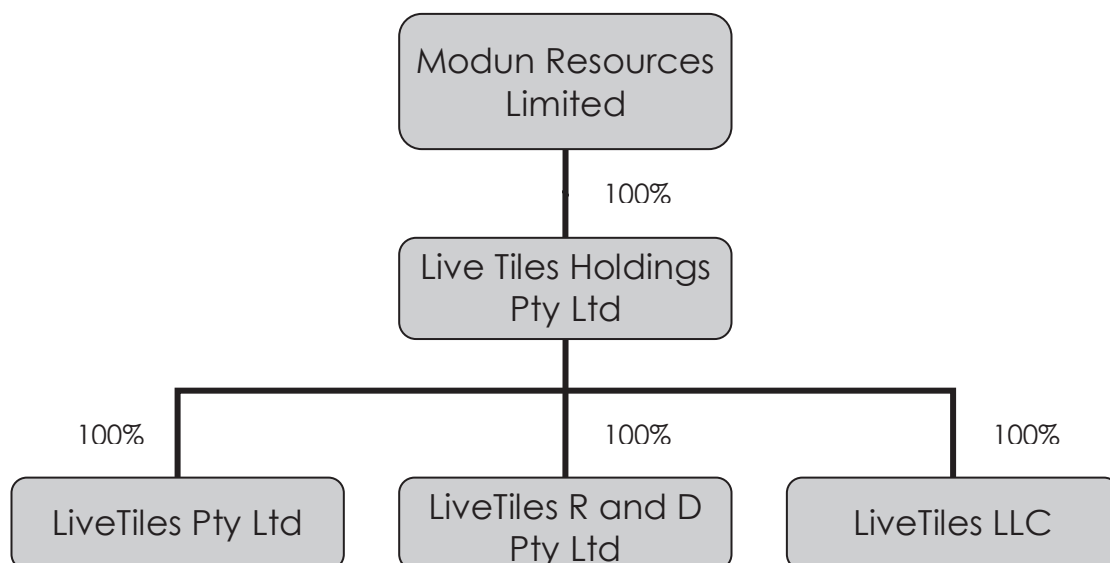
Office365 is the brand name used by Microsoft for a group of products and services that provide productivity software and related services to its subscribers via the cloud.

Azure is Microsoft's fast-growing cloud computing platform for building, deploying and managing applications and services through a global network of Microsoft-managed data centres. Azure was launched in 2010 and represents a delivery platform for LiveTiles.

Every SharePoint, Office365 and Azure Platform-as-a-Service customer is a potential LiveTiles customer.

1.7 Proposed Company structure

Following Completion of the Acquisition, the corporate and ownership structure of the Company will be as set out below.



1.8 Board and Management

In accordance with the terms of the Agreement, and with effect from Completion, Hugh Warner and Philip Kapp will resign as Directors and Karl Redenbach, Peter Nguyen-Brown and Matthew Brown (**Proposed Directors**) will be casually appointed to the Board of the Company. Mike Hill and Andrew Gray will remain in their existing roles following Completion.

Each of the Proposed Directors has entered into an employment and services agreement with LiveTiles in connection with their roles as directors of LiveTiles. As set out in section 1.9 below, it is a condition precedent under the Agreement that Karl Redenbach and Matthew Brown each enter into an employment agreement with the Company and Peter Nguyen-Brown enters into a non-executive director engagement agreement with the Company, at which time the existing employment and services agreements between the Proposed Directors and LiveTiles will terminate. The Company and the Proposed Directors are in the process of negotiating the terms of the new employment agreements and non-executive director engagement agreement, the details of which will be disclosed in the Prospectus.

Summaries of the background and experience of each of the Proposed Directors is set out below.

Directors

Mike Hill

Executive Chairman

Mr Mike Hill is a former partner of Ernst & Young M&A Sydney and has more than 10 years' experience as a Partner of Ironbridge, a large domestic private equity fund.

Mr Hill has experience across numerous industries where he has served on boards including retail (Barbeques Galore), healthcare (Healthbridge and Repromed, together now Monash IVF Ltd (ASX:MVF)), media (Radioworks Ltd and TVWorks Ltd), waste services (Envirowaste NZ Ltd) and tourism and hospitality (Recreational Tourism Group trading as Base Backpackers).

Mr Hill is currently the Executive Chairman of rhipe Limited (ASX:RHP), the Executive Chairman of INT Corporation Ltd (ASX:INT), the Executive Chairman of HJB Corporation Ltd (ASX:HJB), and an Executive Director of JustKapital Litigation Partners Limited (ASX:JKL).

He is a member of the Institute of Chartered Accountants Australia.

Andrew Gray

Non-Executive Director

Andrew Gray is currently the Chairman of the board of directors for Talent2 HRMS and is the founding managing director of Value Capital Partners. He also serves as a non-executive director of Tigers Realm Coal Limited (ASX: TIG) and V8 Supercars, and is on the board of Hit100, an emerging diabetes management company.

Prior to Value Capital Partners, Mr Gray was the managing director of Archer Capital, where he led the acquisition and subsequent sale of MYOB, Archer Capital's most successful investment, and the acquisition of V8 Supercars. Prior to joining Archer Capital, Andrew was a partner with Francisco Partners, a US\$5 billion private equity manager focused on technology companies, where he led numerous transactions including the Australian P2P of Mincom, and the divisional purchase of Aderant from Solution6. He has also led many deals in the United States and Europe including CMAC Micro Technology, Ex Libris, and Endeavor Systems. Prior to Francisco Partners, Andrew co-founded and was chief operating officer of software firm Abilizer Solutions which was ultimately sold to BEA. Andrew began his private equity career as a principal at Genstar Capital and early in his career, Andrew was a management consultant at McKinsey & Company, and an investment banker at James D. Wolfensohn in New York.

Andrew has a Bachelor of Aeronautical Engineering (first class honours) from Sydney University and an MBA from Harvard Business School.

Proposed Directors

Karl Redenbach

Proposed Chief Executive Officer and Executive Director

Mr Redenbach co-founded the LiveTiles concept, together with Peter Nguyen-Brown, in 2012. Mr Redenbach was a co-founder and the former CEO of the nSynergy Group, a global technology consulting business which was sold to ASX-listed rhipe Limited in December 2014.

Karl Redenbach holds a Bachelor of Laws and a Bachelor of Arts from Monash University. Karl was awarded CEO of the year by the Australian Human Resources Institute in December 2014.

Matthew Brown

Proposed Chief Financial Officer and Executive Director

Matthew Brown joined LiveTiles in January 2015 as the company's Chief Financial Officer. Mr Brown was previously a Division Director with Macquarie Capital in Sydney and New York. During his 12 years at Macquarie Capital, Matthew advised on over \$10 billion of mergers, acquisitions, divestments and capital raising transactions.

Mr Brown holds a Bachelor of Commerce degree and a Bachelor of Laws degree from the University of Sydney.

Peter Nguyen-Brown

Proposed Non-Executive Director

Mr Brown co-founded the LiveTiles concept, together with Karl Redenbach, in 2012. Mr Brown is the Vice President of Solutions and Support for rhipe Limited. Peter was formerly Chief Operating Officer and co-founder of the nSynergy Group, a global technology consulting business which was sold to ASX-listed rhipe Limited in December 2014.

Peter Nguyen-Brown holds a Bachelor of Applied Science in Computer Science and Software Engineering from Swinburne University. Mr Brown has 20 years IT experience, including 15 years consulting and managing consulting teams for enterprise solutions.

1.9 Terms of Agreement

As set out in Section 1.1 of this Explanatory Statement, the Company has entered into the Agreement with LiveTiles, the Founder Sellers and the Investor Seller to acquire 100% of the issued share capital of LiveTiles, an unlisted Australian company.

Set out below is a summary of the key terms of the Agreement.

Pre-Completion

Prior to Completion:

- (a) LiveTiles will undertake a share split on the basis that every one (1) LiveTiles share is divided into 10,000 LiveTiles shares;
- (b) LiveTiles will issue 855,857 shares (on a post-share split basis) to certain employees of LiveTiles;
- (c) LiveTiles will issue 37,471 shares (on a post-share split basis) to the Investor Seller;
- (d) LiveTiles will issue shares to the Founder Sellers in discharge of consultancy fees and accrued salaries to the value of \$1,780,000 owing to the Founder Sellers by the LiveTiles Group;
- (e) LiveTiles will issue shares in LiveTiles equal to 2.5% of the shares on issue in LiveTiles, being 328,200 shares (on a post-share split basis), to a trust (**nSynergy Trust**) set up for the benefit of certain employees of rhipe Cloud Solutions Pty Ltd (formerly nSynergy OSC Holdings Pty Ltd) (ACN 166 496 171) and its subsidiaries;
- (f) the Founder Sellers will subscribe for, and LiveTiles will issue, \$750,000 worth of shares in LiveTiles; and
- (g) the Company will subscribe for, and LiveTiles will issue, a convertible note in LiveTiles with a face value of \$500,000. The terms of the Convertible Note Deed Poll are summarised in Section 1.10 of this Explanatory Statement.

Consideration

On completion of the Acquisition, the Company will issued 225,000,000 Shares (on a post-Consolidation basis) (**Consideration Shares**) to the shareholders of LiveTiles at the date of Completion (or their nominees) (**Sellers**) as set out in Schedule 1.

The 225,000,000 Consideration Shares are proposed to be issued as follows:

- (a) 180,375,276 Consideration Shares (on a post-Consolidation basis) which will be issued to the Founder Sellers are the subject of Resolutions 5 and 6;
- (b) 30,055,974 Consideration Shares (on a post-Consolidation basis) which will be issued to the Corporate Trustee and the Investor Seller are the subject of Resolution 8; and
- (c) 14,568,750 Consideration Shares (on a post-Consolidation basis) to be issued pursuant to the Employee Share Plan. Shareholder approval is being sought for the issue of 9,000,000 (on a post-Consolidation basis) of these Consideration Shares to a related party employee Seller, being Matthew Brown (or his nominee) (refer to Resolution 7). The remaining 5,568,750 Consideration Shares (on a post-Consolidation basis) will be issued to unrelated employee Sellers in reliance on ASX Listing Rule 7.2 (Exception 9).

Conditions Precedent

Completion of the Acquisition remains, at the date of this Notice, conditional upon the satisfaction (or waiver) of the following conditions precedent (**Conditions**):

- (a) (**Buyer Shareholder Approvals**) the Company obtaining all necessary shareholder approvals required under the ASX Listing Rules, the Corporations Act and any other applicable law or regulation in relation to the Acquisition, including:
 - (i) ASX Listing Rule 11.1.2 authorising a change in the nature and scale of activities of the Company (as required);
 - (ii) ASX Listing Rule 7.1 for the issue of the Shares under the Capital Raising, the issue of Shares to certain Sellers under the Employee Share Plan and the trustee of the nSynergy Trust (**Corporate Trustee**) and in connection with the Company's re-compliance (as required);
 - (iii) approval for the purpose of Item 7 of Section 611 of the Corporations Act for the issue of the Consideration Shares to the Founder Sellers;
 - (iv) ASX Listing Rule 7.2 Exception 9 as an exception to ASX Listing Rule 7.1 and for the purposes of sections 200B and 200E of the Corporations Act for the issue of securities of the Company under the Management Incentive Plan;
 - (v) ASX Listing Rule 10.14 for the issue of securities of the Company under the Management Incentive Plan to Andrew Gray, Mike Hill, Karl Redenbach, Peter Nguyen-Brown and Matthew Brown (together the **Director Participants**);
 - (vi) approval for the purposes of section 254H of the Corporations Act of the consolidation of the Company's issued capital, for the sole purpose of re-compliance and on a fifty for one basis (**Consolidation**); and
 - (vii) approval of the Management Incentive Plan;

- (b) **(Re-Compliance)** the ASX providing the Company with a list of conditions (including satisfaction of Chapters 1 and 2 of the Listing Rules and such other conditions being reasonably acceptable to the Company and Sellers) which, when satisfied, will result in ASX reinstating the Company's Shares to quotation on ASX;
- (c) **(Capital Raising)** the Company completing a capital raising of no less than \$9,000,000 (or such other amount as may be agreed between the parties), through the issue of Shares. The capital raising is the subject of Resolution 9;
- (d) **(2014 Audit)** the Founder Sellers and the Investor Sellers arranging for LiveTiles' accountant and auditor to undertake an audit of the LiveTiles Group for the financial year ended 31 December 2014 and the provision of a copy of these audited accounts of the LiveTiles Group to the Company;
- (e) **(Executive and Non Executive Contract)** Karl Redenbach and Matthew Brown each entering into an employment agreement with the Company and Peter Nguyen-Brown entering into a non-executive director engagement agreement with the Company in each case, in a form to be agreed between the Company and each such person (each acting reasonably);
- (f) **(Voluntary Escrow Agreement)** each Founder Seller entering into a voluntary restriction deed **(Voluntary Escrow Agreement)** in relation to the Consideration Shares to be issued to such Founder Seller, for the period ending on the second anniversary of date on which Completion occurs;
- (g) **(ASIC relief)** the Company obtaining relief from compliance with section 609 of the Corporations Act in relation to the Sellers' entry into the Voluntary Escrow Agreements; and
- (h) **(Patent Application)** the transfer of non-provisional patent application no. 61/842,719, in respect of a browser-based designer tool for a user interface and the administration of tiles, into the sole name of a member of the LiveTiles Group.

Each party must use its reasonable endeavours to satisfy the Conditions as soon as possible and in any event before 31 October 2015 (or any other date as agreed in writing between the Company and the Sellers) **(Conditions Precedent Date)**.

Termination before Completion

The Sellers (acting collectively) or the Company may terminate the Agreement by giving not less than 2 business days' written notice to the other parties if:

- (a) at any time after the Conditions Precedent Date, a Condition is not satisfied, waived by the party or all the parties (as applicable) with the benefit of that Condition or deemed to have been waived; or
- (b) at any time before Completion, the Company or any Seller (as the case may be) has given a notice that a Condition to which it does not have the benefit is incapable of being satisfied by the Conditions Precedent Date (unless that Condition is satisfied before the notice is given).

Investor Seller right to subscribe

The Company and the Founder Sellers had agreed to each use their respective reasonable endeavours to ensure that the Investor Seller (or its nominee) has a right

to subscribe for up to 12.5% of the Shares offered pursuant to the Capital Raising on the same terms and conditions as the other subscribers under the Capital Raising (in so far as possible).

Completion

Completion of the Acquisition will occur on that date which is five business days after satisfaction or waiver of the last of the Conditions, or such other date as the Company and the Sellers agree (**Completion**).

Board Composition

Each Seller is entitled to nominate a nominee for appointment to the Board (**Nominee Directors**). The Nominee Directors, as at Completion, are as follows:

- in respect of ZTH Tech, Karl Redenbach;
- in respect of NIA Tech, Peter Nguyen-Brown; and
- in respect of the Investor Seller, Mike Hill.

With effect from Completion, Karl Redenbach, Peter Nguyen-Brown and Matthew Brown will be appointed as Directors (subject to the Proposed Directors providing written consent to act and signing a letter of appointment acceptable to the Company acting reasonably).

Karl Redenbach will be appointed as Chief Executive Officer of the Company and Matthew Brown will be appointed as Chief Financial Officer.

Hugh Warner and Philip Kapp will resign as directors, secretaries, employees and public officers (as applicable) of the Company.

If, following Completion, a Seller's (including any Related Body Corporate of the Seller and/or its guarantor) holding of ordinary shares in the share capital of the Company falls below 7.5% of the ordinary issued share capital of the Company (**Relevant Threshold Event**), that Seller must procure that its Nominee Director resigns from his or her position as Director within 5 business days after the Relevant Threshold Event.

Management Incentive Plan offers

Within 10 business days after Completion, and subject to the requisite Shareholder approval being obtained (which is the subject of Resolutions 4, 5, 6 and 10 to 12), the Company must make an offer of Shares under the terms of the Management Incentive Plan to each of Karl Redenbach, Peter Nguyen-Brown, Matthew Brown, Andrew Gray and Mike Hill.

Termination

The Sellers (acting collectively) or the Company may elect to terminate its obligations under the Agreement, by giving written notice to the other parties, if at any time before Completion the other (or any of the others in the case of the Sellers) materially breaches the Agreement.

1.10 Convertible Note Deed Poll

As set out in section 1.9 of this Explanatory Statement, under the terms of the Agreement, the Company has agreed to subscribe for a convertible note of LiveTiles

(**LiveTiles Convertible Note**) and the Founder Sellers and Investor Seller have agreed to procure that LiveTiles issues the LiveTiles Convertible Note to the Company. The subscription and issue of the LiveTiles Convertible Note is proposed to be undertaken on the terms and subject to the conditions of a convertible note deed poll (**LiveTiles Convertible Note Deed Poll**). The key terms of the proposed LiveTiles Convertible Note Deed Poll are set out below.

General Information

- (a) The LiveTiles Convertible Note will have a face value of \$500,000.
- (b) It is agreed between the Company and the Founder Sellers and Investor Seller that the LiveTiles Convertible Note will be issued to the Company prior to completion of the Acquisition.
- (c) The LiveTiles Convertible Note will be an unsecured obligation of LiveTiles.
- (d) The Convertible Note will not be transferable.

Interest

Interest on the LiveTiles Convertible Note will be calculated on the outstanding principal at the RBA cash rate and may be periodically capitalised and added to the outstanding principal.

Maturity Date

The LiveTiles Convertible Note will mature six months after the date of issue (**Maturity Date**).

On the Maturity Date, LiveTiles must either (at the Company's election):

- (a) repay the outstanding principal of the LiveTiles Convertible Note in full; or
- (b) convert the outstanding principal of the LiveTiles Convertible Note into ordinary shares in the capital of LiveTiles on the basis of a \$33.75 million valuation of LiveTiles.

Voluntary Repayment

LiveTiles will have a right to repay the outstanding principal of the LiveTiles Convertible Note in full at any time at its sole election.

Termination of Agreement

If for any reason the Agreement is terminated or completion of the Acquisition does not occur, LiveTiles must repay the outstanding principal of the LiveTiles Convertible Note by no later than the Maturity Date.

Conversion Provisions

Other than as set out in this section 1.10, the Company will have no right to require the conversion of the LiveTiles Convertible Note into ordinary shares in the capital of LiveTiles.

Redemption

The Company will have no right to require the redemption of the LiveTiles Convertible Note.

1.11 Terms Sheet – Sale of Nuurst Thermal Coal Project

As announced on 24 November 2014, the Company entered into a highly conditional agreement (**Nuurst Sale Agreement**) with a Mongolian based company (**Purchaser**), pursuant to which the Purchaser (or its nominee) has agreed to acquire, and the Company has agreed to sell, 100% of the issued share capital of Modun Resources LLC (**Modun LLC**) and novate to the Purchaser 100% of the intercompany debt. Modun LLC owns 100% of the Nuurst Thermal Coal Project, which comprises Mongolian mining license MV-017349 and all associated rights, data, improvements and all site assets (**Project**).

Consideration and Exclusivity Fee

In consideration of the acquisition, the Purchaser will pay the Company US\$8,000,000, of which:

- (a) US\$1,000,000 is payable in cash (**Cash Consideration**); and
- (b) US\$7,000,000 is payable in deferred royalty payments, paid on the basis of \$0.50 per tonne for the first 14 million tonnes of coal extracted and sold by the Purchaser (**Deferred Consideration**).

In consideration for the payment by the Purchaser to the Company of US\$100,000 (**Exclusivity Fee**), which was paid on 25 November 2015, the Company granted to the Purchaser a period of up to 90 days (**Exclusivity Period**) during which to conduct due diligence on the Project and enter into a binding agreement with the Company. As announced on 5 February 2015, the Company and the Purchaser subsequently agreed to extend the Exclusivity Period by eight weeks, which has since expired. Whilst the Exclusivity Period has expired, the Company continues to negotiate with the Purchaser as well as with additional third parties.

The Exclusivity Fee is 100% refundable only in either of the two following instances:

- (a) if the Company fails to obtain the approval of its Shareholders for the sale; or
- (b) if the Purchaser's due diligence investigations determines that the Project's mining license has not been validly granted or that the JORC report announced by the Company in November 2012 is found to have been misrepresented or false. For the avoidance of doubt, once the Purchaser gives notice of its intention to proceed with the acquisition of the Modun LLC, the Exclusivity Fee will no longer be refundable under this paragraph (b).

Upon the Purchaser providing written notice, during the Exclusivity Period, of its intention to undertake the acquisition and executing the requisite formal agreements and receiving the necessary approvals to acquire the Project, the Purchaser will pay the balance of the Cash Consideration, being US\$900,000, to the Company at settlement.

Conditions

The agreement is subject to the following conditions:

- (a) the Purchaser completing, to its satisfaction, legal, accounting and technical due diligence within the Exclusivity Period;
- (b) the Company assisting in the transaction due diligence and providing all data and support to the Purchaser;

- (c) the granting of any necessary consents, approvals, exemptions, authorisations and regulatory approvals including:
 - (i) the approval from any required general meeting by the Company; and
 - (ii) the consent from the Government of Mongolia's Mineral Resources Authority of Mongolia regarding the transaction (if required by Mongolian Law); and
- (d) no material adverse change occurring or affecting the Project.

Shareholder approval for the sale of the Nuurst Thermal Coal Project is the subject of Resolution 15.

1.12 Consolidation

ASX Listing Rule 2.1 Condition 2 provides that where an entity seeks admission to ASX, the issue price of the securities of the entity must be at least 20 cents in cash.

The Company has applied for a waiver from the requirements of ASX Listing Rule 2.1 Condition 2 to allow the Company to issue Shares at \$0.15 per Share (on a post-Consolidation basis) under the Capital Raising. If granted, the waiver will allow the Company to consolidate its capital on a 50:1 basis.

The Company proposes to undertake the consolidation of its issued capital on the basis of 1 Security for every 50 Securities held, as set out in further detail in section 3 of this Explanatory Statement (**Consolidation**).

Approval for the Consolidation is the subject of Resolution 2.

1.13 Capital Raising

In order to fund the Acquisition, to re-comply with Chapters 1 and 2 of the ASX Listing Rules and meet the conditions of the Agreement, the Company proposes to conduct a capital raising to raise up to \$12,000,000 (before costs) (**Capital Raising**) via the issue of 80,000,000 Shares at an issue price of \$0.15 per Share (on a post-Consolidation basis). The Capital Raising will be conducted under a prospectus to be prepared by the Company.

Shareholders should note that the Company has not yet set the final issue price of Shares under the Capital Raising. Accordingly, Shareholder approval is being sought for the issue of up to 80,000,000 Shares at an issue price of not less than \$0.15 per Share. Where the Capital Raising is done at a price greater than \$0.15, fewer Shares will be issued under the Capital Raising. The maximum issue price for the Capital Raising will be \$0.20 per Share.

The Capital Raising will include a priority offer to the Investor Seller to subscribe for up to 12.5% of the Shares offered pursuant to the Capital Raising, being 10,000,000 Shares (on a post-Consolidation basis and assuming that the Company offers 80,000,000 Shares at an issue price of \$0.15 per Share under the Capital Raising). If the Company undertakes the Capital Raising at a higher issue price, the number of Shares offered to the Investor Seller under the priority offer will be adjusted accordingly.

Approval for the issue of Shares pursuant to the Capital Raising is the subject of Resolution 9.

Blue Ocean Equities Pty Limited (ACN 151 186 935) (AFSL: 412765) (**Blue Ocean Equities**) will act as lead manager to the Capital Raising.

1.14 Change of name

As a result of the Acquisition, the Company proposes to change its name to "LiveTiles Limited". Approval for the change of name is the subject of Resolution 16.

1.15 Pro-forma capital structure

The pro-forma capital structure of the Company following completion of the matters contemplated by the Resolutions is set out below (assuming an issue price of \$0.15 for the Capital Raising):

Shares	Minimum Subscription (\$9 million)	Maximum Subscription (\$12 million)
Current issued capital ¹	1,774,139,534	1,774,139,534
Estimated issued capital following the proposed Consolidation (Resolution 2) ¹	35,482,791	35,482,791
Proposed issue of Consideration Shares (Resolutions 5, 6, 7 and 8)	225,000,000	225,000,000
Proposed issue pursuant to Capital Raising (Resolution 9) ²	60,000,000	80,000,000
Proposed issue of Director incentive Shares pursuant to Management Incentive Plan (Resolutions 5, 6, 10, 11 and 12)	35,000,000	35,000,000
Total estimate on completion of the matters contemplated by the Acquisition Resolutions⁵	355,482,791	357,482,791

Options	Minimum Subscription (\$9 million)	Maximum Subscription (\$12 million)
Options currently on issue ³	454,000,000	454,000,000
Estimated Options on issue following the proposed Consolidation (Resolution 2) ^{1,4}	9,080,000	9,080,000
Proposed issue of Consideration Shares (Resolutions 5, 6, 7 and 8)	Nil	Nil
Proposed issue pursuant to Capital Raising (Resolution 9)	Nil	Nil
Proposed issue of Director incentive Shares pursuant to Management Incentive Plan (Resolutions 5, 6, 10, 11 and 12)	Nil	Nil
Total estimate on completion of the matters contemplated by the Acquisition Resolutions⁵	9,080,000	9,080,000

Notes:

1. The post-Consolidation issued capital of the Company is only an estimate and is subject to variation, for example arising from rounding of individual Security holdings.
2. Assumes the Capital Raising is undertaken at an issue price of \$0.15 per Share.
3. On a pre-Consolidation basis, these Options comprise:
 - (a) 36,000,000 unlisted Options exercisable at \$0.04 each on or before 31 December 2015;
 - (b) 36,000,000 unlisted Options exercisable at \$0.06 each on or before 31 December 2015;
 - (c) 32,000,000 unlisted Options exercisable at \$0.10 each on or before 31 December 2015; and
 - (d) 350,000,000 unlisted Options exercisable at \$0.002 each on or before 31 October 2017. The Options are not exercisable until the Share price of the Company has traded at \$0.005 or above for an average of 20 business days (using the 20 day volume weighted average price).
4. On a post-Consolidation basis, these Options comprise:
 - (a) 720,000 unlisted Options exercisable at \$2.00 each on or before 31 December 2015;
 - (b) 720,000 unlisted Options exercisable at \$3.00 each on or before 31 December 2015;
 - (c) 640,000 unlisted Options exercisable at \$5.00 each on or before 31 December 2015; and
 - (d) 7,000,000 unlisted Options exercisable at \$0.10 each on or before 31 October 2017. The Options are not exercisable until the Share price of the Company has traded at \$0.25 or above for an average of 20 business days (using the 20 day volume weighted average price).
5. Assumes no further securities are issued prior to completion of the matters the subject of the Resolutions, other than as set out in the table.

1.16 Pro-forma balance sheet

An unaudited pro-forma balance sheet of the Company following completion of the Acquisition is set out in the Independent Expert's Report enclosed with this Notice of Meeting in Annexure A.

1.17 Proposed Budget

The Company has current cash reserves of \$970,000 as at the date of this Notice of Meeting.

As detailed in section 1.9 of this Explanatory Statement, prior to Completion of the Acquisition the Company will subscribe for, and LiveTiles will issue, a convertible note in LiveTiles with a face value of \$500,000. Following subscription for the convertible note in LiveTiles, the Company will have cash reserves of \$470,000.

If the Acquisition is completed, the Company intends to apply the current cash reserves, together with the proposed Capital Raising funds, which when aggregated with existing cash reserves would give a total of \$12,470,000 funds available, as follows over the next two years:

Item	Minimum capital raising (\$9,000,000) plus existing cash reserves	Maximum capital raising (\$12,000,000) plus existing cash reserve
Product development	\$2,200,000	\$2,800,000
Sales and marketing	\$4,000,000	\$6,200,000

Broker fees payable to Blue Ocean Equities	\$450,000	\$600,000
Estimated cost of the matters proposed in the Acquisition Resolutions ¹	\$649,456	\$651,135
General working capital and operating expenses	\$2,170,544	\$2,218,865
TOTAL²	\$9,470,000	\$12,470,000

Notes:

1. Refer to the table below for the itemised costs of the matters proposed in the Resolutions.

Estimated Costs of the matters proposed in the Resolutions, including the Capital Raising	Minimum subscription (\$9,000,000)	Maximum subscription (\$12,000,000)
ASX Fees	\$102,166	\$103,845
ASIC Fees	\$2,290	\$2,290
Legal, Accounting and Due Diligence Expenses	\$485,000	\$485,000
Fees payable to Investigating Accountant under the Capital Raising	\$20,000	\$20,000
Shareholder Meeting / Share Registry Costs	\$15,000	\$15,000
Printing	\$15,000	\$15,000
Miscellaneous	\$10,000	\$10,000
Total	\$649,456	\$651,135

2. In the event that completion of the sale of the Company's Nuurst Thermal Coal Project occurs in accordance with the Nuurst Sale Agreement, the Company will receive additional funds in consideration for the sale. The key terms of the Nuurst Sale Agreement are set out in section 1.11 of this Explanatory Statement.

In the event that less than the proposed maximum subscription (\$12 million) but greater than the minimum subscription (\$9 million) is raised, funds will be first allocated to the additional expenses and then to sales and marketing and product development.

Please note the Board reserves the discretion to modify the proposed Capital Raising and the table above.

The above tables are statements of current intentions as at the date of this Notice. Intervening events may alter the way funds are ultimately applied by the Company and may alter the costs estimated above.

LiveTiles expects to continue generating subscription licence fees from its commercial customers. In addition, LiveTiles expects to receive a Research & Development Tax Incentive payment in respect of the financial year to 30 June 2015. The amount of any such incentive payment will be determined after completion of the financial year ended 30 June 2015 and will depend on LiveTiles' eligible research and development expenses and the financial performance of the business. Subscription licence fees are not taken into account in the table above.

1.18 Anticipated timetable for the key business the subject of the Resolutions

Event	Date*
Announcement of the Acquisition	27 April 2015
Dispatch of Notice of Meeting to Shareholders	29 June 2015
Lodgement of prospectus	3 July 2015
Company's Shares are suspended from Official Quotation on ASX General Meeting of Shareholders ASX notified whether Shareholder approval has been granted for the Resolutions	30 July 2015
Prospectus offer closes	31 July 2015
If all Acquisition Resolutions are approved by Shareholders, the date that would ordinarily be the last day for trading in pre-Consolidation securities	31 July 2015
Date that securities would ordinarily commence trading on a deferred settlement (post-Consolidation) basis**	3 August 2015
Last day to register transfers on a pre-Consolidation basis (although the Company is anticipated to remain suspended at this stage)	5 August 2015
First day for the Company to send notice to each security holder of the change in their details of holdings First day for the Company to register securities on a post-Consolidation basis First day for issue of new holding statements	6 August 2015
Subject to Directors' satisfaction that the Conditions in the Agreement are satisfied (or waived) and receipt of conditional re-instatement letter from ASX, Completion of the Agreement Issue of Consideration Shares to the Sellers (or their nominees) (Resolutions 5, 6, 7 and 8) Issue of Shares pursuant to Capital Raising (Resolution 9) Issue of Shares pursuant to Management Incentive Plan (Resolutions 5, 6, 10, 11 and 12)	12 August 2015
Issue date – deferred settlement market ends** Last day for the Company to send notice to each security holder of the change in their details of holdings Last day to send new holding statements and enter securities into the holders' security holdings	12 August 2015

Event	Date*
Commencement of trading of Shares on ASX (subject to the Company re-complying with Chapters 1 and 2 of the ASX Listing Rules and subject to ASX agreeing to reinstate the Company's Shares to quotation)	Week commencing 24 August 2015

* The Directors reserve the right to change the above indicative timetable without requiring any disclosure to Shareholders or Optionholders.

** As the Company's securities are anticipated to be suspended from trading, deferred settlement trading will not occur.

1.19 Advantages of the proposals in the Resolutions

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 each Resolution:

(a) **The Acquisition represents an opportunity for the Company to acquire an interest in the software industry.**

The Board have been mindful of the current state of the Australian share market with regard to junior exploration companies and continued low investor sentiment. Cash preservation has been front of mind however good investment opportunities have been sought. In the current share market environment there is a greater likelihood of increasing Shareholder value by progressing the proposed acquisition of LiveTiles than if the Company were to remain a junior mineral explorer.

(b) **The acquisition of an existing company will enable the Company to tap into the established nature of the LiveTiles Group's business.**

The Acquisition provides Shareholders with exposure to an existing, well managed and expanding business involved in information technology. The business will be well capitalised following the proposed Capital Raising of a minimum of \$9 million. Existing and new funds will be directed to accelerate growth by funding additional sales and marketing activities as well as continuing product development to maintain a strong market presence.

(c) **Additional Board and management experience.**

The Proposed Directors and management of the LiveTiles Group have extensive experience and a proven track record within the software industry.

(d) **Equity-based payment for an existing growing business with track record.**

As detailed in section 1.9 of this Explanatory Statement, the consideration for the Acquisition is comprised of 225,000,000 Shares (on a post-Consolidation basis), thereby conserving the Company's cash reserves.

1.20 Disadvantages of the proposals in the Resolutions

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 each Resolution:

- (a) **The Company will be changing the nature of its activities to become an IT company, which may not be consistent with the objectives of all Shareholders.**

Subject to the passing of all Acquisition Resolutions, the Company will move out of the mineral exploration business and focus on the business of software development and sales. This may be seen as a disadvantage to some Shareholders that are seeking, via the Company, a “pure” mineral exploration investment.

- (b) **The Acquisition will result in the Capital Raising and issue of the Consideration Shares to the Sellers, which will have a dilutionary effect on the current holdings of Shareholders.**

The Capital Raising and the issue of Consideration Shares to the Sellers will be dilutive on the current holdings of Shareholders. Consequently, existing Shareholders' voting power and influence over the affairs of the Company will be reduced.

- (c) **There are risk factors associated with the change of nature and scale of the Company's activities.**

A non-exhaustive list of risk factors are summarised in section 1.21 of this Explanatory Statement.

- (d) **Transaction and capital raising costs.**

In connection with the Acquisition, the Company has been required to engage a number of advisors, lawyers and experts to facilitate and report on the Acquisition. This work includes preparation of this Notice of Meeting, Independent Experts Report annexed at Annexure A to this Explanatory Statement and a prospectus which will be lodged in connection with the Capital Raising to ensure compliance with ASX Listing Rules and other statutory requirements and approvals. These are sunk, but necessary, costs to all Shareholders.

1.21 Risk factors

Shareholders should be aware that if the Acquisition is approved and completed, the Company will be changing the nature and scale of its activities and will be subject to additional or increased risks arising from the LiveTiles Group, parties contracted or associated with the LiveTiles Group and the Agreement and other agreements.

The risks and uncertainties described below are not intended to be exhaustive. There may be additional risks and uncertainties that the Company is unaware of or that the Company currently considers immaterial, which may affect the Company and the members of the LiveTiles Group. Based on the information available, a non-exhaustive list of risk factors for the Company, associated with the Company's proposal to acquire all of the LiveTiles shares is set out below.

Company Specific

There are a number of specific risks involved for the Company, and consequently its Shareholders, in the acquisition of LiveTiles, including risks specific to the business and assets of the LiveTiles Group, which include the risk factors set out below.

(a) **Reinstatement of Shares to trading on ASX**

It is anticipated that the Company's Shares will be suspended or placed in a trading halt prior to market open on the date of the Meeting. In the event all Acquisition Resolutions are approved at the Meeting, it is anticipated that the Company's securities will remain suspended until completion of the Agreement and Capital Raising, re-compliance by the Company with Chapters 1 and 2 of the ASX Listing Rules and compliance with any further conditions ASX imposes on such reinstatement. There is a risk that the Company will not be able to satisfy one or more of those requirements and that its listed Shares may consequently remain suspended from quotation.

(b) **Dilution Risk**

On completion of the Acquisition and the Capital Raising (assuming that the Capital Raising is fully subscribed), total Shares on issue will be 375,482,791 Shares (on a post-Consolidation basis and assuming that \$12 million is raised under the Capital Raising at an issue price of \$0.15 per Share).

Following these issues (assuming that no Options are exercised), the existing Shareholders will retain approximately 9.45% of the issued capital of the Company, with the Sellers receiving 59.92% pursuant to the Acquisition, investors under the Capital Raising holding approximately 21.31% and the Directors and Proposed Directors who receive Shares under the Management Incentive Plan holding approximately 9.32% of the issued capital of the Company respectively.

On a fully diluted basis (assuming in each instance that all Options on issue are exercised) the Company will have 384,562,791 Shares on issue (on a post-Consolidation basis and assuming that \$12 million is raised under the Capital Raising at an issue price of \$0.15 per Share). Following these issues, the existing Shareholders will retain approximately 9.23% of the issued capital of the Company, with the Sellers receiving 58.51% pursuant to the Acquisition, investors under the Capital Raising holding approximately 20.80% and the Directors and Proposed Directors who receive Shares under the Management Incentive Plan holding approximately 9.10% of the issued capital of the Company respectively (with the balance of the issued capital held by the Optionholders who exercise their Options).

(c) **Limited trading history**

LiveTiles is an early-stage business with a limited trading history. Since commencement of the LiveTiles concept in 2012, LiveTiles' activities have primarily comprised spending money to develop LiveTiles' products.

Like many early-stage businesses, LiveTiles has incurred losses since its inception. LiveTiles officially commenced charging its commercial customers licence fees for the use of the LiveTiles product in February 2015.

Given LiveTiles' limited trading history, it is difficult to evaluate LiveTiles' business or its prospects and no assurance can be given that LiveTiles will be able to implement its business plan and ultimately become commercially viable.

(d) **Microsoft relationship**

LiveTiles has a close relationship with Microsoft and LiveTiles' products currently integrate with various Microsoft products including SharePoint,

Office365 and Azure. If LiveTiles is unable to maintain a close relationship with Microsoft, or if any such Microsoft products are discontinued or experience declining market share, the Company's market position and financial performance may be adversely affected.

(e) **Reliance on sales & marketing success**

Following completion of the Capital Raising, the Company intends to fully commercialise the LiveTiles product by focussing on sales and marketing. There is no guarantee that LiveTiles' sales and marketing strategy will be successful. Even if LiveTiles successfully commercialises its products, there is a risk that the Company may not generate sufficient revenue to cover its operating costs.

(f) **Intellectual property risks**

If LiveTiles fails to protect its intellectual property rights adequately, competitors or potential competitors may gain access to its technology which could harm the LiveTiles business. LiveTiles currently has no granted patents (only patent applications) and LiveTiles may not be able to obtain patent protection in the future. If any patents are granted in the future, they may not provide LiveTiles with any competitive advantages, or may be challenged by third parties.

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

LiveTiles may be required to incur significant expenses in monitoring and protecting its intellectual property rights. It may initiate or otherwise be involved in litigation against third parties for infringement, or to establish the validity, of its rights. Any litigation, whether or not it is successful, could result in significant expense to LiveTiles and cause a distraction to management. In addition, unauthorised use of the LiveTiles brand in counterfeit products may result in potential revenue loss and have an adverse impact on LiveTiles' brand value and perceptions of its product qualities.

For further information on the intellectual property rights held by the LiveTiles Group, please refer to section 1.3 of this Notice of Meeting.

(g) **Reliance on key personnel**

The development of LiveTiles' business has been largely due to the effort, experience and leadership of its management team, including the co-founder and CEO, Karl Redenbach. LiveTiles is also dependent on the continued service of its existing development personnel because of the complexity of its technologies. Despite the Company's best efforts to attract and retain key personnel (including by entering into services agreements and offering performance based equity incentives), there is no assurance that LiveTiles or the Company will be able to retain the services of such persons. The Company's ability or inability to attract and retain key personnel could have a material effect upon the Company's business, results of operations and financial condition.

(h) **Reliance on partners**

LiveTiles relies on partners to distribute the LiveTiles product to their underlying customers. If LiveTiles is not able to attract and retain suitably qualified and productive partners, it may not be able to implement its business plan.

As detailed in section 1.5 of this Explanatory Statement, LiveTiles has an exclusive distribution arrangement with rhipe in the Asia-Pacific region. If rhipe does not execute adequately or if LiveTiles does not appropriately support rhipe, LiveTiles' financial performance may be adversely affected.

(i) **Liquidity risk**

Upon reinstatement of the Company's securities to quotation on ASX, a significant portion of the Shares on issue will be subject to escrow restrictions imposed by the ASX Listing Rules and the Voluntary Escrow Agreements. This will impact liquidity in the Shares as a large portion of the issued capital may not be able to be traded freely for a period of up to 24 months.

Industry Specific

(a) **Competition and new technologies**

The LiveTiles Group will be participating in a highly competitive market. Some of the LiveTiles Group's competitors may have greater financial and other resources than the LiveTiles Group and, as a result, may be in a better position to compete for future business opportunities.

However there are few, if any, specific competitors who have a dominant market share and dictate the structure or practices in the market. The fact that there are few, if any, dominant competitors makes market entry and penetration easier. However, the LiveTiles Group will need to ensure that it can position, and differentiate, itself from its competitors to gain market share. There is no certainty that the LiveTiles Group will be successful in this market.

The industry in which the LiveTiles Group operates is subject to rapid change. LiveTiles will have no influence over the activities of its competitors, whose activities may negatively affect the operating and financial performance of LiveTiles. For example, new technologies could overtake LiveTiles' products, in which case the LiveTiles Group's revenue and profitability could be adversely affected.

(b) **Product faults**

Software products frequently contain undetected defects or bugs when first introduced or when new versions or enhancements are released. LiveTiles has on occasions found defects and bugs in its products and new defects or bugs may be detected in its existing or future products. If that occurs, LiveTiles' revenue may be adversely affected.

(c) **Customer service risk**

Customers may need to engage with members of the LiveTiles Group's customer service personnel in certain circumstances, including if they have questions about LiveTiles' products or if there is a dispute between a customer and LiveTiles. The LiveTiles Group will need to recruit and retain

staff with the requisite skills to appropriately respond to such matters. Poor customer service experiences may result in the loss of customers. If the LiveTiles Group loses key customer service personnel, fails to provide adequate training and resources for customer services personnel, or if the computer systems relied on by customer services personnel are disrupted, this could lead to adverse publicity, litigation, regulatory inquiries or a decrease in customers, all of which may negatively impact the LiveTiles Group's financial performance.

General risks

(a) **Future capital requirements**

Further funding may be required by the Company to support its ongoing activities and operations, including the need to develop new products, improve existing products, enhance its operating infrastructure and to acquire complementary businesses and technologies. Accordingly, the Company may need to engage in equity or debt financings to secure additional funds. There can be no assurance that such funding will be available on satisfactory terms (or at all) at the relevant time. Any inability to obtain additional funding (or inability to obtain funding on reasonable terms) will adversely affect the financial condition and financial performance of the Company.

(b) **Currency risk**

A large proportion of LiveTiles' revenue and expenses are denominated in US dollars, whereas the Company reports in Australian dollars. LiveTiles also expects to generate revenue in other foreign currencies including the British Pound and the Euro. The Company will therefore be subject to foreign currency fluctuations which may materially affect its financial position and operating results. For example, a depreciation of the US dollar relative to the Australian dollar may result in lower than anticipated revenue as a result of the translation of the US dollar revenue into Australian dollars. Conversely, an appreciation of the US dollar relative to the Australian dollar may result in higher than anticipated expenses as a result of the translation of the US dollar expenses into Australian dollars.

(c) **Insurance coverage**

LiveTiles faces various risks in connection with its business and may lack adequate insurance coverage. For example, LiveTiles does not currently maintain business interruption or third party liability insurance. If the Company incurs substantial losses or liabilities and its insurance coverage is unavailable or inadequate to cover such losses or liabilities, its profitability will be adversely affected.

(d) **Potential acquisitions risk**

As part of its business strategy, the Company may make acquisitions of, or significant investments in, complementary companies or prospects although no such acquisitions or investments are currently planned. Any such transactions will be accompanied by risks commonly encountered in making such acquisitions.

(e) **Market conditions risk**

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

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

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and technology stocks in particular.

(f) **General economic and political risks**

Changes in the general economic and political climate in Australia and on a global basis may impact on economic growth, interest rates, the rate of inflation, taxation and tariff laws, domestic security which may affect the value and viability of any activities that may be conducted by the Company.

(g) **Regulatory risk**

Changes in relevant taxes, legal and administration regimes, accounting practice and government policies may adversely affect the financial performance of the Company.

(h) **Highly speculative investment risk**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company, the LiveTiles Group 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 LiveTiles Group and the value of the Company's securities.

Therefore, the Shares to be issued by the Company carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

Potential investors should consider that the investment in the Company is highly speculative.

1.22 Intentions if the Acquisition is not approved

If the Conditions to the Agreement are not satisfied or waived, including if all of the Resolutions are not passed, the Acquisition will not proceed and the Company will continue to seek alternative investment opportunities which will build Shareholder value.

1.23 Directors' interests in the Acquisition

Mike Hill is a director of the Company, LiveTiles and rhipt (the parent company of the Investor Seller). Accordingly, Mr Hill has an interest in the proposed Acquisition.

Other than Mr Hill, none of the Company's existing Directors have any interest in the proposed Acquisition pursuant to the Agreement.

Shareholders should note that, subject to all Acquisition Resolutions being passed, each of Mike Hill and Andrew Gray will receive Shares as director incentive remuneration under the Management Incentive Plan.

1.24 Founder Sellers

Each of the Founder Sellers is a related party of the Company, due to them being controlled by the following Proposed Directors, respectively:

- (a) Karl Redenbach controls ZTH Tech; and
- (b) Peter Nguyen-Brown controls NIA Tech.

None of the Sellers, including the Founder Sellers, have an existing interest in the Company's securities separate from the Resolutions and the Agreement.

1.25 Conditional Resolutions

All Acquisition 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 Resolutions 1 to 12 (inclusive) is not approved at the Meeting, none of them will take effect and the Agreement and other matters contemplated by the Resolutions will not be completed pursuant to this Notice.

1.26 Directors' Recommendation

The Directors, other than Mike Hill who has a material personal interest in the Acquisition Resolutions, recommend the Company's proposed Acquisition of LiveTiles and that Shareholders vote in favour of all of the Acquisition Resolutions.

1.27 Independent Expert's Report

The Independent Expert has provided the Independent Expert's Report with respect to the proposed issue of Consideration Shares to each of the Founder Sellers and the proposed issue of Shares under the Management Incentive Plan to Karl Redenbach and Peter Nguyen-Brown pursuant to Resolutions 5 and 6 respectively. The Independent Expert has concluded and believes that the proposal as outlined in Resolutions 5 and 6 is, on balance, **not fair but reasonable** to the Shareholders of the Company.

The Independent Expert's Report also contains an assessment of the advantages and disadvantages of those proposals. This assessment is designed to assist Shareholders in reaching their voting decision.

The Independent Expert's Report is enclosed with this Notice of Meeting in Annexure A. It is recommended that all Shareholders read the Independent Expert's Report in its entirety before deciding whether or not to vote in favour of Resolutions 5 and 6.

2. RESOLUTION 1 – CHANGE OF NATURE AND SCALE OF ACTIVITIES

2.1 General

Resolution 1 seeks approval from Shareholders for the Acquisition.

As outlined in section 1.9 of this Explanatory Statement, the Company has entered into the Agreement to whereby the Company proposed to acquire all of the issued capital in LiveTiles.

The Agreement is subject to the Conditions summarised in section 1.9 of this Notice of Meeting. A detailed description of LiveTiles and its business is also outlined in section 1 of this Explanatory Statement.

The Acquisition will change the nature of the Company's activities from a mining exploration company to an information technology company.

Resolution 1 is subject to the passing of all other Acquisition Resolutions.

A detailed description of the Acquisition is set out above at section 1 of the Explanatory Statement.

2.2 ASX Listing Rule 11.1

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

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

Given the change in the nature and scale of the Company's activities upon completion of the Acquisition, the Company is required to obtain Shareholder approval.

Accordingly, the Company is seeking Shareholder approval pursuant to Resolution 1 for the Company to change the nature and scale of its activities under ASX Listing Rule 11.1.2.

ASX has also indicated to the Company that the change in the nature and scale of the Company's activities is a backdoor listing of LiveTiles which consequently requires the Company to (in accordance with ASX Listing Rule 11.1.3) re-comply with the admission requirements set out in Chapters 1 and 2 of the ASX Listing Rules (including any ASX requirement to treat the Company's securities as restricted securities). 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 Resolutions are approved at the Meeting, it is expected that the Company's securities will remain suspended from quotation until the Company has acquired LiveTiles pursuant to the Agreement and re-complied with Chapters 1 and 2 of the Listing Rules, including by satisfaction of ASX's conditions precedent to reinstatement.

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

3. RESOLUTION 2 – CONSOLIDATION OF CAPITAL

3.1 Background

Resolution 2 seeks Shareholder approval to consolidate the number of Shares and Options on issue on a 1 for 50 basis (**Consolidation**).

The purpose of the Consolidation is to implement a more appropriate capital structure for the Company going forward and to seek to comply with relevant ASX Listing Rules as part of the back-door listing when the Company seeks to obtain re-quotation of its Shares on ASX, should Shareholder approval be obtained for all of the Resolutions.

The Directors intend to implement the Consolidation prior to completion of the Agreement and prior to the proposed issues of Securities pursuant to the Acquisition and the Capital Raising, but the Consolidation will only occur if Shareholders approve all Acquisition Resolutions.

Resolution 2 is subject to the passing of all other Acquisition Resolutions.

3.2 Legal requirements

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

The ASX Listing Rules also require that the number of Options on issue be consolidated in the same ratio as the ordinary capital and the exercise price amended in inverse proportion to that ratio.

As noted in section 1.12 of this Explanatory Statement, the Company has applied for a waiver from the requirements of ASX Listing Rule 2.1 Condition 2 to allow the Company to issue Shares at \$0.15 per Share (on a post-Consolidation basis) under the Capital Raising. If granted, the waiver will enable the Company to consolidate its capital at a ratio of 50:1.

3.3 Fractional entitlements

Not all Security holders will hold that number of Shares or Options (as the case may be) which can be evenly divided by 50. Where a fractional entitlement occurs, the Company will round that fraction down to the nearest whole Security.

3.4 Taxation

It is not considered that any taxation implications will exist for Security holders arising from the Consolidation. However, Security holders are advised to seek their own tax advice on the effect of the Consolidation. The Company, the Directors and the Proposed Directors and their advisers do not accept any responsibility for the individual taxation implications arising from the Consolidation or the Resolutions.

3.5 Holding statements

From the date of the Consolidation:

- (a) all holding statements for Shares will cease to have any effect, except as evidence of entitlement to a certain number of Shares on a post-Consolidation basis; and
- (b) all certificates for unlisted Options will cease to have any effect, except as evidence of entitlement to a certain number of Options on a post-Consolidation basis.

After the Consolidation becomes effective, the Company will arrange for new holding statements for Shares proposed to be quoted to be issued to holders of those Shares and, to the extent required, new certificates for unlisted Options to be issued to Optionholders.

It is the responsibility of each Security holder to check the number of Shares and Options held prior to disposal or exercise (as the case may be).

3.6 Effect on capital structure

The effect which the Consolidation will have on the capital structure of the Company is set out in the table in Section 1.15 of this Explanatory Statement.

3.7 Indicative timetable

If Resolution 2 and all other Resolutions are passed, the Consolidation will take effect in accordance with the timetable set out in Section 1.18 of this Explanatory Statement (as set out in Appendix 7A (paragraph 8) of the ASX Listing Rules).

4. RESOLUTION 3 – APPROVAL OF EMPLOYEE SHARE PLAN

Resolution 3 seeks Shareholders approval for the adoption of the employee incentive scheme titled Employee Share Plan in accordance with ASX Listing Rule 7.2 (Exception 9(b)).

Resolution 3 is subject to the passing of all other Acquisition Resolutions.

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

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

Shareholders should note that no Shares have previously been issued under the Employee Share Plan. However, the Company is proposing to issue 5,568,750 of the Consideration Shares (on a post-Consolidation basis) to certain unrelated Sellers who are current employees of the LiveTiles Group, (or their respective nominees) under the Employee Share Plan. Refer to Schedule 1 for details of the Consideration Shares to be issued to the Sellers.

The objective of the Employee Share Plan is to attract, motivate and retain key employees and it is considered by the Company that the adoption of the Employee

Share Plan and the future issue of Shares under the Employee Share Plan will provide selected employees with the opportunity to participate in the future growth of the Company.

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

Of the 225,000,000 Consideration Shares to be issued to the Sellers, and subject to obtaining Shareholder approval to the adoption of the Employee Share Plan, the Company is proposing to issue 14,568,750 Consideration Shares pursuant to the Employee Share Plan, which will be apportioned as follows:

- (a) 9,000,000 Consideration Shares (on a post-Consolidation basis) to be issued to Matthew Brown (or his nominee); and
- (b) 5,568,750 Consideration Shares (on a post-Consolidation basis) to the other unrelated Sellers, who are current employees of the LiveTiles Group (or their respective nominees).

Approval is being sought under Resolution 7 to issue Shares under the Employee Share Plan to Matthew Brown, who is a related party of the Company by virtue of being a Proposed Director of the Company. The 5,568,750 Consideration Shares (on a post-Consolidation basis) will be issued to unrelated employee Sellers in reliance on ASX Listing Rule 7.2 (Exception 9).

A summary of the key terms and conditions of the Employee Share Plan is set out in Schedule 2.

In addition, a copy of the Employee Share Plan is available for review by Shareholders at the registered office of the Company until the date of the Meeting. A copy of the Employee Share Plan can also be sent to Shareholders upon request to the Company Secretary (Andrew Whitten). Shareholders are invited to contact the Company if they have any queries or concerns.

5. RESOLUTION 4 – APPROVAL OF MANAGEMENT INCENTIVE PLAN

Resolution 4 seeks Shareholders approval for the adoption of the employee incentive scheme titled Management Incentive Plan in accordance with ASX Listing Rule 7.2 (Exception 9(b)).

Resolution 4 is subject to the passing of all other Acquisition Resolutions.

A summary of ASX Listing Rules 7.1 and 7.2 (Exception 9(b)) is set out in section 4 of this Explanatory Statement.

If Resolution 4 is passed, the Company will be able to issue Shares under the Management Incentive Plan to eligible participants over a period of 3 years without impacting on the Company's ability to issue up to 15% of its total ordinary securities without Shareholder approval in any 12 month period.

Shareholders should note that no Shares have previously been issued under the Management Incentive Plan. The Management Incentive Plan is separate from the Employee Share Plan.

The objective of the Management Incentive Plan is to attract, motivate and retain key members of the Company's management team following completion of the

Acquisition and it is considered by the Company that the adoption of the Management Incentive Plan and the future issue of Shares under the Management Incentive Plan will provide selected employees with the opportunity to participate in the future growth of the Company.

A material feature of the Management Incentive Plan is the issue of Shares pursuant to the Management Incentive Plan may be undertaken by way of provision of a non-recourse, interest free loan to be used for the purposes of subscribing for the Shares.

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

Pursuant to the terms of the Agreement, the Company has agreed to issue a total of 35,000,000 Shares (on a post-Consolidation basis) to the following Directors and the Proposed Directors under the Management Incentive Plan:

- (a) 19,500,000 Shares (on a post-Consolidation basis) to Karl Redenbach;
- (b) 6,750,000 Shares (on a post-Consolidation basis) to Peter Nguyen-Brown;
- (c) 4,250,000 Shares (on a post-Consolidation basis) to Matthew Brown;
- (d) 2,250,000 Shares (on a post-Consolidation basis) to Mike Hill; and
- (e) 2,250,000 Shares (on a post-Consolidation basis) to Andrew Gray.

For the purposes of ASX Listing Rule 10.14, the Company is seeking approval under Resolutions 5 and 6 and Resolutions 10 to 12 for the issue of Shares to those Directors and Proposed Directors pursuant to the Management Incentive Plan.

A summary of the key terms and conditions of the Management Incentive Plan is set out in Schedule 3.

In addition, a copy of the Management Incentive Plan is available for review by Shareholders at the registered office of the Company until the date of the Meeting. A copy of the Management Incentive Plan can also be sent to Shareholders upon request to the Company Secretary (Andrew Whitten). Shareholders are invited to contact the Company if they have any queries or concerns.

6. RESOLUTIONS 5 AND 6 – ISSUE OF CONSIDERATION SHARES AND PARTICIPATION IN MANAGEMENT INCENTIVE PLAN

6.1 General

As outlined in section 1.9 of this Explanatory Statement, the Company has entered into the Agreement pursuant to which the Company has agreed, subject to obtaining Shareholder approval, to:

- (a) issue 225,000,000 Consideration Shares to the Sellers as consideration for the Acquisition. The Consideration Shares will be apportioned between the Sellers as set out in Schedule 1; and
- (b) to the provision of a non-recourse, interest free loan (**Loan**) to each of Karl Redenbach, Peter Nguyen-Brown, Matthew Brown, Andrew Gray and Mike

Hill (**Director Participants**) pursuant to the Management Incentive Plan for the purpose of each Director Participant subscribing for the following Shares:

Director Participant	Shares
Karl Redenbach	Tranche 1: 6,000,000 Tranche 2: 6,000,000 Tranche 3: 7,500,000 Total: 19,500,000
Peter Nguyen-Brown	Tranche 1: 2,250,000 Tranche 2: 2,000,000 Tranche 3: 2,500,000 Total: 6,750,000
Matthew Brown	Tranche 1: 2,250,000 Tranche 2: 2,000,000 Tranche 3: Nil Total: 4,250,000
Andrew Gray	Tranche 1: 2,250,000 Tranche 2: Nil Tranche 3: Nil Total: 2,250,000
Mike Hill	Tranche 1: 2,250,000 Tranche 2: Nil Tranche 3: Nil Total: 2,250,000

The Shares issued to the Director Participants pursuant to the Management Incentive Plan vest upon the later of satisfying, in respect of each tranche, the following vesting conditions:

- (a) the Director Participant remaining employed or engaged by the Company, a subsidiary of the Company or a member of the LiveTiles Group, on the anniversary specified in the table below from the date of issue of the Shares; and
- (b) the later to occur of:
 - (i) the anniversary specified in the table below from the date of issue of the Shares; and
 - (ii) the date on which the weighted average closing price of Shares over the last 20 trading days is equal to or greater than the vesting price (on a post-Consolidation basis) specified in the table below:

Tranche	Time Vesting	Performance Vesting
1	Second Anniversary	\$0.25

2	Third Anniversary	\$0.35
3	Fourth Anniversary	\$0.45

A summary of the Agreement is set out in section 1.9 of this Explanatory Statement.

A summary of the key terms and conditions of the Management Incentive Plan is set out in Schedule 3.

Resolution 5 seeks Shareholder approval pursuant to:

- (a) Section 208 of the Corporations Act in order to issue 90,187,638 Consideration Shares (on a post-Consolidation basis) to ZTH Tech;
- (b) ASX Listing Rule 10.14 and Section 208 of the Corporations Act in order to issue up to 19,500,000 Shares (on a post-Consolidation basis) to Karl Redenbach as Director incentive remuneration under the Management Incentive Plan; and
- (c) item 7 of Section 611 of the Corporations Act in order for ZTH Tech and Karl Redenbach (collectively, **the ZTH Shareholders**) and their respective associates to thereby acquire voting power of up to 32.22% in the Company as a result of the above issues.

Resolution 6 seeks Shareholder approval pursuant to:

- (a) Section 208 of the Corporations Act in order to issue 90,187,638 Consideration Shares (on a post-Consolidation basis) to NIA Tech;
- (b) ASX Listing Rule 10.14 and Section 208 of the Corporations Act in order to issue up to 6,750,000 Shares (on a post-Consolidation basis) to Peter Nguyen-Brown as Director incentive remuneration under the Management Incentive Plan; and
- (c) item 7 of Section 611 of the Corporations Act in order for NIA Tech and Peter Nguyen-Brown (collectively, **the NIA Shareholders**) and their respective associates to thereby acquire voting power of up to 28.47% in the Company as a result of the above issues.

Resolutions 5 and 6 are subject to all Acquisition Resolutions being approved by Shareholders.

6.2 Chapter 2E of the Corporations Act

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

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

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

The provision of the Loans to each of the Director Participants requires the Company to obtain Shareholder approval because:

- (a) the non-recourse, interest free loan to acquire the Shares constitute giving a financial benefit; and
- (b) as Directors and Proposed Directors, Andrew Gray, Mike Hill, Karl Redenbach, Peter Nguyen-Brown and Matthew Brown, are related parties of the Company.

The issue pursuant to Resolutions 5 and 6 of the Consideration Shares to the Founder Sellers constitutes the giving of a financial benefit and each of the Founder Sellers are related parties of the Company by virtue of the fact that they are respectively controlled by one of the Proposed Directors, who have reasonable grounds to believe they will become Directors following completion of the Acquisition.

It is the view of the Directors that the exceptions set out in sections 210 to 216 of the Corporations Act do not apply in the current circumstances. Accordingly, Shareholder approval is sought for:

- (a) the issue of Consideration Shares to the Founder Sellers; and
- (b) the issue of Shares to the Director Participants pursuant to the Management Incentive Plan,

pursuant to Section 208 of the Corporations Act.

6.3 ASX Listing Rule 10.11

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

The Directors (other than Mike Hill who has a material personal interest in the Resolutions) consider that Shareholder approval pursuant to ASX Listing Rule 10.11 is not required in respect of the Consideration Shares because the Proposed Directors are related parties of the Company only by reason of the Acquisition, which is the reason for the issue of the Consideration Shares and the application to the Proposed Directors of section 228(6) of the Corporations Act.

6.4 ASX Listing Rules 10.14

ASX Listing Rule 10.14 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities under an employee incentive scheme to a director of the entity, an associate of the director, or a person whose relationship with the entity, director or associate of the director is, in ASX's opinion, such that approval should be obtained.

As the issue of Shares to the Director Participants involves the issue of securities under an employee incentive scheme to Directors and Proposed Directors of the Company, Shareholder approval pursuant to ASX Listing Rule 10.14 is required.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Shares to the Director Participants as approval is being obtained under ASX Listing Rule 10.14. Accordingly, the issue of Shares to the Director Participants will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

The issue of Shares to Matthew Brown, Andrew Gray and Mike Hill pursuant to the Management Incentive Plan are the subject of Resolutions 10, 11 and 12, respectively.

6.5 Technical information required by Chapter 2E of the Corporations Act and ASX Listing Rule 10.14 for Resolutions 5 and 6 – Management Incentive Plan Shares

Pursuant to and in accordance with the requirements of section 219 of the Corporations Act and ASX Listing Rule 10.15, the following information is provided in relation to the proposed issue of Shares to Karl Redenbach and Peter Nguyen-Brown under the Management Incentive Plan:

- (a) the related parties are Karl Redenbach and Peter Nguyen-Brown, and they are related parties by virtue of being Proposed Directors;
- (b) the maximum amount of the Loan (being the nature of the financial benefit) to be provided to Karl Redenbach and Peter Nguyen-Brown can be calculated by multiplying the number of Shares to be issued (determined in accordance with paragraph 6.5(c)) by the issue price (determined in accordance with paragraph 6.5(d)). Accordingly, the amount of the Loans would be:
 - (i) \$2,925,000 to Karl Redenbach; and
 - (ii) \$1,012,500 to Peter Nguyen-Brown;
- (c) the maximum number of Shares to be issued to Karl Redenbach and Peter Nguyen-Brown is:
 - (i) 19,500,000 Shares (on a post-Consolidation basis) to Karl Redenbach; and
 - (ii) 6,750,000 Shares (on a post-Consolidation basis) to Peter Nguyen-Brown;
- (d) the issue price of the Shares will be \$0.15 (on a post-Consolidation basis);
- (e) no funds will be raised from the issue of the Shares as there will be no change to the Company's cash position (i.e. the Loans made by the Company will be used to subscribe for the Shares to be issued to Karl Redenbach and Peter Nguyen-Brown). Amounts repaid to the Company by Karl Redenbach and Peter Nguyen-Brown in the future in satisfaction of the Loan will be used by the Company for general working capital purposes;
- (f) no Shares have previously been issued under the Management Incentive Plan nor has the Management Incentive Plan previously been adopted by Shareholders;
- (g) all Directors are entitled to participate in the Management Incentive Plan, however, at the current time the Company does not intend to make an offer to Hugh Warner or Philip Kapp. Accordingly approval is being sought only for the offers to the remaining Directors, Andrew Gray and Mike Hill and to the Proposed Directors, Karl Redenbach, Peter Nguyen-Brown and Matthew Brown (refer to Resolutions 10, 11 and 12 for approvals for the offers to Matthew Brown Andrew Gray and Mike Hill);

- (h) the Loans will be provided on the following key terms and otherwise subject to the terms and conditions of the Management Incentive Plan, a summary of which is set out in Schedule 3:
- (i) **(limited recourse)**: recourse under the Loan will be limited to the Shares, any dividends or distributions that are paid on the Shares and the proceeds of their sale. In the event the Shares are sold to repay the Loan but the sale proceeds are insufficient to cover the amount of the Loan which is outstanding the Company cannot recover the remaining amount from the Director Participant. Conversely, where the sale proceeds are greater than the amount of the Loan the Company will not receive any additional repayment as the Director Participant is entitled to the surplus proceeds;
 - (ii) **(interest free)**: the Loan will be interest free; and
 - (iii) **(term)**: six years from the date of issue of the Shares subject to earlier repayment in accordance with the terms of the Management Incentive Plan (eg all Shares are either forfeited, cancelled, bought back by the Company or sold to a third party, the Director Participant ceases to be an employee of the Company, a subsidiary of the Company or a member of the LiveTiles Group or an event of insolvency occurs);
- (i) the Shares will be issued to Karl Redenbach and Peter Nguyen-Brown respectively no later than 12 months after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Shares will be issued on the same date;
- (j) the Shares issued to Karl Redenbach and Peter Nguyen-Brown will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares other than being subject to a holding lock until such time as the respective Loan has been extinguished or repaid under the terms of the Management Incentive Plan or 12 months from the date of issue of the Shares, whichever is the greater;
- (k) the relevant interests of Karl Redenbach and Peter Nguyen-Brown in securities of the Company as at the date of this Notice (on a post-Consolidation basis and which excludes any securities to be issued pursuant to this Notice) are set out below:

Related Party	Shares	Options
Karl Redenbach ¹	Nil	Nil
Peter Nguyen-Brown ²	Nil	Nil

Notes:

- Pursuant to Resolution 5, Shareholder approval is being sought for 90,187,638 Consideration Shares (on a post-Consolidation basis) to be issued to ZTH Tech, an entity controlled by Karl Redenbach.
- Pursuant to Resolution 6, Shareholder approval is being sought for 90,187,638 Consideration Shares (on a post-Consolidation basis) to be issued to NIA Tech, an entity controlled by Peter Nguyen-Brown.

- (l) the amounts paid (and proposed to be paid) from the Company to Karl Redenbach and Peter Nguyen-Brown and their associates are set out below:

Related Party	FY 16	FY15	FY14
Karl Redenbach ¹	US\$250,000 ²	\$Nil	\$Nil
Peter Nguyen-Brown	\$80,000 ³	\$Nil	\$Nil

Notes:

1. Mr Redenbach and Mr Brown are currently Proposed Directors of the Company and have not received any remuneration from the Company.
 2. Comprises the base salary payable to Mr Redenbach. Mr Redenbach will not be entitled to any superannuation contribution. Based on an exchange rate of A\$1.00: US\$0.7967 (being the exchange rate published by the Reserve Bank of Australia on 13 May 2015), Mr Redenbach will be paid A\$313,795. In addition to the base salary, Mr Redenbach may be paid a discretionary cash bonus of up to 67% of his base salary if certain performance targets are met. As at the date of this Notice, the performance targets have not yet been determined by the Board.
 3. Mr Nguyen-Brown has agreed to receive only 50% of his salary monthly, with the remaining 50% accrued, until such time as the Company can afford to pay the salaries in full.
- (m) if the maximum number of Shares are issued to Karl Redenbach and Peter Nguyen-Brown, a total of 26,250,000 Shares (on a post-Consolidation basis) would be issued. This will increase the number of Shares on issue from 349,232,791 to 375,482,791 (assuming that the Consolidation occurs and no Options are exercised, the maximum subscription is achieved under the Capital Raising at an issue price of \$0.15 per Share and no Shares other than those contemplated by the Acquisition Resolutions are issued) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of 6.99% comprising 5.19% for Karl Redenbach and 1.80% for Peter Nguyen-Brown;
- (n) the trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	Price (cents)	Date
Highest	\$0.005	8 & 12 September 2014 12 to 17 and 19 to 30 March 2015 22 to 27 April 2015 7, 8 and 11 May 2015
Lowest	\$0.001	24, 27 and 30 June 2014 1 to 4 July 2014 6 to 18 August 2014
Last	\$0.003	25 June 2015

- (o) the primary purpose of the provision of the Loans to Karl Redenbach and Peter Nguyen-Brown is to enable Karl Redenbach and Peter Nguyen-Brown to subscribe for Shares;
- (p) Hugh Warner recommends that Shareholders vote in favour of Resolutions 5 and 6 for the following reasons:

- (i) the use of the Loans by each of Karl Redenbach and Peter Nguyen-Brown to subscribe for Shares will align the interests of Karl Redenbach and Peter Nguyen-Brown with those of Shareholders by creating a stronger link between performance resulting in increased Shareholder value and reward to Karl Redenbach and Peter Nguyen-Brown. Each of Karl Redenbach and Peter Nguyen-Brown will have a greater involvement with, and share in, any future growth and profitability of the Company; and
 - (ii) the provision of the Loans is a reasonable and appropriate method to provide benefits to Karl Redenbach and Peter Nguyen-Brown as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash benefits were given to Karl Redenbach and Peter Nguyen-Brown;
- (q) Philip Kapp recommends that Shareholders vote in favour of Resolutions 5 and 6 for the reasons set out in paragraph (p);
- (r) Andrew Gray recommends that Shareholders vote in favour of Resolutions 5 and 6 for the reasons set out in paragraph (p);
- (s) Mike Hill declines to make a recommendation to Shareholders in relation to Resolutions 5 and 6 due to his material personal interest in the outcome of the Resolutions as set out in section 1.23 of this Explanatory Statement;
- (t) with the exception of Mike Hill, no other Director has a personal interest in the outcome of Resolutions 5 and 6;
- (u) the Directors consider that in providing the Loans to Karl Redenbach and Peter Nguyen-Brown upon the terms proposed the following opportunity cost to the Company and benefits foregone by the Company may occur:
 - (i) no interest is payable on the Loans; and
 - (ii) the Loans are non-recourse which means the full amount of the Loan may not be recovered where the Shares are sold for less than the amount outstanding on the Loan. In addition, where the sale proceeds are greater than the amount of the Loan the Company will not receive any additional repayment as Karl Redenbach and Peter Nguyen-Brown are entitled to the surplus proceeds;
- (v) in forming their recommendations, each Director considered the experience of Karl Redenbach and Peter Nguyen-Brown, the existing and proposed contribution of Karl Redenbach and Peter Nguyen-Brown to the Company and the current market practices when determining the provision of the Loan upon the terms proposed; and
- (w) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolutions 5 and 6.

6.6 Technical information required by Chapter 2E of the Corporations Act for Resolutions 5 and 6 – Consideration Shares

Pursuant to and in accordance with the requirements of section 219 of the Corporations Act, the following information is provided in relation to the proposed issue of Consideration Shares to Karl Redenbach and Peter Nguyen-Brown:

- (a) the related parties are ZTH Tech and NIA Tech, and they are related parties by virtue of the fact that they are respectively controlled by one of the Proposed Directors, who have reasonable grounds to believe they will become Directors following completion of the Acquisition;
- (b) the maximum number of Consideration Shares (being the nature of the financial benefit being provided) to be issued to ZTH Tech and NIA Tech is:
 - (i) 90,187,638 Consideration Shares (on a post-Consolidation basis) to ZTH Tech; and
 - (ii) 90,187,638 Consideration Shares (on a post-Consolidation basis) to NIA Tech;
- (c) the 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;
- (d) the value the value of the Consideration Shares to be issued to each of ZTH Tech and NIA Tech is determined by multiplying the number of Consideration Shares to be issued by \$0.15, being the deemed price by which the Consideration Shares have been agreed to be issued, giving a value of:
 - (i) ZTH Tech: \$13,528,146; and
 - (ii) NIA Tech: \$13,528,146;
- (e) the relevant interests of ZTH Tech and NIA Tech in securities of the Company are set out in section 6.5(k) of this Explanatory Statement;
- (f) the remuneration and emoluments from the Company to ZTH Tech and NIA Tech (or their respective associates) for the previous financial year and the proposed remuneration and emoluments for the current financial year are set out in section 6.5(l) of this Explanatory Statement;
- (g) if the Consideration Shares are issued to ZTH Tech and NIA Tech, a total of 180,375,276 Shares (on a post-Consolidation basis) would be issued. This will increase the number of Shares on issue from 195,107,515 to 375,482,791 (assuming that the Consolidation occurs and no Options are exercised, the maximum subscription is achieved under the Capital Raising at an issue price of \$0.15 per Share and no Shares other than those contemplated by the Acquisition Resolutions of this Notice are issued) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of 48.04%, comprising 24.02% by ZTH Tech and 24.02% by NIA Tech;
- (h) the trading history of the Shares on ASX in the 12 months before the date of this Notice is set out in section 6.5(n) of this Explanatory Statement;
- (i) Hugh Warner recommends that Shareholders vote in favour of Resolutions 5 and 6 for the following reasons:
 - (i) the issue of the Consideration Shares to ZTH Tech and NIA Tech will align the interests of ZTH Tech and NIA Tech with those of Shareholders;
 - (ii) the issue of the Consideration Shares is a reasonable and appropriate method to provide cost effective consideration for the

Acquisition as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of consideration were given to ZTH Tech and NIA Tech; and

- (iii) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Consideration Shares upon the terms proposed;
- (j) Philip Kapp recommends that Shareholders vote in favour of Resolutions 5 and 6 for the reasons set out in section 6.6(i) (i) of this Explanatory Statement;
- (k) Andrew Gray recommends that Shareholders vote in favour of Resolutions 5 and 6 for the reasons set out in section 6.6(i) (i) of this Explanatory Statement;
- (l) Mike Hill declines to make a recommendation to Shareholders in relation to Resolutions 5 and 6 due to his material personal interest in the outcome of the Resolutions as set out in section 1.23 of this Explanatory Statement;
- (m) with the exception of Mike Hill, no other Director has a personal interest in the outcome of Resolutions 5 and 6; and
- (n) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolutions 5 and 6.

6.7 Item 7 of Section 611 of the Corporations Act

Assuming that there is no change to a ZTH Shareholder's relevant interest in Shares or the capital structure of the Company (other than the issue of Shares contemplated by the Acquisition Resolutions and the minimum Capital Raising of \$9,000,000 at an issue price of \$0.20 per Share):

- (a) ZTH Tech's voting power in the Company will increase from 0.00% to a maximum of 26.49% as a result of completion of the Acquisition and the associated issue of Consideration Shares; and
- (b) Karl Redenbach's voting power in the Company will increase from 0.00% to a maximum of 32.22% as a result of completion of the Acquisition and the associated issue of Consideration Shares and Shares pursuant to the Management Incentive Plan to him or his Associates.

Assuming that there is no change to a NIA Shareholder's relevant interest in Shares or the capital structure of the Company (other than the issue of Shares contemplated by the Acquisition Resolutions and the minimum Capital Raising of \$9,000,000 at an issue price of \$0.20 per Share):

- (a) NIA Tech's voting power in the Company will increase from 0.00% to a maximum of 26.49% as a result of completion of the Acquisition and the associated issue of Consideration Shares; and
- (b) Peter Nguyen-Brown's voting power in the Company will increase from 0.00% to a maximum of 28.47% as a result of completion of the Acquisition and the associated issue of Consideration Shares and Shares pursuant to the Management Incentive Plan to him or his Associates.

Shareholders should note that the Company has not yet set the final issue price of Shares under the Capital Raising. If the maximum Capital Raising is completed at an

issue price of \$0.15 per Share, the voting power of each of ZTH Tech, Karl Redenbach, NIA Tech and Peter Nguyen-Brown will decrease accordingly.

A summary of the requirements of item 7 of section 611 of the Corporations Act is set out in sections 6.9 and 6.12 of this Explanatory Statement.

Pursuant to ASX Listing Rule 7.2 (Exception 16), Listing Rule 7.1 does not apply to an issue of securities approved for the purpose of Item 7 of Section 611 of the Corporations Act. Accordingly, if Shareholders approve the issue of securities pursuant to Resolutions 5 and 6, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

6.8 Item 7 of Section 611 of the Corporations Act

(a) Section 606 of the Corporations Act – Statutory Prohibition

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

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

(Prohibition).

(b) Voting Power

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

(c) Associates

For the purposes of determining voting power under the Corporations Act, a person (**second person**) is an "associate" of the other person (**first person**) if:

- (i) (pursuant to Section 12(2) of the Corporations Act) the first person is a body corporate and the second person is:
 - (A) a body corporate the first person controls;
 - (B) a body corporate that controls the first person; or
 - (C) a body corporate that is controlled by an entity that controls the person;
- (ii) the second person has entered or proposes to enter into a relevant agreement with the first person for the purpose of controlling or influencing the composition of the company's board or the conduct of the company's affairs; or

- (iii) the second person is a person with whom the first person is acting or proposes to act, in concert in relation to the company's affairs.

Associates are, therefore, determined as a matter of fact. For example where a person controls or influences the board or the conduct of a company's business affairs, or acts in concert with a person in relation to the entity's business affairs.

Shareholders should note that for the purposes of Resolutions 5 and 6, the Company does not consider that the Founder Sellers or Karl Redenbach and Peter Nguyen-Brown are associates of each other for the purposes of the Corporations Act. No representation is made that the Founder Sellers or Karl Redenbach and Peter Nguyen-Brown will become associates following completion of the Acquisition.

(d) **Relevant Interests**

Section 608(1) of the Corporations Act provides that a person has a relevant interest in securities if they:

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

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

In addition, Section 608(3) of the Corporations Act provides that a person has a relevant interest in securities that any of the following has:

- (i) a body corporate in which the person's voting power is above 20%; or
- (ii) a body corporate that the person controls.

(e) **Control**

The Corporations Act defines "control" and "relevant agreement" very broadly as follows:

- (i) Under section 50AA of the Corporations Act control means the capacity to determine the outcome of decisions about the financial and operating policies of the Company.
- (ii) Under section 9 of the Corporations Act, a relevant agreement includes an agreement, arrangement or understanding whether written or oral, formal or informal and whether or not having legal or equitable force.

6.9 Resolution 5 – Relevant Interests and Voting Power

The following information is provided in relation to Resolution 5:

ZTH Shareholders' entitlements in the Company

The ZTH Shareholders do not currently hold any Shares or Options in the Company.

Following Completion, the ZTH Shareholders' respective entitlements to the Shares the subject of Resolution 5 will be as follows:

ZTH Shareholders	Shares	Options
ZTH Tech Pty. Ltd. as trustee for the Triton Discretionary Trust	90,187,638	Nil
Karl Redenbach	19,500,000	Nil

Associates of the ZTH Shareholders

For the purposes of the Corporations Act, the following persons are deemed to be associates of the ZTH Shareholders:

- (a) Stephanie Redenbach;
 - (b) ZTH LLC (a company incorporated in the United States of America);
 - (c) KUR Technology Pty Ltd (ACN 126 273 309); and
 - (d) nSynergy LiveTiles Employee Share Plan Pty Ltd (ACN 605 799 684),
- (together, the **ZTH Associates**).

The nature of each of the ZTH Associates' relevant interest in the Company is summarised below:

Name of party to whom "Associate" reference relates	Name of ZTH Associate	Reason for association
Karl Redenbach	Stephanie Redenbach	Wife.
Karl Redenbach	ZTH LLC	Sole director and sole shareholder of the company.
Karl Redenbach	KUR Technology Pty Ltd	Sole director and sole shareholder of the company.
Karl Redenbach	nSynergy LiveTiles Employee Share Plan Pty Ltd	Director and holder of 50% of the issued share capital of the company. The other director of the company and the holder of the remaining 50% of the shares of the company is Peter Nguyen-Brown.

6.10 Resolution 6 – Relevant Interests and Voting Power

The following information is provided in relation to Resolution 6:

NIA Shareholders' entitlements in the Company

The NIA Shareholders do not currently hold any Shares or Options in the Company.

Following Completion, the NIA Shareholders' respective entitlements to the Shares the subject of Resolution 6 will be as follows:

NIA Shareholders	Shares	Options
NIA Tech Pty. Ltd. as trustee for the Odean Discretionary Trust	90,187,638	Nil
Peter Nguyen-Brown	6,750,000	Nil

Associates of the NIA Shareholders

For the purposes of the Corporations Act, the following persons are deemed to be associates of the NIA Shareholders:

- (a) Michelle Nguyen-Brown;
- (b) MPNB Tech Pty Ltd (ACN 126 273 265); and
- (c) nSynergy LiveTiles Employee Share Plan Pty Ltd (ACN 605 799 684),

(together, the **NIA Associates**).

The nature of each of the NIA Associates' relevant interest in the Company is summarised below:

Name of party to whom "Associate" reference relates	Name of NIA Associate	Reason for association
Peter Nguyen-Brown	Michelle Nguyen-Brown	Wife
Peter Nguyen-Brown	MPNB Tech Pty Ltd	Sole director and holder of 50% of the issued shares of the company. The remaining 50% of the shares of the company are held by Michelle Nguyen-Brown.
Peter Nguyen-Brown	nSynergy LiveTiles Employee Share Plan Pty Ltd	Director and holder of 50% of the issued share capital of the company. The other director of the company and the holder of the remaining 50% of the shares of the company is Karl Redenbach.

6.11 Reason Section 611 Approval is required

Item 7 of Section 611 of the Corporations Act provides an exception to the Prohibition described in section 6.8(a) of this Explanatory Statement, whereby a

person may acquire a relevant interest in a company's voting shares with shareholder approval.

Resolution 5

The relevant interests of the ZTH Shareholders are outlined in section 6.9 of this Explanatory Statement.

The ZTH Shareholders' voting power includes the ZTH Associates' relevant interests in securities.

Following Completion and the issue of the Consideration Shares, ZTH Tech will have a relevant interest in 90,187,638 Shares, representing a maximum 26.49% voting power in the Company.

Following Completion and the issue of the Consideration Shares and Shares pursuant to the Management Incentive Plan, Karl Redenbach will have a relevant interest in 109,687,638 Shares, representing a maximum 32.22% voting power in the Company.

The above voting power assumes:

- (a) the Company has 1,774,139,534 Shares on issue as at the date of this Notice of Meeting;
- (b) the Company undertakes the Consolidation on a 50:1 basis;
- (c) the Company does not issue any Shares, other than as contemplated by this Notice;
- (d) the Company only issues the minimum number of Shares are issued under the Capital Raising, being 45,000,000 Shares at an issue price of \$0.20 per Share;
- (e) no Options on issue as at the date of this Notice of Meeting have been exercised; and
- (f) the ZTH Shareholders do not acquire any additional Shares.

Accordingly, Resolution 5 seeks Shareholder approval for the purpose of Section 611 Item 7 of the Corporations Act and all other purposes to enable the Company to issue the Consideration Shares and Shares pursuant to the Management Incentive Plan to the ZTH Shareholders as well as the potential acquisition of a relevant interest in the issued voting shares of the Company by the ZTH Shareholders in excess of the threshold prescribed by Section 606(1) of the Corporations Act by virtue of the issue of the Consideration Shares and Shares pursuant to the Management Incentive Plan.

Resolution 6

The relevant interests of NIA Shareholders are outlined in section 6.10 of this Explanatory Statement.

The NIA Shareholders' voting power includes the NIA Associates' relevant interests in securities.

Following Completion and the issue of the Consideration Shares, NIA Tech will have a relevant interest in 90,187,638 Shares, representing a maximum 26.49% voting power in the Company.

Following Completion and the issue of the Consideration Shares and Shares pursuant to the Management Incentive Plan, Peter Nguyen-Brown will have a relevant interest in 96,937,638 Shares, representing a maximum 28.47% voting power in the Company.

The above voting power assumes:

- (a) the Company has 1,774,139,534 Shares on issue as at the date of this Notice of Meeting;
- (b) the Company undertakes the Consolidation on a 50:1 basis;
- (c) the Company does not issue any Shares, other than as contemplated by this Notice;
- (d) the Company only issues the minimum number of Shares are issued under the Capital Raising, being 45,000,000 Shares at an issue price of \$0.20 per Share;
- (e) no Options on issue as at the date of this Notice of Meeting have been exercised; and
- (f) the NIA Shareholders do not acquire any additional Shares.

Accordingly, Resolution 6 seeks Shareholder approval for the purpose of Section 611 Item 7 of the Corporations Act and all other purposes to enable the Company to issue the Consideration Shares and Shares pursuant to the Management Incentive Plan to the NIA Shareholders as well as the potential acquisition of a relevant interest in the issued voting shares of the Company by the NIA Shareholders in excess of the threshold prescribed by Section 606(1) of the Corporations Act by virtue of the issue of the Consideration Shares and Shares pursuant to the Management Incentive Plan.

6.12 Specific Information required by Section 611 Item 7 of the Corporations Act and ASIC Regulatory Guide 74

The following information is required to be provided to Shareholders under the Corporations Act and ASIC Regulatory Guide 74 in respect of obtaining approval for Item 7 of Section 611 of the Corporations Act. Shareholders are also referred to the Independent Expert's Report prepared by which is enclosed at Annexure A of this Notice.

(a) Identity of the Acquirer and its Associates

If Resolutions 5 and 6 are passed and on Completion, the persons who will hold a relevant interest in Shares, along with their associates, are:

- (i) the ZTH Shareholders; and
- (ii) the NIA Shareholders.

The identity of the ZTH Associates and the NIA Associates and the nature of their relevant interest is summarised in sections 6.9 and 6.10 of this Explanatory Statement.

(b) **Relevant Interest and Voting Power**

(i) **Relevant Interest**

Resolution 5

The relevant interests of the ZTH Shareholders and each ZTH Associate in voting shares in the capital of the Company (both current, and following Completion) are set out in the table below (each column assumes that no other Shares are issued or Options are exercised at the relevant time unless otherwise stated):

Party	Relevant interest as at the date of this Notice	Consideration Shares	Shares issued pursuant to Management Incentive Plan	Total maximum relevant interest
ZTH Tech Pty. Ltd. as trustee for the Triton Discretionary Trust	Nil	90,187,638	Nil	90,187,638
Karl Redenbach	Nil	Nil	19,500,000	109,687,638
Stephanie Redenbach	Nil	Nil	19,500,000	109,687,638
ZTH LLC	Nil	Nil	Nil	Nil
KUR Technology Pty Ltd	Nil	Nil	Nil	Nil
nSynergy LiveTiles Employee Share Plan Pty Ltd	Nil	Nil	Nil	Nil

Neither the ZTH Shareholders nor the ZTH Associates have any contract, arrangement or understanding relating to the controlling or influencing of the composition of the Company's board or the conduct of the Company's affairs, nor are any of those persons proposing to act in concert in relation to the Company's affairs.

The Agreement is the only relevant agreements between the Company, ZTH Tech and Karl Redenbach in relation to the Company and this does not affect or relate to the control or influence of the Company's board or the Company's affairs.

Resolution 6

The relevant interests of the NIA Shareholders and each NIA Associate in voting shares in the capital of the Company (both current, and following Completion) are set out in the table below (each column assumes that no other Shares are issued or Options are exercised at the relevant time unless otherwise stated):

Party	Relevant interest as at the date of this Notice	Consideration Shares	Shares issued pursuant to Management Incentive Plan	Total maximum relevant interest
NIA Tech Pty. Ltd. as trustee for the Odean Discretionary Trust	Nil	90,187,638	Nil	90,187,638
Peter Nguyen-Brown	Nil	Nil	6,750,000	96,937,638
Michelle Nguyen-Brown	Nil	Nil	6,750,000	96,937,638
MPNB Tech Pty Ltd	Nil	Nil	Nil	Nil
nSynergy LiveTiles Employee Share Plan Pty Ltd	Nil	Nil	Nil	Nil

Neither NIA Shareholders nor the NIA Associates have any contract, arrangement or understanding relating to the controlling or influencing of the composition of the Company's board or the conduct of the Company's affairs, nor are any of those persons proposing to act in concert in relation to the Company's affairs.

The Agreement is the only relevant agreements between the Company, NIA Tech and Peter Nguyen-Brown in relation to the Company and this does not affect or relate to the control or influence of the Company's board or the Company's affairs.

(ii) **Voting Power**

Resolution 5

The voting power of each ZTH Shareholder and each ZTH Associate (both current, and following the issue of the Shares to the ZTH Shareholders as contemplated by this Notice) is set out in the table below:

Party	Voting power as at the date of this Notice	Voting power on Completion and issue of Shares (undiluted) ¹	Voting power on Completion and issue of Shares (fully diluted) ²
ZTH Tech Pty. Ltd. as trustee for the Triton Discretionary Trust	Nil%	26.49%	25.80%
Karl Redenbach	Nil%	32.22%	31.38%
Stephanie Redenbach	Nil%	32.22%	31.38%
ZTH LLC	Nil%	Nil%	Nil%
KUR Technology Pty Ltd	Nil%	Nil%	Nil%
nSynergy LiveTiles Employee Share Plan Pty Ltd	Nil%	Nil%	Nil%

Notes:

1. Assumes that:
 - a. the minimum number of Shares are issued under the Capital Raising, being 45,000,000 Shares at an issue price of \$0.20 per Share; and
 - b. other than as contemplated by this Notice, no further securities are issued and no Options are exercised.
2. Assumes that:
 - a. the minimum number of Shares are issued under the Capital Raising, being 45,000,000 Shares at an issue price of \$0.20 per Share; and
 - b. all Options are exercised.

Further details on the voting power of each ZTH Shareholder and each ZTH Associate are set out in the Independent Expert's Report.

Resolution 6

The voting power of each NIA Shareholder and each NIA Associate (both current, and following the issue of the Shares to the NIA Shareholders as contemplated by this Notice) is set out in the table below:

Party	Voting power as at the date of this Notice	Voting power on Completion and issue of Shares (undiluted) ¹	Voting power on Completion and issue of Shares (fully diluted) ²
NIA Tech Pty. Ltd. as trustee for the Odean Discretionary Trust	Nil%	26.49%	25.80%
Peter Nguyen-Brown	Nil%	28.47%	27.73%
Michelle Nguyen-Brown	Nil%	28.47%	27.73%
MPNB Tech Pty Ltd	Nil%	Nil%	Nil%
nSynergy LiveTiles Employee Share Plan Pty Ltd	Nil%	Nil%	Nil%

Notes:

1. Assumes that:
 - a. the minimum number of Shares are issued under the Capital Raising, being 45,000,000 Shares at an issue price of \$0.20 per Share; and
 - b. other than as contemplated by this Notice, no further securities are issued and no Options are exercised.
2. Assumes that:
 - a. the minimum number of Shares are issued under the Capital Raising, being 45,000,000 Shares at an issue price of \$0.20 per Share; and

- b. all Options are exercised.

Further details on the voting power of each NIA Shareholder and each NIA Associate are set out in the Independent Expert's Report.

(c) **Reasons for the proposed issue of securities**

The Consideration Shares the subject of Resolutions 5 and 6 will be issued to ZTH Tech and NIA Tech in consideration for the Acquisition, pursuant to the Agreement.

The Shares proposed to be issued pursuant to the Management Incentive Plan to Karl Redenbach and Peter Nguyen-Brown pursuant to Resolutions 5 and 6 are proposed to be issued as part of the remuneration packages of Karl Redenbach and Peter Nguyen-Brown and in accordance with the terms of the Agreement.

A summary of the material terms of the Agreement is set out in section 1.9 of this Explanatory Statement.

(d) **Particulars of proposed issue of securities and timing**

The Shares to be issued to the ZTH Shareholders are the subject of Resolution 5. The Shares to be issued to the NIA Shareholders are the subject of Resolution 6. The particulars and timing for the issue of those Shares are outlined in section 1.18 of this Explanatory Statement.

Further details of the Acquisition are set out throughout this Explanatory Statement. Shareholders are also referred to the Independent Expert's Report set out in Annexure A.

(e) **The Acquiring Entities' Intentions**

Other than as disclosed elsewhere in this Explanatory Statement, the Company understands that neither the ZTH Shareholders nor the NIA Shareholders (nor any of their associates):

- (i) have no present intention of making any significant changes to the business of the Company;
- (ii) have no present intention to inject further capital into the Company;
- (iii) have no present intention of making changes regarding the future employment of the present employees of the Company;
- (iv) do not intend to redeploy any fixed assets of the Company;
- (v) do not intend to transfer any property between the Company and the ZTH Shareholders, the NIA Shareholders or any of the ZTH Associates or NIA Associates; and
- (vi) have no intention to change the Company's existing policies in relation to financial matters or dividends.

These intentions are based on information concerning the Company, its business and the business environment which is known to the ZTH Shareholders and the NIA Shareholders at the date of this Notice.

These present intentions may change as new information becomes available, as circumstances change or in the light of all material information, facts and circumstances necessary to assess the operational, commercial, taxation and financial implications of those decisions at the relevant time.

(f) **Identity, associations and qualifications of Nominee Director**

In accordance with the terms of the Agreement, with effect from Completion, the Company will appoint Karl Redenbach, Peter Nguyen-Brown and Matthew Brown as directors of the Company (**Proposed Directors**).

Summaries of the background and experience of each Proposed Directors are set out in section 1.8 of this Explanatory Statement.

(g) **Directors' and Proposed Directors' Interests**

The interests of the current Directors and Proposed Directors in the existing securities on issue in the Company (on a post-Consolidation basis) are as follows:

Director	Shares	Options
Current Directors		
Mike Hill	500,000	3,000,000 ¹
Andrew Gray	1,000,000	1,500,000 ¹
Philip Kapp	200,000	800,000 ¹
Hugh Warner	4,624,111	1,940,000 ²
Proposed Directors		
Karl Redenbach	Nil	Nil
Peter Nguyen-Brown	Nil	Nil
Matthew Brown	Nil	Nil

Notes:

1. Unlisted Options exercisable at \$0.10 each on or before 31 October 2017. The Options are not exercisable until the Share price of the Company has traded at \$0.25 or above for an average of 20 business days (using the 20 day volume weighted average price).
2. Comprising:
 - (a) 80,000 unlisted Options exercisable at \$2.00 each on or before 31 December 2015;
 - (b) 80,000 unlisted Options exercisable at \$3.00 each on or before 31 December 2015;
 - (c) 80,000 unlisted Options exercisable at \$5.00 each on or before 31 December 2015; and
 - (d) 1,700,000 unlisted Options exercisable at \$0.10 each on or before 31 October 2017. The Options are not exercisable until the Share price of the Company

has traded at \$0.25 or above for an average of 20 business days (using the 20 day volume weighted average price).

(h) **Other information**

The Directors are not aware of any information other than as set out in this Notice of Meeting that is material to the decision on how to vote on Resolutions 5 and 6.

6.13 Capital Structure

The proposed capital structure of the Company following completion of the Acquisition is set out in section 1.15 of this Explanatory Statement.

6.14 Advantages of Resolutions 5 and 6

The Directors are of the view that the non-exhaustive list of advantages set out in section 1.19 of this Explanatory Statement are relevant to a Shareholder's decision on how to vote on Resolutions 5 and 6 as well as all other Acquisition Resolutions.

6.15 Disadvantages of Resolutions 5 and 6

The Directors are of the view that the non-exhaustive list of disadvantages set out in section 1.20 of this Explanatory Statement are relevant to a Shareholder's decision on how to vote on Resolutions 5 and 6 as well as all other Acquisition Resolutions.

6.16 Independent Expert's Report

The Independent Expert's Report (a copy of which is attached as Annexure A to this Explanatory Statement) assesses whether the transactions contemplated by Resolutions 5 and 6 are fair and reasonable to the non-associated Shareholders of the Company.

The Independent Expert's Report concludes that the transactions contemplated by Resolutions 5 and 6 are **not fair but reasonable** to the non-associated Shareholders of the Company.

Shareholders are urged to carefully read the Independent Expert's Report to understand the scope of the report, the methodology of the valuation and the sources of information and assumptions made.

6.17 Pro forma balance sheet

A pro forma balance sheet of the Company post the completion of the Acquisition is set out in is set out in the Independent Expert's Report enclosed with this Notice of Meeting in Annexure A.

7. RESOLUTION 7 – ISSUE OF CONSIDERATION SHARES TO A RELATED EMPLOYEE SELLER

7.1 General

As set out in section 1 of this Explanatory Statement, in consideration for the acquisition by the Company of the 100% of the issued share capital in LiveTiles, the Company has agreed to issue 225,000,000 Consideration Shares (on a post-Consolidation basis) to the Sellers.

Of the 225,000,000 Consideration Shares, and subject to obtaining Shareholder approval to the adoption of the Employee Share Plan (refer to Resolution 3), the

Company is proposing to issue 14,568,750 Consideration Shares pursuant to the Employee Share Plan, which will be apportioned as follows:

- (a) 9,000,000 Consideration Shares (on a post-Consolidation basis) to be issued to Matthew Brown (or his nominee); and
- (b) 5,568,750 Consideration Shares (on a post-Consolidation basis) to the other unrelated Sellers, who are current employees of the LiveTiles Group (or their respective nominees).

Resolution 3 seeks approval for the adoption of the Employee Share Plan. Resolution 7 seeks Shareholder approval for the issue of the Consideration Shares to Matthew Brown (or his nominee) under that Employee Share Plan.

Resolution 7 is subject to the passing of all other Acquisition Resolutions.

7.2 Chapter 2E of the Corporations Act

A summary of Chapter 2E of the Corporations Act is set out in section 6.2 of this Explanatory Statement.

The issue of the Shares to Matthew Brown under the Employee Share Plan constitutes giving a financial benefit and Mr Brown is a related party of the Company by virtue of being a Proposed Director of the Company.

The current Directors consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required for the issue of Consideration Shares to Matthew Brown (or his nominee), as the Consideration Shares will be issued to Matthew Brown on the same terms as Consideration Shares issued to the non-related party Sellers and as such the giving of the financial benefit is on arm's length terms.

7.3 ASX Listing Rule 10.14

A summary of ASX Listing Rule 10.14 is set out in section 6.2 of this Explanatory Statement.

As the issue of Consideration Shares to Matthew Brown involves the issue of securities under an employee incentive scheme to a Proposed Director of the Company, Shareholder approval pursuant to ASX Listing Rule 10.14 is required.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Consideration Shares to Matthew Brown as approval is being obtained under ASX Listing Rule 10.14. Accordingly, the issue of Shares to Matthew Brown (or his nominee) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

7.4 Technical Information required by ASX Listing Rule 10.15

Pursuant to and in accordance with ASX Listing Rule 10.15, the following information is provided in relation to Resolution 7:

- (a) the Consideration Shares will be issued to Matthew Brown (or his nominee) who is a related party by virtue of being a Proposed Director;
- (b) the maximum number of Consideration Shares to be issued is 9,000,000 (on a post-Consolidation basis);

- (c) the Shares will be issued for nil cash consideration as they are being issued in consideration under the terms of the Acquisition;
- (d) no loan will be provided by the Company to Matthew Brown in relation to the issue of Consideration Shares, accordingly and, no funds will be raised from the issue;
- (e) no Shares have previously been issued under the Employee Share Plan nor has the Employee Share Plan previously been adopted;
- (f) all Directors are eligible to participate in the Employee Share Plan however, at the current time the Company does not intend to make an offer to any Directors, other than Matthew Brown. Accordingly approval is being sought only for the offer to Matthew Brown;
- (g) the Consideration Shares will be issued to Matthew Brown no later than 12 months after the date of the Meeting (or such later date as permitted by any ASX waiver of modification of the ASX Listing Rules) and it is anticipated that the Consideration Shares will be issued on Completion; and
- (h) the 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.

8. RESOLUTION 8 – ISSUE OF CONSIDERATION SHARES TO UNRELATED NON-EMPLOYEE VENDORS

8.1 General

As set out in section 1 of this Explanatory Statement, in consideration for the acquisition by the Company of the 100% of the issued share capital in LiveTiles, the Company has agreed to issue 225,000,000 Consideration Shares (on a post-Consolidation basis to the Sellers.

Of the 225,000,000 Consideration Shares, the Company will issue 30,055,974 Consideration Shares (on a post-Consolidation basis) pursuant to this Resolution 8. The balance will be issued pursuant to the approvals under Resolutions 5 and 6, and under the Employee Share Plan that is the subject of Resolution 3.

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

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

Resolution 8 is subject to the passing of all other Acquisition Resolutions.

8.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Resolution 8:

- (a) the maximum number of Shares to be issued is 30,055,974 Consideration Shares (on a post-Consolidation basis);

- (b) the Consideration Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Shares will occur on Completion;
- (c) the Consideration Shares will be issued for nil cash consideration as they are being issued in consideration for the Acquisition;
- (d) the Shares will be issued to rhipe and the Corporate Trustee as set out in Schedule 1. None of these parties are related parties of the Company;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) no funds will be raised from the issue of the Consideration Shares as they are being issued in consideration for the Acquisition.

9. RESOLUTION 9 – CAPITAL RAISING PURSUANT TO A PROSPECTUS

9.1 General

As detailed in section 1.12 of this Explanatory Statement, the Company proposes to undertake the Capital Raising to issue up to 80,000,000 Shares (on a post-Consolidation basis) at an issue price of \$0.15 per Share pursuant to the Prospectus to raise up to \$12,000,000 (before costs).

Shareholders should note that due to share market volatility, the Company has not yet set the final issue price for Shares under the Capital Raising. Accordingly, Resolution 9 seeks Shareholder approval for the issue of up to 80,000,000 Shares at an issue price of not less than \$0.15 per Share, to raise up to \$12,000,000. In addition, Resolutions 13 and 14 seek approval for existing Directors Mike Hill and Andrew Gray to participate in the Capital Raising. Any Shares issued under Resolutions 13 and/or 14 will be deducted from the number of Shares issued under this Resolution 9.

The Capital Raising will include a priority offer to the Investor Seller to subscribe for up to 12.5% of the Shares offered pursuant to the Capital Raising, being a maximum of 10,000,000 Shares (on a post-Consolidation basis and assuming that the Company offers 80,000,000 Shares at an issue price of \$0.15 per Share under the Capital Raising). If the Company undertakes the Capital Raising at a higher issue price, the number of Shares offered to the Investor Seller under the priority offer will be adjusted accordingly.

As noted in section 1.9 of this Explanatory Statement, the Acquisition is conditional upon the Company raising a minimum of \$9,000,000 pursuant to the Agreement.

A summary of ASX Listing Rule 7.1 is set out in section 8.1 of this Explanatory Statement.

The effect of Resolution 9 will be to allow the Company to issue the 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 ASX Listing Rule 7.1.

In addition, the Shares to be issued pursuant to the Capital Raising will only be issued if ASX has confirmed that the Company has re-complied with Chapters 1 and 2 of the ASX Listing Rules.

Resolution 9 is subject to the passing of all other Acquisition Resolutions.

9.2 Technical information required by ASX Listing Rule 7.1

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

- (a) the maximum number of Shares to be issued is 80,000,000 (on a post-Consolidation basis);
- (b) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Shares will occur on the same date;
- (c) the issue price will be not less than \$0.15 per Share (on a post-Consolidation basis);
- (d) the Shares will be issued to the public at the Board's discretion pursuant to a public offer by Prospectus. None of these subscribers under this Resolution 9 will be related parties of the Company;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) the Company intends to use the funds raised from the Capital Raising in the manner set out in section 1.17 of this Explanatory Statement.

10. RESOLUTIONS 10 TO 12 – ISSUE OF DIRECTOR INCENTIVE SHARES AND APPROVAL OF LOANS TO RELATED PARTY

10.1 General

As set out in section 1.9 of this Explanatory Statement, the Company has agreed, subject to obtaining Shareholder approval and to the adoption of the Management Incentive Plan (refer to Resolution 4), to the provision of a non-recourse, interest free loan (**Loan**) to each of Karl Redenbach, Peter Nguyen-Brown, Matthew Brown, Andrew Gray and Mike Hill (**Director Participants**) pursuant to the Management Incentive Plan for the purpose of each Director Participant subscribing for the following Shares (on a post-Consolidation basis):

Director Participant	Shares
Karl Redenbach	Tranche 1: 6,000,000
	Tranche 2: 6,000,000
	Tranche 3: 7,500,000
	Total: 19,500,000
Peter Nguyen-Brown	Tranche 1: 2,250,000
	Tranche 2: 2,000,000
	Tranche 3: 2,500,000
	Total: 6,750,000

Matthew Brown	Tranche 1: 2,250,000 Tranche 2: 2,000,000 Tranche 3: Nil Total: 4,250,000
Andrew Gray	Tranche 1: 2,250,000 Tranche 2: Nil Tranche 3: Nil Total: 2,250,000
Mike Hill	Tranche 1: 2,250,000 Tranche 2: Nil Tranche 3: Nil Total: 2,250,000

The Shares issued to the Director Participants pursuant to the Management Incentive Plan vest upon the later of satisfying, in respect of each tranche, the following vesting conditions:

- (a) the Director Participant remaining employed or engaged by the Company, a subsidiary of the Company or a member of the LiveTiles Group, on the anniversary specified in the table below from the date of issue of the Shares; and
- (b) the later to occur of:
 - (i) the anniversary specified in the table below from the date of issue of the Shares: and
 - (ii) the date on which the weighted average closing price of Shares over the last 20 trading days is equal to or greater than the vesting price (on a post-Consolidation basis) specified in the table below:

Tranche	Time Vesting	Performance Vesting
1	Second Anniversary	\$0.25
2	Third Anniversary	\$0.35
3	Fourth Anniversary	\$0.45

The issue of Shares to Karl Redenbach and Peter Nguyen-Brown pursuant to the Management Incentive Plan are the subject of Resolutions 5 and 6, respectively. The Shares outlined in the table above to be issued to Matthew Brown, Mike Hill and Andrew Gray are the subject of this Resolution.

A summary of the key terms and conditions of the Management Incentive Plan is set out in Schedule 3.

Summaries of Chapter 2E of the Corporations Act and ASX Listing Rule 10.14 are set out in sections 6.2 and 6.4 of this Explanatory Statement.

The provision of the Loans to each of the Director Participants requires the Company to obtain Shareholder approval because:

- (a) the non-recourse, interest free loan to acquire the Shares constitute giving a financial benefit; and
- (b) as Directors and Proposed Directors, Karl Redenbach, Peter Nguyen-Brown, Matthew Brown, Andrew Gray and Mike Hill are related parties of the Company.

It is the view of the Directors that the exceptions set out in sections 210 to 216 of the Corporations Act do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the issue of Shares to the Director Participants pursuant to the Management Incentive Plan.

As the issue of Shares to the Director Participants involves the issue of securities under an employee incentive scheme to Directors and Proposed Directors of the Company, Shareholder approval pursuant to ASX Listing Rule 10.14 is required.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Shares to the Director Participants as approval is being obtained under ASX Listing Rule 10.14. Accordingly, the issue of Shares to the Director Participants will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

Resolutions 10, 11 and 12 are subject to the passing of all other Acquisition Resolutions.

10.2 Technical information required by Chapter 2E of the Corporations Act and ASX Listing Rule 10.14

Pursuant to and in accordance with the requirements of section 219 of the Corporations Act and ASX Listing Rule 10.15, the following information is provided in relation to Resolutions 10, 11 and 12:

- (a) the related parties are, Andrew Gray, Mike Hill and Matthew Brown and they are related parties by virtue of being Directors and a Proposed Director;
- (b) the maximum amount of the Loan (being the nature of the financial benefit) to be provided to Andrew Gray, Mike Hill and Matthew Brown can be calculated by multiplying the number of Shares to be issued (determined in accordance with paragraph (c) below) by the issue price (determined in accordance with paragraph (d) below). Accordingly, the amount of the Loans would be:
 - (i) \$337,500 to Andrew Gray;
 - (ii) \$337,500 to Mike Hill; and
 - (iii) \$637,500 to Matthew Brown;
- (c) the maximum number of Shares to be issued to Andrew Gray, Mike Hill and Matthew Brown under the Management Incentive Plan is (on a post-Consolidation basis):
 - (i) 2,250,000 Shares to Andrew Gray;
 - (ii) 2,250,000 Shares to Mike Hill; and
 - (iii) 4,250,000 Shares to Matthew Brown;

- (d) the issue price of the Shares will be \$0.15 (on a post-Consolidation basis);
- (e) no funds will be raised from the issue of the Shares as there will be no change to the Company's cash position (ie the Loans made by the Company will be used to subscribe for the Shares to be issued to Andrew Gray, Mike Hill and Matthew Brown). Amounts repaid to the Company by Andrew Gray, Mike Hill and Matthew Brown in the future in satisfaction of the Loan will be used by the Company for general working capital purposes;
- (f) no Shares have previously been issued under the Management Incentive Plan nor has the Management Incentive Plan previously been adopted by Shareholders;
- (g) all Directors are entitled to participate in the Management Incentive Plan, however, at the current time the Company does not intend to make an offer to Hugh Warner or Philip Kapp. Accordingly approval is being sought only for the offers to the remaining Directors, Andrew Gray and Mike Hill and to the Proposed Directors, Karl Redenbach, Peter Nguyen-Brown and Matthew Brown (refer to Resolutions 5 and 6 for approvals for the offers to Karl Redenbach and Peter Nguyen-Brown);
- (h) the Loans will be provided on the following key terms and otherwise subject to the terms and conditions of the Management Incentive Plan, a summary of which is set out in Schedule 3:
 - (i) **(limited recourse)**: recourse under the Loan will be limited to the Shares, any dividends or distributions that are paid on the Shares and the proceeds of their sale. In the event the Shares are sold to repay the Loan but the sale proceeds are insufficient to cover the amount of the Loan which is outstanding the Company cannot recover the remaining amount from the Director Participant. Conversely, where the sale proceeds are greater than the amount of the Loan the Company will not receive any additional repayment as the Director Participant is entitled to the surplus proceeds;
 - (ii) **(interest free)**: the Loan will be interest free; and
 - (iii) **(term)**: six years from the date of issue of the Shares subject to earlier repayment in accordance with the terms of the Management Incentive Plan (eg all Shares are either forfeited, cancelled, bought back by the Company or sold to a third party, the Director Participant ceases to be an employee of the Company, a subsidiary of the Company or a member of the LiveTiles Group or an event of insolvency occurs);
- (i) the Shares will be issued to Andrew Gray, Mike Hill and Matthew Brown no later than 12 months after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Shares will be issued on the same date;
- (j) the Shares issued to Andrew Gray, Mike Hill and Matthew Brown will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares other than being subject to a holding lock until such time as the respective Loan has been extinguished or repaid under the terms of the Management Incentive Plan or 12 months from the date of issue of the Shares, whichever is the greater;

- (k) the relevant interests of Andrew Gray, Mike Hill and Matthew Brown in securities of the Company as at the date of this Notice (on a post-Consolidation basis and which excludes any securities to be issued pursuant to this Notice) are set out below:

Related Party	Shares	Options
Andrew Gray ¹	1,000,000	1,500,000 ²
Mike Hill ³	500,000	3,000,000 ²
Matthew Brown ⁴	Nil	Nil

Notes:

1. Pursuant to Resolution 13, Shareholder approval is being sought for the issue of up to 666,667 Shares (on a post-Consolidation basis) to Mike Hill (or his nominee) arising from the participation by Mike Hill in the Capital Raising.
2. Unquoted Options exercisable at \$0.10 each on or before 31 October 2017. The Options are not exercisable until the Share price of the Company has traded at \$0.25 or above for an average of 20 business days (using the 20 day volume weighted average price).
3. Pursuant to Resolution 14, Shareholder approval is being sought for the issue of up to 3,333,334 Shares (on a post-Consolidation basis) to Andrew Gray (or his nominee) arising from the participation by Andrew Gray in the Capital Raising.
4. Pursuant to Resolution 7, Shareholder approval is being sought for 9,000,000 Consideration Shares (on a post-Consolidation basis) to be issued to Mr Brown (or his nominee). In addition, Matthew Brown will subscribe for up to \$75,000 worth of Shares under the Capital Raising (being 500,000 Shares at an issue price of \$0.15 per Share).

- (l) the amounts paid (and proposed to be paid) from the Company to Andrew Gray, Mike Hill and Matthew Brown and their associates are set out below:

Related Party	FY 16	FY15	FY14
Andrew Gray	\$80,000 ¹	\$20,833	\$Nil
Mike Hill	\$100,000 ²	\$104,167	\$Nil
Matthew Brown ³	\$400,000 ⁴	\$Nil	\$Nil

Notes:

1. Mr Gray has agreed to receive only 50% of his salary monthly, with the remaining 50% accrued, until such time as the Company can afford to pay the salaries in full.
2. Mr Hill has agreed to receive only 40% of his salary monthly, with the remaining 60% accrued, until such time as the Company can afford to pay the salaries in full.
3. Mr Brown is currently a Proposed Director of the Company and has not received any remuneration from the Company.
4. Comprises the base salary and superannuation payable to Mr Brown. Of the \$400,000, \$50,000 will be accrued. In addition to the base salary, Mr Brown may be paid a discretionary cash bonus of up to 67% of his base salary if certain performance targets are met. As at the date of this Notice, the performance targets have not yet been determined by the Board.

- (m) if the maximum number of Shares are issued to Andrew Gray, Mike Hill and Matthew Brown, a total of 8,750,000 Shares (on a post-Consolidation basis) would be issued. This will increase the number of Shares on issue from 366,732,791 to 375,482,791 (assuming that the Consolidation occurs and no Options are exercised, the maximum subscription is achieved under the Capital Raising at an issue price of \$0.15 per Share and no Shares other than those contemplated by the Acquisition Resolutions are issued) with the

effect that the shareholding of existing Shareholders would be diluted by an aggregate of 2.33% comprising 0.60% for each of Andrew Gray and Mike Hill and 1.13% for Matthew Brown;

- (n) the trading history of the Shares on ASX in the 12 months before the date of this Notice is set out in section 6.5(n) of this Explanatory Statement;
- (o) the primary purpose of the provision of the Loans to Andrew Gray, Mike Hill and Matthew Brown is to enable Andrew Gray, Mike Hill and Matthew Brown to subscribe for Shares;
- (p) Hugh Warner recommends that Shareholders vote in favour of Resolutions 10, 11 and 12 for the following reasons:
 - (i) the use of the Loans by each of Andrew Gray, Mike Hill and Matthew Brown to subscribe for Shares will align the interests of Andrew Gray, Mike Hill and Matthew Brown with those of Shareholders by creating a stronger link between performance resulting in increased Shareholder value and reward to Andrew Gray, Mike Hill and Matthew Brown. Each of Andrew Gray, Mike Hill and Matthew Brown will have a greater involvement with, and share in, any future growth and profitability of the Company; and
 - (ii) the provision of the Loans is a reasonable and appropriate method to provide benefits to Andrew Gray, Mike Hill and Matthew Brown as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash benefits were given to Andrew Gray, Mike Hill and Matthew Brown;
- (q) Philip Kapp recommends that Shareholders vote in favour of Resolutions 10, 11 and 12 for the reasons set out in paragraph 6.5(p);
- (r) Andrew Gray declines to make a recommendation to Shareholders in relation to Resolution 11 due to his material personal interest in the outcome of the Resolution. However, in respect of Resolutions 10 and 12, Mr Gray recommends that Shareholders vote in favour of those Resolutions for the reasons set out in paragraph 10.2(p);
- (s) Mike Hill declines to make a recommendation to Shareholders in relation to Resolution 12 due to his material personal interest in the outcome of the Resolution. However, in respect of Resolutions 10 and 11, Mr Hill recommends that Shareholders vote in favour of those Resolutions for the reasons set out in paragraph 10.2(p);
- (t) with the exception of Andrew Gray and Mike Hill, no other Director has a personal interest in the outcome of Resolutions 10, 11 and 12;
- (u) the Directors consider that in providing the Loans to Andrew Gray, Mike Hill and Matthew Brown upon the terms proposed the following opportunity cost to the Company and benefits foregone by the Company may occur:
 - (i) no interest is payable on the Loans; and
 - (ii) the Loans are non-recourse which means the full amount of the Loan may not be recovered where the Shares are sold for less than the amount outstanding on the Loan. In addition, where the sale proceeds are greater than the amount of the Loan the Company

will not receive any additional repayment as Andrew Gray, Mike Hill and Matthew Brown are entitled to the surplus proceeds;

- (v) in forming their recommendations, each Director considered the experience of Andrew Gray, Mike Hill and Matthew Brown, the existing and proposed contribution of Andrew Gray, Mike Hill and Matthew Brown to the Company and the current market practices when determining the provision of the Loan upon the terms proposed; and
- (w) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolutions 10, 11 and 12.

11. RESOLUTIONS 13 AND 14 – PARTICIPATION DIRECTORS IN CAPITAL RAISING

11.1 General

Pursuant to Resolution 9, the Company is seeking Shareholder approval for the issue up to 80,000,000 Shares (on a post-Consolidation basis) at an issue price of not less than \$0.15 per Share to raise up to \$12,000,000 (before costs).

Mike Hill, Andrew Gray and Matthew Brown wish to participate in the Capital Raising.

The Company seeks Shareholder approval:

- (a) pursuant to Resolution 13 for the in the issue of up to 666,667 Shares (on a post-Consolidation basis) to Mike Hill (or his nominee) arising from the participation by Mike Hill in the Capital Raising; and
- (b) pursuant to Resolution 14 for the in the issue of up to 3,333,334 Shares (on a post-Consolidation basis) to Andrew Gray (or his nominee) arising from the participation by Andrew Gray in the Capital Raising,

(Participation).

11.2 Chapter 2E of the Corporations Act

A summary of Chapter 2E of the Corporations Act is set out in section 6.2 of this Explanatory Statement.

The Participation will result in the issue of Shares which constitutes giving a financial benefit and Mike Hill and Andrew Gray are related parties of the Company by virtue of being Directors.

The Directors (other than Mike who has a personal interest in Resolution 13 and Andrew Gray who has a personal interest in Resolution 14) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the Participation because the Shares will be issued to Mike Hill and Andrew Gray on the same terms as Shares issued to unrelated party participants in the Capital Raising and as such the giving of the financial benefit is on arm's length terms.

11.3 ASX Listing Rule 10.11

A summary of ASX Listing Rule 10.11 is set out in section 6.3 of this Explanatory Statement.

As the Participation involves the issue of Shares to related parties of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an

exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

The Directors (other than Mike Hill who has a material personal interest in the Resolutions) consider that Shareholder approval pursuant to ASX Listing Rule 10.11 is not required in respect of Matthew Brown's participation in the Capital Raising because Matthew Brown is a related party of the Company only by reason of the Acquisition, which is the reason for the issue of the Shares under the Capital Raising and the application to Matthew Brown of section 228(6) of the Corporations Act.

11.4 Technical Information required by ASX Listing Rule 10.13

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

- (a) the Shares will be issued to Mike Hill and Andrew Gray (or their respective nominees);
- (b) the maximum number of Shares to be issued is:
 - (i) 666,667 Shares (on a post-Consolidation basis) to Mike Hill (or his nominee) under Resolution 13; and
 - (ii) 3,333,334 Shares (on a post-Consolidation basis) to Andrew Gray (or his nominee) under Resolution 14;
- (c) the Shares will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- (d) the issue price will be not less than \$0.15 per Share (on a post-Consolidation basis), being the same as all other Shares issued under the Capital Raising;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) the funds raised will be used for the same purposes as all other funds raised under the Capital Raising as set out in section 1.17 of this Explanatory Statement.

Approval pursuant to ASX Listing Rule 7.1 is not for the Participation as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Shares to Mike Hill and Andrew Gray (or their respective nominees) under the Capital Raising will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

12. RESOLUTION 15 – DISPOSAL OF INTEREST IN NUURST THERMAL COAL PROJECT

12.1 Background

As set out in section 1.11 of this Explanatory Statement, the Company has entered into a highly conditional agreement (**Nuurst Sale Agreement**) with a Mongolian based company (**Purchaser**), pursuant to which the Purchaser (or its nominee) has agreed to acquire, and the Company has agreed to sell, 100% of the issued share capital of Modun Resources LLC (**Modun LLC**). Modun LLC owns 100% of the Nuurst Thermal Coal Project, comprising Mongolian mining license MV-017349 and a novation to the Purchaser of 100% of the intercompany debt (**Project**).

The Nuurst Sale Agreement is a part of the Company's previously announced intention to dispose of its interest in the Project. The exclusive due diligence period granted to the Purchaser has now expired, but that the parties continued to negotiate the terms for the Nuurst Sale Agreement.

The Company also has continued to negotiate with other third party interested parties about a transaction that would see the Company dispose of its interest in the Project.

ASX Listing Rule 11.2 provides that where a company proposes to make a significant change in the nature or scale of its activities which involves the disposal of its main undertaking, it must first obtain the approval of its shareholders.

The disposal by the Company of the Project is consistent with its intention to acquire LiveTiles and focus its efforts moving forward on the development and growth of the business of LiveTiles. However, ASX has indicated that as the Project currently represents the Company's main undertaking, the Company should seek the approval of Shareholders to the disposal of the Project.

Resolution 15 seeks Shareholder approval for the disposal of the Company's main undertaking (**Disposal**).

12.2 Impact on the Company

There will be no impact on the capital structure of the Company as a result of the Disposal, which will move forward focussing on the business of LiveTiles (assuming all appropriate Resolutions are passed and the Company is re-instated to trading on ASX).

If only the Disposal was taken into account, the Company would receive an additional US\$900,000 (approximately \$1,148,000) less 5% commission of say \$57,400 plus would be entitled to an additional US\$7,000,000 in royalties less a 5% commission. It is noted that the original \$100,000 non-refundable deposit for the Disposal is included in the actual balance sheet of the Company as at 31 March 2015. A pro-forma statement of financial position of the Company without accounting for the Capital Raising and Acquisition of LiveTiles would be as follows:

	Unaudited Adjusted 31 March 2015	Unaudited Pro-forma 31 March 2015 (after Disposal)
	\$000 "A"	\$000 "B"
Current Assets		
Cash assets	940	2,030
Trade and other receivables/prepayments	11	11
Total Current Assets	951	2,041
Non Current Assets		
Plant and equipment	5	5
Intangibles	-	-
Capitalised exploration costs	4,744	-
Total Non Current Assets	4,749	5
Total Assets	5,700	2,045

	Unaudited Adjusted 31 March 2015	Unaudited Pro-forma 31 March 2015 (after Disposal)
	\$000 "A"	\$000 "B"
Current Liabilities		
Trade and other payables	212	212
Employee entitlements	19	19
Loan liabilities	-	-
Total Current Liabilities	231	231
Total Liabilities	231	231
Net Assets (Liabilities)	5,469	1,814
Equity		
Issued Capital	302,879	302,879
Reserves	1,091	1,091
Accumulated Losses	(298,501)	(302,066)
Total Equity	5,469	1,814

It is noted that royalties may be received of up to US\$7,000,000 (approximately \$8,928,000 using the above exchange rate) but there is no certainty as to receipt of the royalties or timing of payments. Based on discussions with management of the Company, they have assumed that it would be at least two years from the Disposal before royalties would be received and that the royalties may be paid over a 2 year period. It would be unlikely that the Purchaser would proceed with the acquisition of the Project (via acquiring all of the shares in Modun LLC) without an intention to develop the asset and thus there would be a reasonable expectation of receiving the US\$7,000,000 over a period of time. The US\$7,000,000 would need to be discounted to reflect the delays in receiving the royalty payments and risk of receipt.

The discounted potential receipt of the royalty is treated in the above pro-forma as a contingent asset.

12.3 Reasons for Disposal

In addition to the advantages of the Disposal set out in section 12.4 of this Explanatory Statement, the Directors believe that the Disposal is in the best interests of the Company as it is consistent with the change in direction of the Company to focus on business of LiveTiles following Completion of the Acquisition. Upon Completion of the Acquisition, the Company no longer has any need for, and will not allocate resources to maintain, the mining license which comprises the Nuurst Thermal Coal Project. Accordingly, the Company intends to sell Modun LLC (the holder of the tenement) under the Nuurst Sale Agreement.

12.4 Advantages

The Directors believe that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on the proposed Disposal:

- (a) the Disposal will provide additional working capital proposed to be used in the LiveTiles business;

- (b) the Company will not be required to fund future operational costs of the Project, leaving more cash resources for the development of other assets (e.g. the assets the subject of the Acquisition);
- (c) by undertaking the Disposal, the Company will be reducing its exposure to Mongolia; and
- (d) the Company can focus on other activities, including the business of LiveTiles which is the subject of the Acquisition.

12.5 Disadvantages

The Directors believe that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on the proposed Disposal:

- (a) the Disposal involves the Company selling its principal operating business activities, which may not be consistent with the investment objectives of all Shareholders;
- (b) the Company will not be able to participate in or derive any future potential profits from the Project; and
- (c) the Company may face challenges complying with the listing requirements of the ASX post the Disposal in the unlikely event that the Disposal is completed without the Acquisition of LiveTiles completing. In these circumstances, ASX will require that the Company completes an alternative business acquisition within 6 months of the Disposal in order to justify its listing on ASX.

12.6 Future activities and direction post Disposal

After completion of the Disposal:

- (a) in the event that the Acquisition is completed, the Company will focus on the LiveTiles business (as summarised in section 1.3 of this Explanatory Statement);
- (b) in the event that the Acquisition is completed but the Disposal is not, the Company will continue its current activities in respect of Project and will continue to pursue other investment opportunities which have the potential to create Shareholder wealth; and
- (c) in the event that the Acquisition is not completed, the Company will continue to pursue other investment opportunities which have the potential to create Shareholder wealth.

12.7 Director interests and recommendations

The Directors do not have any material interest in the outcome of Resolution 15, other than as a result of their interests arising solely in the capacity as security holders.

The Directors' relevant interests in the securities of the Company are set out in section 6.12(g) of this Explanatory Statement.

The Board has approved the proposal to put the Resolution to Shareholders and each of the Directors intends to vote all of their Shares in favour of the Resolution.

Based on the information available, all of the Directors consider that the proposed Disposal is in the best interests of the Company and recommend that the Shareholders vote in favour of the Resolution.

13. RESOLUTION 16 – CHANGE OF COMPANY NAME

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

Resolution 16 seeks the approval of Shareholders for the Company to change its name to “LiveTiles Limited”.

If Resolution 16 is passed the change of name will take effect when ASIC alters the details of the Company’s registration.

The proposed name has been reserved by the Company and if Resolution 16 is passed, the Company will lodge a copy of the special resolution with ASIC on completion of the Acquisition in order to effect the change.

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

The change of name will be subject to completion of the Acquisition.

14. RESOLUTION 17 – REPLACEMENT OF CONSTITUTION

14.1 General

A company may modify or repeal its constitution or a provision of its constitution by special resolution of Shareholders.

Resolution 17 is a special resolution which will enable the Company to repeal its existing Constitution and adopt a new constitution (**Proposed Constitution**) which is of the type required for a listed public company limited by shares updated to ensure it reflects the current provisions of the Corporations Act and ASX Listing Rules.

This will incorporate amendments to the Corporations Act and ASX Listing Rules since the current Constitution was adopted in 2007.

The Directors believe that it is preferable in the circumstances to replace the existing Constitution with the Proposed Constitution rather than to amend a multitude of specific provisions.

The Proposed Constitution is broadly consistent with the provisions of the existing Constitution. Many of the proposed changes are administrative or minor in nature including but not limited to:

- updating the name of the Company to that adopted pursuant to Resolution 16;
- updating references to bodies or legislation which have been renamed (e.g. references to the Australian Settlement and Transfer Corporation Pty Ltd, ASTC Settlement Rules and ASTC Transfer); and
- expressly providing for statutory rights by mirroring these rights in provisions of the Proposed Constitution.

The Directors believe these amendments are not material nor will they have any significant impact on Shareholders. It is not practicable to list all of the changes to the Constitution in detail in this Explanatory Statement, however, a summary of the proposed material changes is set out below.

A copy of the Proposed Constitution is available for review by Shareholders at the Company's website (www.modunresources.com) and at the office of the Company. A copy of the Proposed Constitution can also be sent to Shareholders upon request to the Company Secretary (+61 8 9217 3300). Shareholders are invited to contact the Company if they have any queries or concerns.

14.2 Summary of material proposed changes

Minimum Shareholding (clause 3)

Clause 3 of the Constitution outlines how the Company can manage shareholdings which represent an "unmarketable parcel" of shares, being a shareholding that is less than \$500 based on the closing price of the Company's Shares on ASX as at the relevant time.

The Proposed Constitution is in line with the requirements for dealing with "unmarketable parcels" outlined in the Corporations Act such that where the Company elects to undertake a sale of unmarketable parcels, the Company is only required to give one notice to holders of an unmarketable parcel to elect to retain their shareholding before the unmarketable parcel can be dealt with by the Company, saving time and administrative costs incurred by otherwise having to send out additional notices.

Clause 3 of the Proposed Constitution continues to outline in detail the process that the Company must follow for dealing with unmarketable parcels.

Fee for registration of off market transfers (clause 8.4(c))

On 24 January 2011, ASX amended ASX Listing Rule 8.14 with the effect that the Company may now charge a "reasonable fee" for registering paper-based transfers, sometimes referred to "off-market transfers".

Clause 8.4 of the Proposed Constitution is being made to enable the Company to charge a reasonable fee when it is required to register off-market transfers from Shareholders. The fee is intended to represent the cost incurred by the Company in upgrading its fraud detection practices specific to off-market transfers.

Before charging any fee, the Company is required to notify ASX of the fee to be charged and provide sufficient information to enable ASX to assess the reasonableness of the proposed amount.

Dividends (clause 21)

Section 254T of the Corporations Act was amended effective 28 June 2010.

There is now a three-tiered test that a company will need to satisfy before paying a dividend replacing the previous test that dividends may only be paid out of profits.

The amended requirements provide that a company must not pay a dividend unless:

- (a) the company's assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend;

- (b) the payment of the dividend is fair and reasonable to the company's shareholders as a whole; and
- (c) the payment of the dividend does not materially prejudice the company's ability to pay its creditors.

The existing Constitution reflects the former profits test and restricts the dividends to be paid only out of the profits of the Company. The Proposed Constitution is updated to reflect the new requirements of the Corporations Act. The Directors consider it appropriate to update the Constitution for this amendment to allow more flexibility in the payment of dividends in the future should the Company be in a position to pay dividends.

Partial (proportional) takeover provisions (new clause 35)

A proportional takeover bid is a takeover bid where the offer made to each shareholder is only for a proportion of that shareholder's shares.

Pursuant to section 648G of the Corporations Act, the Company has included in the Proposed Constitution a provision whereby a proportional takeover bid for Shares may only proceed after the bid has been approved by a meeting of Shareholders held in accordance with the terms set out in the Corporations Act.

This clause of the Proposed Constitution will cease to have effect on the third anniversary of the date of the adoption of last renewal of the clause.

Information required by section 648G of the Corporations Act

Effect of proposed proportional takeover provisions

Where offers have been made under a proportional off-market bid in respect of a class of securities in a company, the registration of a transfer giving effect to a contract resulting from the acceptance of an offer made under such a proportional off-market bid is prohibited unless and until a resolution to approve the proportional off-market bid is passed.

Reasons for proportional takeover provisions

A proportional takeover bid may result in control of the Company changing without Shareholders having the opportunity to dispose of all their Shares. By making a partial bid, a bidder can obtain practical control of the Company by acquiring less than a majority interest. Shareholders are exposed to the risk of being left as a minority in the Company and the risk of the bidder being able to acquire control of the Company without payment of an adequate control premium. These amended provisions allow Shareholders to decide whether a proportional takeover bid is acceptable in principle, and assist in ensuring that any partial bid is appropriately priced.

Knowledge of any acquisition proposals

As at the date of this Notice, other than as contemplated by this Notice, no Director is aware of any proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

Potential advantages and disadvantages of proportional takeover provisions

The Directors consider that the proportional takeover provisions have no potential advantages or disadvantages for them and that they remain free to make a

recommendation on whether an offer under a proportional takeover bid should be accepted.

The potential advantages of the proportional takeover provisions for Shareholders include:

- (a) the right to decide by majority vote whether an offer under a proportional takeover bid should proceed;
- (b) assisting in preventing Shareholders from being locked in as a minority;
- (d) increasing the bargaining power of Shareholders which may assist in ensuring that any proportional takeover bid is adequately priced; and
- (e) each individual Shareholder may better assess the likely outcome of the proportional takeover bid by knowing the view of the majority of Shareholders which may assist in deciding whether to accept or reject an offer under the takeover bid.

The potential disadvantages of the proportional takeover provisions for Shareholders include:

- (a) proportional takeover bids may be discouraged;
- (b) lost opportunity to sell a portion of their Shares at a premium; and
- (c) the likelihood of a proportional takeover bid succeeding may be reduced.

Recommendation of the Board

The Directors do not believe the potential disadvantages outweigh the potential advantages of adopting the proportional takeover provisions and as a result consider that the proportional takeover provision in the Proposed Constitution is in the interest of Shareholders and unanimously recommend that Shareholders vote in favour of Resolution 17.

15. RESOLUTIONS 18 TO 20 – ELECTION OF DIRECTORS IN CONNECTION WITH ACQUISITION

Clause 13.3 of the Constitution allows the Company to appoint at any time a person to be a Director by resolution passed in General Meeting.

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

A letter of nomination from a Shareholder of the Company nominating each of the Proposed Directors as Directors of the Company on and from Completion of the Acquisition is set out in Schedule 4 of this Notice of Meeting.

Pursuant to Resolutions 18 to 20, Karl Redenbach, Peter Nguyen-Brown and Matthew Brown seek election from Shareholders to be appointed upon Completion.

The qualifications and experience of the Proposed Directors are set out in section 1.8 of this Explanatory Statement.

GLOSSARY

\$ means Australian dollars.

Acquisition means the acquisition by the Company of 100% of the issued capital in LiveTiles.

Acquisition Resolutions means the inter-conditional Resolutions in this Notice, being Resolutions 1 to 12 (inclusive).

Agreement has the meaning given to that term in section 1.1 of the Explanatory Statement.

ASIC means the Australian Securities & Investments Commission.

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

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

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

Chair means the chair of the Meeting.

Company means Modun Resources Ltd (to be renamed LiveTiles Limited) (ACN 066 139 991).

Completion means completion under the Agreement.

Consideration Shares has the meaning given to that term in section 1.9 of the Explanatory Statement.

Constitution means the Company's constitution.

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

Corporate Trustee means the trustee of the nSynergy Trust.

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice.

Founder Sellers means ZTH Tech and NIA Tech.

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

Independent Expert means Stantons International Securities Pty Ltd (ACN 128 908 289) trading as Stantons International Securities.

Independent Expert Report means the Independent Experts Report prepared by the Independent Expert which is attached to this Notice as Annexure A.

Investor Seller means rhipe LiveTiles Pty Limited (ACN 603 338 781).

LiveTiles means LiveTiles Holdings Pty Ltd (ACN 603 266 888).

LiveTiles Group has the meaning given to that term in section 1.3 of the Explanatory Statement.

LiveTiles LLC means LiveTiles LLC (a company incorporated in the United States of America, company number 46-5181168), a wholly owned subsidiary of LiveTiles.

LiveTiles Pty Ltd means LiveTiles Pty Ltd (ACN 601 177 691), a wholly owned subsidiary of LiveTiles.

LiveTiles R and D Pty Ltd means LiveTiles R and D Pty Ltd (ACN 158 548 700), a wholly owned subsidiary of LiveTiles.

NIA Tech NIA Tech Pty. Ltd. (ACN 158 542 271) as trustee for the Odean Discretionary Trust.

NIA Shareholders means NIA Tech Pty. Ltd. (ACN 158 542 271) as trustee for the Odean Discretionary Trust and Peter Nguyen-Brown.

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

nSynergy Group means rhipe Cloud Solutions Pty Ltd (formerly nSynergy OSC Holdings Pty Ltd) (ACN 166 496 171) and its subsidiaries.

nSynergy Trust has the meaning given to that term in section 1.9 of the Explanatory Statement.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Prohibition has the meaning given to that term in section 6.8(a) of the Explanatory Statement.

Proposed Directors means Karl Redenbach, Peter Nguyen-Brown and Matthew Brown.

Proxy Form means the proxy form accompanying the Notice.

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

rhipe means rhipe Limited (ACN 112 452 436) (ASX:RHP).

Sellers has the meaning given to that term in section 1.9 of the Explanatory Statement.

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

Shareholder means a registered holder of a Share.

Voluntary Escrow Agreements has the meaning given to that term in section 1.9 of the Explanatory Statement.

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

ZTH Tech means ZTH Tech Pty. Ltd. (ACN 158 542 404) as trustee for the Triton Discretionary Trust.

ZTH Shareholders means ZTH Tech Pty. Ltd. as trustee for the Triton Discretionary Trust and Karl Redenbach.

SCHEDULE 1 – SELLER CONSIDERATION AND MANAGEMENT INCENTIVE PLAN SHARES TO BE ISSUED TO SELLERS

Seller	LiveTiles shares held immediately prior to Completion	Consideration Shares to be issued	Shares to be issued pursuant to Management Incentive Plan	Shares issued pursuant to Capital Raising	Total held Acquisition	Shares post Acquisition	% interest in the Company ¹ (undiluted)
Founder Sellers							
ZTH Tech Pty. Ltd. <Triton Discretionary Trust>	5,298,170	90,187,638	19,500,000 ²	Nil	109,687,638		30.86%
NIA Tech Pty. Ltd. <Odeon Discretionary Trust>	5,298,170	90,187,638	6,750,000 ³	Nil	96,937,638		27.27%
Unrelated Non-Employee Sellers							
Rhipe LiveTiles Pty Limited	1,437,471	24,469,224	Nil	10,000,000 ⁴	34,469,224		9.70%
Corporate Trustee	328,200	5,586,750	Nil	Nil	5,586,750		1.57%
Related Party Seller⁵							
Matthew Brown	528,715	9,000,000	4,250,000	500,000 ⁶	13,750,000		3.87%
Unrelated Employee Sellers⁵							
Employees of the LiveTiles Group	327,142	5,568,750	Nil	Nil	5,568,750		1.57%
TOTAL	13,217,868	225,000,000	30,500,000	10,500,000	266,000,000		74.83%

Notes:

1. Assumes that:
 - (a) the issued capital of the Company is 355,482,791 Shares and no further securities are issued prior to Completion, other than as contemplated by this Notice; and
 - (b) the Capital Raising is successful and 60,000,000 Shares at an issue price of \$0.15 per Share are subscribed for and issued.
2. The Shares to be issued pursuant to the Management Incentive Plan will be issued to Karl Redenbach who is the controller of ZTH Tech Pty. Ltd.
3. The Shares to be issued pursuant to the Management Incentive Plan will be issued to Peter Nguyen-Brown who is the controller of NIA Tech Pty. Ltd.
4. Assumes that the Investor Seller subscribes for its full entitlement of 12.5% of the Shares offered pursuant to the Capital Raising at an issue price of \$0.15 per Share.
5. The Consideration Shares proposed to be issued to Matthew Brown and the unrelated Sellers, who are employees of the LiveTiles Group, will be issued pursuant to the Employee Share Plan.
6. Assumes that Matthew Brown subscribes for \$75,000 worth of Shares at an issue price of \$0.15 per Share pursuant to the Capital Raising.

SCHEDULE 2 – SUMMARY OF EMPLOYEE SHARE PLAN

The key terms of the Employee Share Plan are as follows:

- (a) **Eligibility:** Participants in the Employee Share Plan may be Directors, full-time and part-time employees of the Company or any of its subsidiaries or any other person permitted to participate in the Employee Share Plan without requiring compliance with Chapters 6D.2, 6D.3 (except section 736) and 7.9 of the Corporations Act (**Participants**).
- (b) **Administration of Plan:** The Board is responsible for the operation of the Employee Share Plan and has a broad discretion to determine which Participants will be offered Shares under the Employee Share Plan.
- (c) **Offer:** The Board may issue an offer to a Participant to participate in the Employee Share Plan. The offer:
 - (i) will invite application for the number of Shares specified in the offer;
 - (ii) will specify the issue price for the Shares or the manner in which the issue price is to be calculated;
 - (iii) will specify any restriction conditions applying to the Shares;
 - (iv) will specify an acceptance period; and
 - (v) specify any other terms and conditions attaching to the Shares.
- (d) **Issue price:** the issue price of each Share will be determined by the Board in its absolute discretion.
- (e) **Restrictions on Dealing in Shares:** Except as required by paragraphs (f) and (h) below, or as permitted by the following provisions, a Participant must not sell, transfer assign, mortgage, charge or otherwise grant any encumbrance over or otherwise deal its Shares or any interest in the Shares (**Dealing**) except as follows:
 - (i) from the issue date to 1 January 2016, the Participant must not enter into any Dealing in respect of some or all of the Shares of the Participant;
 - (ii) from 1 January 2016 to 1 January 2017, the Participant may enter into any Dealing in respect of some or all of the Shares of the Participant, up to a maximum of one-third of the total Shares held by the Participant;
 - (iii) from 1 January 2017 to 1 January 2018, the Participant may enter into any Dealing in respect of some or all of the Shares of the Participant, up to a maximum of two-thirds of the total Shares held by the Participant; and
 - (iv) after 1 January 2018, the Participant may enter into any Dealing in respect of some or all of the Shares of the Participant.

Any purported Dealing of Shares which does not comply with this paragraph (e) will not be recognised in any manner by the Company.
- (f) **Forfeiture Events:** A Participant will be deemed to have forfeited all of its Shares upon any or more of the following events (**Forfeiture Event**) occurring:

- (i) either the Participant terminates the Participant's contract of employment or the Company or an associated body corporate (**Employer**) terminates the employment of the Participant with cause; or
- (ii) the Participant:
 - (A) commits any act which may detrimentally affect the Employer or the Company, including but not limited to an act of dishonesty, fraud, wilful disobedience, misconduct or breach of duty;
 - (B) materially breaches their contract of employment with the Employer and does not remedy the breach within five (5) days of receipt of notice in writing from the Employer specifying the breach;
 - (C) refuses to carry out a lawful and reasonable instruction from the Employer;
 - (D) refuses, fails or is unable to perform (persistently or repeatedly) the Participant's duties (as set out in the Participant's contract of employment) competently, in a professional manner, or otherwise in accordance with their employment agreement (including but not exhaustively, meeting formal performance criteria) and written notice has been provided to the Participant accordingly;
 - (E) commits any act of bankruptcy, insolvency or compounds with creditors;
 - (F) commits any act that causes imminent, and serious, risk to the health, or safety of a person or the Employer's or the Company's businesses;
 - (G) engages in theft or fraud, or assault of any kind;
 - (H) is intoxicated at work or on occasions when representing the Employer or the Company, after work hours;
 - (I) is convicted of a criminal offence and/or breaches any other law which, in the reasonable opinion of the Employer, will detrimentally affect the Employer or the Company; or
 - (J) fails to meet the performance standards expected of that Participant by its Employer, as determined by the Employer in its absolute discretion from time to time.

(g) **Effect of a Forfeiture Event:** Where a Forfeiture Event occurs:

- (i) ownership and possession of the Shares shall immediately vest with the Company and the Participant shall be entitled to no consideration in respect of the forfeiture of the relevant Shares;
- (ii) the Company may, in its absolute discretion, cancel the forfeited Shares in accordance with the requirements of the Corporations Act, subject to this paragraph (g); or
- (iii) the Company may, in its absolute discretion, determine that the forfeited Shares are to be sold, transferred, bought back by the Company or otherwise disposed of or allocated to other existing or new shareholders of the Company.

Except as required by law, an Participant shall have no rights to the proceeds arising from any forfeited Shares dealt with under this paragraph (g).

(h) **Buy-back:** Subject to the provisions of this paragraph (h) and the requirements of the ASX Listing Rules and Corporations Act, the Board may resolve to buy back some or all of the Shares of any one or more Participants. If the Company elects to buy back any Plan Shares of any Participant:

- (i) the Company may, in its absolute discretion, cancel those Shares in accordance with the requirements of the Part 2J.1 of the Corporations Act, subject to paragraphs (h)(ii) and (h)(iii);
- (ii) the Company may, in its absolute discretion, determine that the bought back Shares are to be sold, transferred, or otherwise disposed of or allocated to other existing or new Shareholders of the Company; and
- (iii) the buy-back price payable to the relevant Participant shall be equivalent to the cash consideration paid by that Participant for the Shares.

In respect of each Participant:

- (i) from the issue date to 1 January 2016, the Board may resolve to buy-back some or all of the Shares of the Participant pursuant to this paragraph (h);
 - (ii) from 1 January 2016 to 1 January 2017, the Board may resolve to buy-back some or all of the Shares of the Participant, up to a maximum of two-thirds of the total Shares held by the Participant, pursuant to this paragraph (h);
 - (iii) from 1 January 2017 to 1 January 2018, the Board may resolve to buy-back some or all of the Shares of the Participant, up to a maximum of one-third of the total Shares held by the Participant, pursuant to this paragraph (h); and
 - (iv) after 1 January 2018, the Board may not resolve to buy-back any Shares from the Participant, other than in accordance with the Corporations Act.
- (i) **Power of Attorney:** The Participant irrevocably appoints each of the Company and each director of the Company severally as his or her attorney to do all things necessary to give effect to the sale of the Participant's Shares in accordance with the Employee Share Plan.
- (j) **Plan limit:** The Company must take reasonable steps to ensure that the number of Shares offered by the Company under the Employee Share Plan when aggregated with:
- (i) the number of Shares issued during the previous 5 years under the Employee Share Plan (or any other employee share plan extended only to Eligible Employees); and
 - (ii) the number of Shares that would be issued if each outstanding offer for Shares (including options to acquire unissued Shares) under any employee incentive scheme of the Company were to be exercised or accepted,

does not exceed 5% of the total number of Shares on issue at the time of an offer (but disregarding any offer of Shares or option to acquire Shares that can be disregarded in accordance with relevant ASIC Class Orders).

- (k) **Quotation on ASX:** The Company will apply for each Share to be admitted to trading on ASX upon issue of the Share. Quotation will be subject to the ASX Listing Rules and any holding lock applying to the Shares.
- (l) **Rights attaching to Shares:** Each Share shall be issued on the same terms and conditions as the Company's issued Shares (other than in respect of transfer restrictions imposed by the Employee Share Plan) and it will rank equally with all other issued Shares from the issue date except for entitlements which have a record date before the issue date.

SCHEDULE 3 – SUMMARY OF MANAGEMENT INCENTIVE PLAN

The key terms of the Management Incentive Plan (**Plan**) are:

- (a) **Purpose:** The purpose of the Plan is to assist in the reward, retention and motivation of eligible directors and management and to align the interests of these persons more closely with the interests of the Company's Shareholders, by providing an opportunity for eligible directors and employees to acquire an ownership interest in the Company.
- (b) **Eligibility:** Participants in the Plan may be directors of the Company or any of its subsidiaries and full-time or part-time permanent employees of the Company or any of its subsidiaries (**Employees**). The Board has the sole discretion to determine the Employees who are eligible to participate in the Plan (**Participants**). An invitation to participate will be an offer of Shares.
- (c) **Offers:** The Company may make an offer to eligible Participants on such terms and conditions as determined by the Board, including as to:
 - (i) the maximum number of Shares the subject of the offer;
 - (ii) the issue price (if any) or the manner of determining the issue price (if any) of the Shares the subject of the offer;
 - (iii) any vesting period (if any) during which the Shares will be subject to vesting conditions;
 - (iv) any performance or vesting conditions applying to the Shares;
 - (v) the method of accepting the offer;
 - (vi) the terms and conditions of any loan that the Company will make to the eligible Participant (if applicable) for the purpose of acquiring or subscribing for Shares the subject of the offer; and
 - (vii) the offer documents, including the Plan rules (**Plan Rules**).
- (d) **Issue price:** the issue price (if any) or the manner of determining the issue price (if any) of the Shares the subject of the offer will be determined by the Board in its absolute discretion.
- (e) **Administration of Plan:** The Board is responsible for the operation of the Plan and has a broad discretion to determine which Participants will be offered Shares under the Plan.
- (f) **Vesting:** Vesting of Shares is subject to satisfaction or waiver of any vesting or performance conditions determined by the Board and specified in the offer document. Subject to the Plan Rules, any unvested Shares will lapse immediately and be forfeited if the relevant vesting and performance conditions are not satisfied within the vesting period specified in the offer document. Once vested, Shares will be treated in same way as all other Shares, subject to the full repayment of any outstanding loan.
- (g) **Rights:** Other than pursuant to any offer document or exception provided for in the Plan Rules, the unvested Shares do not confer on an employee the right to participate in new issues of Shares or other securities in the Company, including by way of bonus issues, rights issues or otherwise. Any dividends (net of any tax payable

by the Participant) distributed on the Shares will be applied against any outstanding loan.

The Plan Rules contain specific provisions relating to pro rata bonus issues (other than in lieu or in satisfaction of dividends or by way of dividend reinvestment), which provide for the number of unvested Shares held by a Participant to be increased by the number of Shares the Participant would have held if its Shares had vested before the bonus issue, provided that any such Shares will be subject to any vesting conditions applicable to the Participant's other Shares.

- (h) **Dealings:** Until such time as the Shares vest, Participants will not be entitled to exercise any voting rights attached to the Shares and will be restricted from selling, transferring, assigning, granting a security interest over or otherwise disposing of Shares (except as otherwise provided for in the Plan Rules or offer document).
- (i) **Cessation of employment:** If a Participant ceases to be employed by the Company or any of its subsidiaries, the treatment of its Shares will depend on the circumstances of the Participant's departure as follows:
 - (i) if the Participant is regarded as a "good leaver" (e.g. resigns due to ill health, is made redundant, retires or the Company is sold):
 - (A) the Participant may keep its vested Shares provided that any outstanding loan shall be repaid in full pursuant to the terms of the loan;
 - (B) the Board has the discretion whether or not to accelerate the vesting of all or some of the unvested Shares to which the Participant may be entitled; and
 - (C) unless the Board exercises its discretion under (B) or as otherwise determined by the Board, all unvested Shares will be forfeited; and
 - (ii) if the Participant is regarded a "bad leaver" (eg is summarily dismissed, resigns to take up a new job or becomes insolvent or bankrupt):
 - (A) the Participant may keep its vested Shares provided that any outstanding loan shall be repaid in full pursuant to the terms of the loan; and
 - (B) unless otherwise determined by the Board, all unvested Shares will be forfeited.

Notwithstanding the above, the Board may, subject to compliance with the ASX Listing Rules and Corporations Act, determine to treat any unvested Shares in a manner different to the manner set out in this paragraph (i) (including without limitation determining that such unvested Shares neither vest nor lapse, applying conditions to the vesting or lapsing of unvested Shares, or otherwise forfeiting the unvested Shares) if the Board reasonably determines that the relevant circumstances warrant such treatment.

- (j) **Corporate control event:** If there is a change of control of the Company:
 - (i) any unvested Shares held by a Participant will vest pro rata based on the proportion of the relevant vesting period that has elapsed as at the date the change of control occurs; and

- (ii) the Board has the discretion as to how to treat the remaining unvested Shares, including whether to accelerate vesting of some or all of the Shares.
- (k) **Breach, fraud or dishonesty:** The Plan Rules provide for the Board to have the power to determine that all unvested Shares held by a Participant are forfeited if that Participant has been summarily dismissed, is convicted of an offence in connection with the affairs of the Company or any of its subsidiaries, has committed fraud, defalcation or gross misconduct, is in material breach of any duties owed to the Company or its subsidiaries, has brought the Company or its subsidiaries into disrepute or there is a material misstatement or omission in the financial statements of the Company or any of its subsidiaries.
- (l) **Effect of forfeiture:** Unless the Board determines otherwise, where Shares are forfeited, ownership of the Shares will be transferred to a nominee of the Company who must either sell the Shares or deal with them in any manner determined by the Board (including by way of buy-back or sale to a nominated person). The proceeds of any sale less any transaction costs of the Company will be applied against any outstanding loan.
- (m) **Power of Attorney:** The Participant irrevocably appoints each of the Company and any person nominated by the Company severally as its attorney to do all things necessary to give effect to the Plan Rules.
- (n) **Administration and variation:** The Plan Rules contain customary provisions in relation to administration and variation. The Board has the power to vary the Plan Rules, provided that the variations do not prejudice the rights and entitlements of Participants.

SCHEDULE 4 – LETTER OF NOMINATION OF PROPOSED DIRECTORS

10 June 2015

Andrew Whitten
Company Secretary
Modun Resources Ltd
C/- Whittens & McKeough Pty Limited
Level 5
137-139 Bathurst Street
Sydney NSW 2000

Dear Sir

Notice of Nomination of Directors – Modun Resources Ltd

We, Bearnick Pty. Limited (ACN 087 592 354) <DR Family Trust>, being a member of Modun Resources Ltd (ACN 066 139 991) (**Company**), propose that the following persons be nominated for election as directors on and from the date that the Company completes the proposed acquisition of LiveTiles Holdings Pty Ltd (ACN 603 266 888):

- (a) Karl Redenbach;
- (b) Peter Nguyen-Brown; and
- (c) Matthew Brown.

This is to be taken to be notice pursuant to clause 13.3 of the Company's constitution.

Yours faithfully

Daniel Rohr
For and on behalf of
Bearnick Pty. Limited (ACN 087 592 354) <DR Family Trust>

ANNEXURE A – INDEPENDENT EXPERT’S REPORT

28 May 2015

The Directors
Modun Resources Ltd
Suite 7, 245 Churchill Avenue
SUBIACO WA 6008

The Independent Expert has concluded that the transactions related to the issues of a total of 180,375,276 post consolidated ordinary shares in Modun (as part consideration for the Acquisition of LiveTiles Holdings Pty Ltd) to ZTH Tech Pty Ltd and NIA Tech Pty Ltd and the issue of 26,250,000 Plan Shares in Modun to Karl Redenbach and Peter Nguyen-Brown, the subject of Resolutions 5 and 6 as outlined in the Notice of General Meeting are not fair but reasonable to the shareholders of the Company (not associated with NIA Tech Pty Ltd and ZTH Tech Pty Ltd and their associates) as at the date of this report.

Dear Sirs

Re: MODUN RESOURCES LTD (ACN 066 139 991) ON THE PROPOSAL TO ISSUE A TOTAL OF 180,375,276 POST CONSOLIDATED ORDINARY SHARES TO ZTH TECH PTY LTD (“ZTH”) AND NIA TECH PTY LTD (“NIA”) AS PART CONSIDERATION TO ACQUIRE 100% OF LIVETILES HOLDINGS PTY LTD (“LIVETILES”) AND THE ISSUE OF A TOTAL OF 26,250,000 PLAN SHARES TO KARL REDENBACH (“REDENBACH”) AND PETER NGUYEN BROWN (“PETER BROWN”) - SHAREHOLDERS MEETING PURSUANT TO SECTION 611 (ITEM 7) OF THE CORPORATIONS ACT 2001 (“TCA”)

1. Introduction

- 1.1 We have been requested by the Directors of Modun Resources Ltd (“Modun” or “the Company”) to prepare an Independent Expert’s Report to determine the fairness and reasonableness as noted in Resolutions 5 and 6 (the issue of a total of 180,375,276 ordinary shares (refer below) to ZTH and NIA and the issue of 26,250,000 shares as part of an incentive plan (all refer below) and as referred to in the Notice of Meeting of Shareholders (“Notice”) and Sections 1 and 6 of the Explanatory Statement (“ES”) attached to the Notice to be forwarded to shareholders in June 2015.
- 1.2 It is proposed that Modun will acquire 100% of the issued capital of LiveTiles as announced to the market on 27 April 2015. It is proposed that the name of the Company will be changed to LiveTiles Limited as set out in Resolution 16 of the Notice.
- 1.3 The proposal to acquire 100% of the shares in LiveTiles is known in this report as the Acquisition. LiveTiles is incorporated in Australia as a non-listed private company. LiveTiles via its wholly owned subsidiaries LiveTiles LLC (USA based) and LiveTiles Pty Ltd (Australian based) operates as a software company and currently has developed two software tools called LiveTiles Mosaic (for the education industry) and LiveTiles (for the commercial enterprise sector). In addition, LiveTiles (the company) owns a 100% interest in LiveTiles R and D Pty Ltd (“LiveTiles R&D”) that is undertaking the research and development for software associated with the business. Further details are outlined on the LiveTiles Group below and in the ES attached to the Notice.

1.4 The Consideration for the Acquisition is as follows:

- 225,000,000 post consolidated ordinary shares (“Consideration Shares”) are to be issued to the shareholders of LiveTiles to acquire all of the shares in LiveTiles.

Furthermore, it is proposed to issue 35,000,000 incentive shares (“Plan Shares”) to some of the current Directors/Management of LiveTiles and Modun.

	Consideration Shares	Plan Shares
1. NIA as Trustee of The Odeon Discretionary Trust	90,187,638	-
2. ZTH as Trustee of The Triton Discretionary Trust	90,187,638	-
3. Rhipe LiveTitles Pty Limited	24,469,224	-
4. Various LiveTiles employees	5,568,750	-
5. nSynergy Employee Trust	5,586,750	-
6. Peter Nguyen-Brown (a director of LiveTiles)	-	6,750,000
7. Karl Redenbach (a director of LiveTiles)	-	19,500,000
8. Matthew Brown (CFO of LiveTiles)	9,000,000	4,250,000
9. Andrew Gray (a director of Modun)	-	2,250,000
10. Michael Hill (a director of Modun and LiveTiles)	-	2,250,000
Total post consolidated shares to be issued	225,000,000	35,000,000

The Consideration Shares to be issued to the various LiveTiles employees, including Matthew Brown) (14,568,750 in total) have a condition attached that in effect results in forfeiture of such shares in the event that an employee resigns. Further details on shares issued under the Employee Share Plan are outlined in section 4 of the ES and Schedule 2 to the ES.

- 1.5 NIA as Trustee of the Odeon Discretionary Trust is controlled by Peter Nguyen-Brown (“Nguyen-Brown”), a director of LiveTiles. NIA and Nguyen-Brown on completion of the Acquisition and assuming the issue of 60,000,000 post consolidated shares at 15 cents each (“Capital Raising Shares”) to raise a gross \$9,000,000 (“Capital Raising”) will have a relevant interest in approximately 27.27% of the expanded issued capital of Modun (approximately 28.14% excluding the Plan Shares). If the \$9,000,000 Capital Raising is undertaken at 20 cents, the combined interests of NIA and Nguyen-Brown would represent an approximate 28.47% shareholding interest in the expanded issued capital of Modun (approximately 29.52% excluding the Plan Shares). If \$12,000,000 is raised from the Capital Raising at 15 cents each, NIA and Nguyen-Brown will have a relevant interest in approximately 25.82% of the expanded issued capital of Modun (approximately 26.49% excluding the Plan Shares). If the \$12,000,000 Capital Raising is undertaken at 20 cents, the combined interests of NIA and Nguyen-Brown would represent an approximate 27.27% shareholding interest in the expanded issued capital of Modun (approximately 28.14% excluding the Plan Shares).
- 1.6 ZTH as Trustee of the Triton Discretionary Trust is controlled by Karl Urmas Redenbach (“Redenbach”), a director of LiveTiles. ZTH and Redenbach on completion of the Acquisition and assuming the issue of 60,000,000 post consolidated Capital Raising Shares at 15 cents each to raise a gross \$9,000,000 will have a relevant interest in approximately 30.86% of the expanded issued capital of Modun (approximately 28.14% excluding the Plan Shares). If the \$9,000,000 Capital Raising is undertaken at 20 cents, the combined interests of ZTH and Redenbach would represent an approximate 32.22% shareholding interest in the expanded issued capital of Modun (approximately 29.52% excluding the Plan Shares). If \$12,000,000 was raised from the Capital Raising at 15 cents each, ZTH and

Redenbach will have a relevant interest in approximately 29.21% of the expanded issued capital of Modun (approximately 26.49% excluding the Plan Shares). If the \$12,000,000 Capital Raising is undertaken at 20 cents, the combined interests of ZTH and Redenbach would represent an approximate 30.86% shareholding interest in the expanded issued capital of Modun (approximately 28.14% excluding the Plan Shares).

- 1.7 Rhipe LiveTitles Pty Limited is a wholly owned subsidiary of Rhipe Limited ("Rhipe"), a company listed on the Australian Securities Exchange ("ASX"). The Rhipe Group on completion of the Acquisition and assuming the issue of 60,000,000 post consolidated Capital Raising Shares at 15 cents each will have a relevant interest in approximately 6.88% of the expanded issued capital of Modun (approximately 7.64% excluding the Plan Shares). Depending on the issue price of the Capital Raising Shares and the amount raised (between \$9,000,000 and \$12,000,000), the shareholding interest of Rhipe may fall between 6.51% (7.19% excluding the Plan Shares) and 7.19% (8.01% excluding the Plan Shares) (assuming that Rhipe does not exercise its rights to apply for Capital Raising Shares).
- 1.8 A total of 14,568,750 post consolidated shares will be issued to a number of employees of LiveTiles who are to become shareholders in LiveTiles prior to completion of the Acquisition of LiveTiles by Modun. In addition, a total of 5,586,750 Consideration Shares will be issued to the nSynergy Trust. The nSynergy Trust and the various employees combined will own between approximately 5.37% and 5.92% of the expanded issued capital of Modun (approximately between 5.92% and 6.60% excluding the Plan Shares) depending on the issue price of the Capital Raising Shares and the amount raised (between \$9,000,000 and \$12,000,000).
- 1.9 The Plan Shares to be issued, subject to the approval of the Modun Management Incentive Plan are in effect incentive shares and the summarised terms of the Plan Shares are as follows:
- An interest free, limited recourse loan will be made to each recipient of the Plan Shares at an issue price of 15 cents each (assumes post consolidated issue price of the Capital Raising Shares and deemed issue price of the Consideration Shares);
 - The Plan Shares vest upon the later of satisfying, in respect of each tranche, the following time and performance conditions:
 - The participant remaining employed or engaged by the Modun Group or LiveTiles Group on the anniversary specified in the table below from the date of grant of the Plan Shares;
 - The date on which the weighted average closing price ("VWAP") of a Modun share over the 20 days is equal to or greater than the vesting price in the specified table below:

Tranche	Time Vesting	Performance Vesting
		(VWAP)
1	Second Anniversary	25 cents
2	Third Anniversary	35 cents
3	Fourth Anniversary	45 cents

- Dividends paid on the Plan Shares must be applied to repaying the loan and voting rights on the Plan Shares are suspended until vesting.

The Plan Shares will be issued in 3 Tranches as noted above, being 15,000,000 Tranche 1 and 10,000,000 for each of Tranches 2 and 3. Thus Nguyen-Brown and Redenbach will be issued 2,250,000 and 6,000,000 Tranche 1 Plan Shares respectively, 2,000,000 and 6,000,000 Tranche 2 Plan Shares respectively and 2,500,000 and 7,500,000 Tranche 3 Shares respectively. Matthew Brown will be issued 2,250,000 Tranche 1 Plan Shares and

2,000,000 Tranche 2 Plan Shares whilst Messrs Gray and Hill will be issued 2,250,000 Tranche 1 Plan Shares only.

1.10 The conditions precedent to the Acquisition includes; inter-alia:

- Both parties being satisfied with their due diligence investigations of the other;
- Completion of a capital raising by the Company of at least \$9,000,000 (and a maximum of \$12,000,000);
- Completion of a 1 for 50 consolidation of capital;
- The Company re-complying with Chapters 1 and 2 of the ASX Listing Rules and ASX providing conditional approval to the re-instatement of the Company to trading on ASX following Completion of the Acquisition;
- The Company obtaining shareholder and all other regulatory and third party approvals required;
- Rhipe obtaining shareholder approval (the Rhipe Group is or will be an approximate 10.88% shareholder in LiveTiles at the date of Acquisition) under ASX Listing Rule 10.1 for sale of a substantial asset, if required; and
- Redenbach (founder and CEO of LiveTiles) and Matthew Brown (CFO of LiveTiles) entering into executive services agreements with Modun and Nguyen-Brown (co-founder and non-executive director of LiveTiles) entering into an engagement agreement with Modun.

1.11 The minimum Capital Raising is \$9,000,000 (before costs) and if this is the amount raised, the Company will issue between 45,000,000 post-consolidated Capital Raising Shares (at 20 cents each) and 60,000,000 post-consolidated Capital Raising Shares (at 15 cents each). The maximum Capital Raising is \$12,000,000 (before costs) and if this is the amount raised, the Company will issue between 60,000,000 post-consolidated Capital Raising Shares (at 20 cents each) and 80,000,000 post-consolidated Capital Raising Shares (at 15 cents each).

1.12 Post issue of all post consolidation shares as noted above and assuming the minimum Capital Raising of \$9,000,000 is achieved, there will be between 305,482,791 and 320,482,791 non conditional post-consolidated ordinary shares on issue and 35,000,000 Plan Shares on issue. Post issue of all post consolidation shares as noted above and assuming the maximum Capital Raising of \$12,000,000 is achieved, there will be between 320,482,791 and 340,482,791 non conditional post-consolidated ordinary shares on issue and 35,000,000 Plan Shares on issue.

1.13 In addition, there will be 7,000,000 post consolidated share options outstanding, exercisable at 10 cents each, on or before 31 October 2017. There will also be 720,000 post consolidated share options exercisable at \$2 each, 720,000 post consolidated share options exercisable at \$3 each and 640,000 post consolidated share options exercisable at \$5 each all exercisable on or before 31 December 2015. It is expected that the 31 December 2015 share options will expire unexercised.

1.14 There are 17 resolutions being put to the shareholders. Resolution 1 relates to the change of nature and scale of activities of the Company; Resolution 2 refers to the proposed 1 for 50 consolidation of capital; Resolution 3 relates to the adoption of an Employee Share Plan; Resolution 4 relates to the adoption of a Management Incentive Plan; Resolution 5 relates to the proposal to the issue of Consideration Shares and Plan Shares to ZTH and Redenbach; Resolution 6 relates to the proposal to the issue of Consideration Shares and Plan Shares to NIA and Nguyen-Brown; Resolution 7 relates to the issue of 9,000,000 Consideration Shares to Matthew Brown (part of the 14,568,750 employee Consideration Shares); Resolution 8 relates to the issue of 30,055,974 Consideration Shares to other employees of LiveTiles and the nSynergy Trust; Resolution 9 relates to the issue of up to 80,000,000 post

consolidated shares to raise up to a gross \$12,000,000 (and a minimum of \$9,000,000) as part of the Capital Raising; Resolution 10 relates to the issue of 4,250,000 Plan Shares to Matthew Brown and approval of a loan to Matthew Brown; Resolution 11 relates to the issue of 2,250,000 Plan Shares to Andrew Gray and approval of a loan to Andrew Gray; Resolution 12 relates to the issue of 2,250,000 Plan Shares to Mike Hill and approval of a loan to Michael Hill; Resolution 13 seeks approval for Mike Hill to participate in the Capital Raising to the extent of up to 666,667 Capital Raising Shares; Resolution 14 seeks approval for Andrew Gray to participate in the Capital Raising to the extent of up to 3,333,334 Capital Raising Shares; Resolution 15 relates to the approval to dispose of the Nuurst Thermal Coal Project; Resolution 16 relates to the proposal to change the name of the Company to LiveTiles Limited and Resolution 17 relates to the approval to adopt a new Constitution.

We are not reporting on the merits or otherwise of Resolutions 1 to 4 and 7 to 17 but do note that to arrive at our conclusions on Resolutions 5 and 6, we are required to consider Resolutions 7 and 8 as they also relate to the Consideration offered to acquire 100% of the issued capital of LiveTiles.

1.15 Apart from this introduction, this report considers the following:

- Summary of opinion
- Implications of the proposals
- Corporate history and nature of business of Modun and LiveTiles
- Future direction of Modun
- Basis of valuation of Modun shares
- Value of consideration
- Basis of valuation of LiveTiles
- Fairness of the Acquisition
- Conclusion as to fairness
- Reasonableness of the offer
- Conclusion as to reasonableness
- Sources of information
- Appendix A and our Financial Services Guide

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

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

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

1.17 NIA and ZTH (as Trustees as noted above) and parties associated with NIA (Nguyen-Brown) and ZTH (Redenbach) may own an approximate 27.27% to 28.47% (NIA) and 30.86% to 32.22% (ZTH) respectively of the expanded capital post consolidation of capital, post Acquisition, post the Capital Raising and post the issue of the Plan Shares. Therefore, an independent expert's report pursuant to Section 611 (Item 7) of TCA is required to report on the fairness and reasonableness of the transactions pursuant to Resolution 5 (issue a total of 90,187,638 Consideration Shares to ZTH and 19,500,000 Plan Shares to Redenbach) and

Resolution 6 (issue of 90,187,638 Consideration Shares to NIA and 6,750,000 Plan Shares to Nguyen-Brown).

- 1.18 An independent expert's report should accompany the Notice stating whether the proposal to issue a total of 180,375,276 post-consolidated Consideration Shares to ZTH and NIA as noted above is fair and/or reasonable to the shareholders of Modun not associated with the NIA and ZTH. To assist shareholders in making a decision the directors have requested that Stantons International Securities prepare an Independent Expert's Report.

This report addresses the issues of whether the proposal to issue a total of 180,375,276 post-consolidated Consideration Shares to ZTH and NIA as part of the Consideration to acquire all of the share capital of LiveTiles is fair and reasonable to the shareholders of Modun not associated with ZTH and NIA. In order for us to arrive at a conclusion on the proposals with ZTH and NIA, we in effect need to arrive at an opinion as to whether the Acquisition itself for the Consideration offered is fair and reasonable.

Furthermore, our report addresses the fairness and reasonableness of the issue of a total of 26,250,000 Plan Shares to Redenbach (19,500,000) and Nguyen- Brown (6,750,000).

- 1.19 In determining the fairness and reasonableness of the acquisition of 100% of the shares of LiveTiles, we have had regard for the definitions set out by the Australian Securities and Investments Commission ("ASIC") in its Regulatory Guide 111, "Content of Expert Reports". Regulatory Guide 111 states that an opinion as to whether an offer is fair and/or reasonable shall entail a comparison between the offer price and the value that may be attributed to the securities under offer (fairness) and an examination to determine whether there is justification for the offer price on objective grounds after reference to that value (reasonableness). The concept of "fairness" is taken to be the value of the offer price, or the consideration, being equal to or greater than the value of the securities in the above mentioned offer. Furthermore, this comparison should be made assuming 100% ownership of the "target" and irrespective of whether the consideration is scrip or cash. An offer is "reasonable" if it is fair.
- 1.20 An offer may also be reasonable, if despite not being "fair", there are sufficient grounds for security holders to accept the offer in the absence of any higher bid before the close of the offer. Although in this case the proposed acquisition of LiveTiles is not a takeover offer, we have considered the general principals noted above to determine our opinions on fairness and reasonableness.
- 1.21 **In our opinion, the proposal as outlined in paragraph 1.1 and Resolutions 5 and 6 may, on balance, taking into account the factors referred to in 11 below and elsewhere in this report, be considered to be not fair but reasonable to the shareholders of Modun (not associated with ZTH, Redenbach, NIA and Nguyen-Brown) as at the date of this report.**
- 1.22 The opinions expressed above must be read in conjunction with the more detailed analysis and comments made in this report.
2. **Implications of the Proposals**
- 2.1 As at 28 May 2015, there are 1,774,139,534 ordinary fully paid pre-consolidated shares on issue in Modun. The top 20 shareholders list as at 22 May 2015 discloses the following:

Shareholder	No. of fully paid shares	% of issued fully paid shares
Eliot Holdings Pty Ltd (CBM Family)	135,205,528	7.62
Leilani Investments Pty Ltd (Rice Family Investment)	130,000,000	7.33
Hugh David Warner and Dianne Michelle Warner (CBM Super Fund)	95,000,000	5.35
Samilsa Nominees Pty Ltd	85,610,000	4.83
	<u>445,815,528</u>	<u>25.13</u>

- 2.2 The top 20 shareholders as per the top 20 shareholders list at 22 May 2015 owned approximately 52.32% (928,261,976 shares) of the ordinary issued capital of the Company.
- 2.3 The movement in the issued capital of the Company on the basis of a minimum Capital Raising of \$9,000,000 at 15 cents per share may be:

	Minimum Number
Shares on issue at 28 May 2015	<u>1,774,139,534</u>
1 for 50 consolidation of capital	
Post consolidated ordinary shares on issue	35,482,791
Capital Raising Shares	60,000,000
Consideration Shares	225,000,000
Ordinary shares on Issue post Acquisition but Before the issue of Plan Shares	320,482,791
Potential issue of further shares	
Tranche 1 Plan Shares	<u>15,000,000</u>
Sub total	335,482,791
Tranche 2 Plan Shares	<u>10,000,000</u>
Sub total	345,482,791
Tranche 3 Plan Shares	<u>10,000,000</u>
Shares on issue post Acquisition, Capital Raising and issue of all Plan Shares	355,482,791
Exercise of existing 10 cent post consolidated Share options	<u>7,000,000</u>
Potential fully diluted shares on issue	<u>362,482,791</u>

In the event that \$9,000,000 is raised from the Capital Raising at 20 cents each (post consolidated), the number of shares on hand prior to the issue of the Plan Shares would be 305,482,791 shares.

In the event that \$12,000,000 is raised from the Capital Raising at 15 cents each (post consolidated), the number of shares on hand prior to the issue of the Plan Shares would be 340,482,791 shares and in the event that \$12,000,000 is raised from the Capital Raising at 20 cents each (post consolidated), the number of shares on hand prior to the issue of the Plan Shares would be 320,482,791 shares.

- 2.4 The current Board of Directors is expected to change in the near future as a result of the Acquisition. The Board is currently Michael Hill (Chairman), Hugh Warner (Executive Director), Philip Kapp (Non-executive Director) and Andrew Gray (Non-executive Director). The Company Secretary is Andrew Whitten. Messrs Karl Redenbach, Peter Nguyen-Brown and Matthew Brown will become new directors of the Company from Completion (as defined) of the Acquisition. Hugh Warner and Philip Kapp will resign following completion of the Acquisition. Mr Matthew Brown will also become the CFO.

- 2.5 LiveTiles (and its subsidiaries) will become legally wholly owned subsidiaries of the Company.
- 2.6 In the event that the Consideration Shares are issued to the LiveTiles shareholders (and they or their associates are issued a total of 35,000,000 Plan Shares), the LiveTiles collective shareholders would own approximately between 60.24% and 76.36% of the expanded issued ordinary capital of the Company, depending on the amount of the Capital Raising and the issue price of the Capital Raising (approximately between 66.08% and 73.65% excluding the Plan Shares).
- 2.7 Modun as agreed to lend up to \$500,000 to LiveTiles as a convertible note (to 30 May 2015, \$nil has been advanced). Assuming that the Acquisition proceeds, the majority of the funds raised pursuant to the Capital Raising will primarily be used by LiveTiles to develop and progress its business and partly to provide working capital to the Company. Further details of the convertible note are outlined in section 1.10 of the ES.
- 2.8 The shareholding of NIA and Nguyen-Brown, ZTH and Redenbach and the Rhipe Group following the issue of all Consideration Shares, Capital Raising Shares and Plan Shares are outlined in paragraphs 1.5 to 1.7 above.
- 2.9 Share Options (on a post consolidated basis) outstanding will be as follows:
- 7,000,000 unlisted share options, exercisable at 10 cents each, on or before 31 October 2017;
 - 720,000 unlisted share options, exercisable at \$2 each, on or before 31 December 2015;
 - 720,000 unlisted share options, exercisable at \$3 each, on or before 31 December 2015; and
 - 640,000 unlisted share options, exercisable at \$5 each, on or before 31 December 2015;

3. **Corporate History and Nature of Businesses**

Modun

3.1 Principal Activities and Significant Assets

Modun is an ASX listed mineral exploration and evaluation company. The Company's only significant mineral asset is the Nuurst Thermal Coal Project ("Nuurst Project") in Mongolia. All other mineral interests have been divested. The Nuurst Project is subject to a conditional sale agreement (via the sale of Modun's 100% held subsidiary, Modun Resources LLC ("Modun LLC") which owns 100% of the Nuurst Project).

The Nuurst Project has announced JORC resources of 478 million tonnes of which 326 million are in the measured category, 104 million tonnes in the Indicated category and 48 million tonnes in the Inferred category. On 24 November 2014, the Company entered into a highly conditional agreement to sell 100% of Modun LLC for up to US\$8,000,000 payable as to US\$1,000,000 in cash (US\$100,000 deposit paid) and US\$7,000,000 in deferred royalty payments on the basis of US\$0.50 per tonne for the first 14,000,000 tonnes of coal extracted and sold by the purchaser, a Mongolian based entity. The conditional agreement has technically expired but negotiations are continuing with the purchaser and other third parties so that the sale can be finalised. A 5% commission is payable if the sale is completed.

LiveTiles

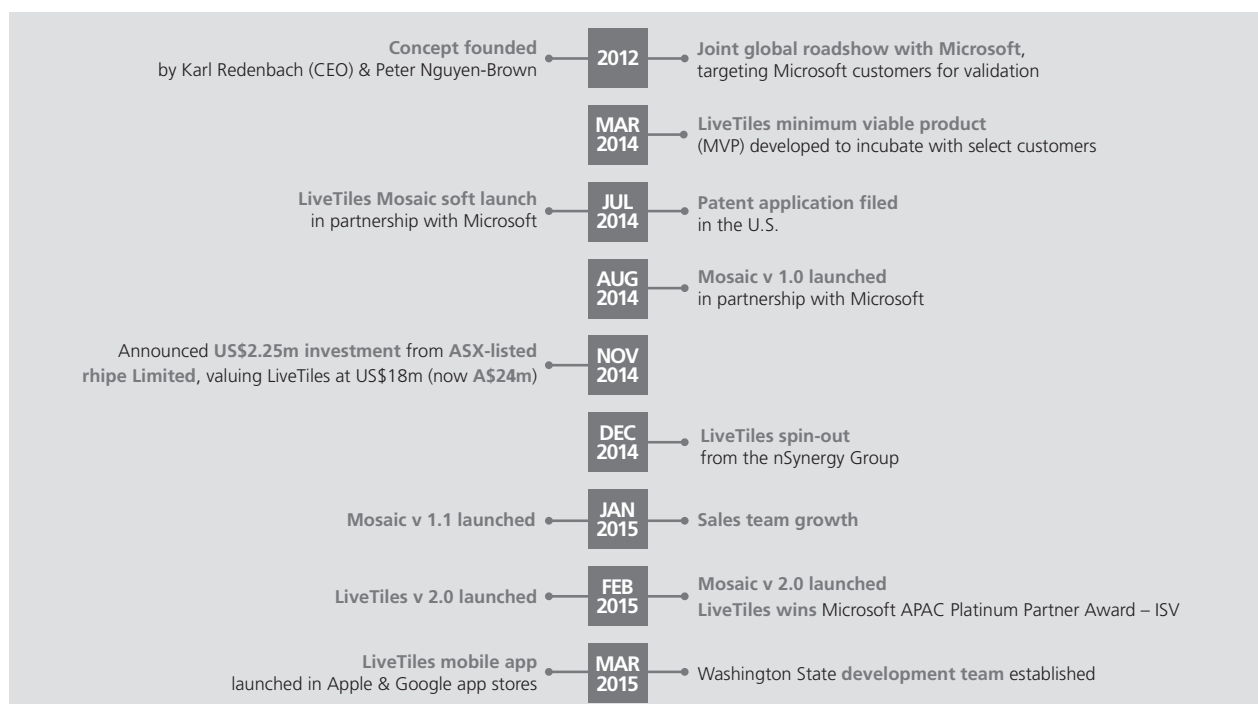
3.2 Information provided by LiveTiles

LiveTiles is incorporated in Australia as a non-listed private company. LiveTiles is involved on the development of a proprietary software tool that deploys on top of Microsoft's cloud collaboration platforms, including SharePoint, Office365 and Azure, enabling organisations to rapidly build and deploy modern business solutions, including intranets and extranets. LiveTiles is headquartered in New York and also has offices in Melbourne and Richland (Washington State, USA). LiveTiles has 23 employees across the United States of America, Australia and the United Kingdom.

The LiveTiles concept was founded in 2012 by Karl Redenbach and Peter Nguyen-Brown. Prior to December 2014, LiveTiles was part of the nSynergy Group. The nSynergy Group's core business was technology consulting ("nSynergy"). nSynergy was also founded by Karl Redenbach and Peter Nguyen-Brown and has operations in Australia, the United States of America, United Kingdom and China. In December 2014, LiveTiles was separated from the nSynergy Group when Rhipe Limited acquired the nSynergy Group. After completion of the Rhipe transaction, Karl Redenbach continued with LiveTiles as the Chief Executive Officer and Peter Nguyen-Brown has remained with nSynergy.

In February 2015, LiveTiles won the 2014 Microsoft Asia Pacific Platinum Partner Award in the Independent Software Vendor category.

LiveTiles Timeline



Products

LiveTiles has two products: LiveTiles and LiveTiles Mosaic.

LiveTiles

LiveTiles is a proprietary software tool that enables organisations to build beautiful user interfaces for Microsoft's cloud collaboration platforms including SharePoint, Office365 and Azure. The LiveTiles product is focused on enterprise customers of all sizes.

LiveTiles is primarily used by organisations as a modern user interface for intranets and extranets that are powered by Microsoft's SharePoint software. LiveTiles is touch-enabled, mobile-friendly, device-agnostic and very easy to reconfigure. LiveTiles version 1.0 was launched in March 2014 and deployed to early enterprise customers on a free basis as a deliberate strategy to quickly achieve visibility in the enterprise software market and collect valuable customer feedback. LiveTiles commenced charging new enterprise customers subscription fees in conjunction with the launch of LiveTiles version 2.0 in February 2015. LiveTiles version 2.0 includes several important enhancements relative to LiveTiles version 1.0 including:

- a major overhaul of the design user interface with a focus on simplification of the user experience and moving towards HTML 5 web technology;
- introducing key usability improvements including drag to resize and an undo function;
- tighter integration with the SharePoint experience; and
- tighter page load performance.

LiveTiles Mosaic

LiveTiles Mosaic is focused on the K-12 education market. LiveTiles Mosaic is a free education solution that lets any school with an Office 365 tenant build collaborative, touch-friendly classrooms in the cloud. LiveTiles Mosaic allows teachers to create interactive learning spaces via LiveTiles' 'drag and drop' functionality, and connect students to the classroom anywhere, on any device, at any time. LiveTiles Mosaic was created to help teachers excite students with cloud-based learning opportunities, and to give students the chance to become proficient at Office 365 and associated technologies that are commonly used in the business world.

LiveTiles Mosaic has been deployed into schools and school districts representing approximately 2,200 schools in Australia, the United States of America and more than 20 other countries. LiveTiles estimates that this school base has approximately 2.0 million students and teachers. LiveTiles Mosaic is built on the same underlying software as the LiveTiles product.

End of extract from information provided by LiveTiles

Further details are outlined in the ES attached to the Notice and announcements made by Modun in April and May 2015. All shareholders should read the ES and in particular Section 1.3 to gain a fuller picture of the LiveTiles business before voting on Resolutions 5 and 6 (and all other resolutions).

- 3.3 A summary unaudited consolidated balance sheet (consolidated statement of financial position) of the LiveTiles Group as at 31 March 2015 (after adjusting for the issue of further shares in LiveTiles to raise a gross \$750,000, the collection of around a net \$2.214 million from an research and development rebate relating to the 2013/2014 tax year less PAYG owing, conversion to LiveTiles equity of around \$1.78 million owing to related parties, repayment of part of the related party liabilities (consultancy fees and salaries) of approximately \$2.214 million and extinguishment of the remaining related party debt of around \$4.673 million and allowing for \$1,272,000 of operating costs estimated to 30 June 2015) is noted elsewhere in this report.

4. **Future Directions of Modun**

4.1 We have been advised by the directors and management of Modun that:

- There are no proposals currently contemplated either whereby Modun will acquire any further assets from LiveTiles shareholders (however Modun will issue Consideration Shares and Plan Shares to some of the LiveTiles shareholders and/or associated parties as outlined above in relation to the Acquisition) or where Modun will transfer any of its property or assets to LiveTiles shareholders;
- The composition of the Board will change in the short term as noted above;
- The Company will undertake a 1 for 50 consolidation of capital;
- The Company is to shortly raise a minimum of \$9,000,000 and a maximum of \$12,000,000 via a Capital Raising with such funds being primarily used to develop and progress the LiveTiles business;
- The Company proposes to change its name to LiveTiles Limited;
- No dividend policy has been set; and
- The Company will endeavour to enhance the value of its interests in its existing mineral asset by sale (refer above for conditional sale of the Nuurst Project) and will concentrate on its investment in LiveTiles, once acquired.

5. **Basis of Valuation of Modun Shares**

5.1 Shares

5.1.1 In considering the proposal to acquire all of the shares in LiveTiles, we have sought to determine if the consideration payable by Modun to the LiveTiles shareholders are fair and reasonable to the existing non-associated shareholders of Modun.

5.1.2 The offer would be fair to the existing non-associated shareholders if the value of the ordinary shares in LiveTiles being acquired by Modun is greater than the implicit value of the Consideration Shares (ordinary shares) (and Plan Share in Modun) being offered as consideration. Accordingly, we have sought to determine a theoretical value that could reasonably be placed on Modun shares for the purposes of this report.

5.1.3 The valuation methodologies we have considered in determining a theoretical value of a Modun ordinary share (and also a LiveTiles share) are:

- Capitalised maintainable earnings/discounted cash flow;
- Takeover bid - the price at which an alternative acquirer might be willing to offer;
- Adjusted net asset backing and windup value; and
- The market price of Modun shares (and LiveTiles shares).

5.2 Capitalised maintainable earnings and discounted cash flows.

5.2.1 Due to Modun's current operations, a lack of a reliable long term profit history arising from business undertakings and the lack of a reliable future cash flow from current business activities, we have considered these methods of valuation not to be relevant for the purpose of this report. Modun made a loss of \$1,166,044 for the six months ended 31 December 2014 and as at 31 December 2014 has accumulated losses of \$298,121,024.

5.3 Takeover Bid

5.3.1 It is possible that a potential bidder for Modun could purchase all or part of the existing shares, however no certainty can be attached to this occurrence. To our knowledge, there

are no current bids in the market place and the directors of Modun have formed the view that there are unlikely to be any takeover bids made for Modun in the immediate future. However, if the agreement to acquire LiveTiles is completed, NIA and ZTH will initially collectively control approximately between 55.03% and 60.68% of the expanded ordinary issued capital of Modun (including the Plan Shares).

5.4 Adjusted Net Asset Backing

5.4.1 We set out below an unaudited balance sheet (statement of financial position) of Modun (Balance Sheet “A”) as at 31 March 2015, adjusted for incurring estimated administration, due diligence and other costs of \$250,000 for the period 1 April 2015 to 30 June 2015.

In addition, we disclose a pro-forma consolidated Balance Sheet “B” assuming the following:

- The completion of the Capital Raising assumed to be the minimum gross amount of \$9,000,000 and incurring capital raising costs of \$1,100,000;
- The 1 for 50 consolidation of capital;
- The acquisition of all of the shares in LiveTiles by way of an issue of 225,000,000 ordinary Consideration Shares at a deemed issue price of 15 cents per share for a total deemed consideration of \$33,750,000 (and using reverse acquisition accounting principles and writing of all goodwill on consolidation that relates to Modun); and
- The issue of 35,000,000 Plan Shares for incentivising management and employees of LiveTiles. The Plan Shares are akin to an option and have been valued at a deemed fair value of \$829,000.

In addition, we disclose the unaudited consolidated statement of financial position of the LiveTiles Group as at 31 March 2015 (after adjusting for the issue of further shares in LiveTiles to raise a gross \$750,000, the collection of around a net \$2.214 million from an research and development rebate relating to the 2013/2014 tax year less PAYG debt, conversion of around \$1.78 million owing to related parties (not taken up as at 31 March 2015), repayment of part of the related party loans of around \$2.214 million and extinguishment of the remaining related party debt of around \$4.673 million and allowing for \$1,272,000 of operating costs estimated to 30 June 2015).

	Unaudited Adjusted 31 March 2015 Modun \$000 “A”	Unaudited Pro-forma 31 March 2015 Modun (including consolidation of LiveTiles) \$000 “B”	Unaudited Adjusted Consolidated LiveTiles 31 March 2015 \$000
Current Assets			
Cash assets	940	9,816	976
Trade and other receivables/prepayments	11	587	576
Total Current Assets	951	10,403	1,552

	Unaudited Adjusted 31 March 2015 Modun	Unaudited Pro-forma 31 March 2015 Modun (including consolidation of LiveTiles)	Unaudited Adjusted Consolidated LiveTiles 31 March 2015
	\$000 “A”	\$000 “B”	\$000
Non Current Assets			
Plant and equipment	5	17	12
Intangibles	-		-
Capitalised exploration costs (refer below in paragraph 5.4.2)	4,744	4,744	-
Total Non Current Assets	4,749	4,761	12
Total Assets	5,700	15,164	1,564
Current Liabilities			
Trade and other payables	212	2,116	1,904
Employee entitlements	19	67	48
Loan liabilities	-	-	-
Total Current Liabilities	231	2,183	1,952
Total Liabilities	231	2,183	1,952
Net Assets (Liabilities)	5,469	12,981	(388)
Equity			
Issued Capital	302,879	15,973	2,751
Reserves	1,091	829	-
Accumulated Losses	(298,501)	(3,821)	(3,139)
Total Equity	5,469	12,981	(388)

The net asset (book value) backing per fully paid (pre acquisition of LiveTiles) ordinary Modun share as at 31 March 2015 based on the unaudited adjusted balance sheet (Balance Sheet “A”) and 1,774,139,534 pre-consolidated ordinary shares on issue is approximately 0.308 cents (refer paragraph 5.4.3 below). This equates to approximately 15.4 cents on a post consolidated basis.

Based on the unaudited pro-forma consolidated net asset book values (using reverse acquisition accounting principles and assuming a minimum Capital Raising of \$9,000,000, resulting in 355,482,791 post consolidated ordinary shares on issue), this equates to a value per fully paid ordinary share post the Acquisition of approximately 3.65 cents per post consolidated share (ignoring the value, if any, of non-booked tax benefits).

The pro-forma net asset backing per share may approximate 3.81 post consolidated cents in the event that the \$9,000,000 Capital Raising Shares were issued at 20 cents as there would be 340,482,791 post consolidated shares on issue.

Based on the unaudited pro-forma consolidated net asset book values (using reverse acquisition accounting principles and assuming a maximum Capital Raising of \$12,000,000 at 15 cents each and capital raising costs of around \$1,250,000, resulting in 375,482,791 post consolidated ordinary shares on issue), this equates to a value per fully paid ordinary share post the Acquisition of approximately 4.21 cents per post consolidated share (ignoring the value, if any, of non-booked tax benefits).

The pro-forma net asset backing per share may approximate 4.45 cents per post consolidated share in the event that the \$12,000,000 Capital Raising Shares were issued at 20 cents as there would be 355,482,791 post consolidated shares on issue.

- 5.4.2 We have accepted the Modun amounts as disclosed for all current assets and non-current assets, except for the carrying value of the Company's interest in the Nuurst Project. We have been advised by the management of Modun that they believe the carrying value of all current assets, fixed assets and liabilities at 31 March 2015 (as adjusted as noted above) are fair and not materially misstated.

In determining the net tangible asset value on a going concern basis it is necessary to adjust the book values of the Nuurst Project to reflect the fair market value of the Nuurst Project. The Nuurst Project is subject to a conditional sale agreement (via the sale of Modun's 100% held subsidiary, Modun Resources LLC ("Modun LLC") which owns 100% of the Nuurst Project).

The Nuurst Project has announced JORC resources of 478 million tonnes of which 326 million are in the measured category, 104 million tonnes in the Indicated category and 48 million tonnes in the Inferred category.

On 24 November 2014, the Company entered into a highly conditional agreement to sell 100% of Modun LLC for up to US\$8,000,000 payable as to US\$1,000,000 in cash (US\$100,000 deposit paid before 31 December 2014) and US\$7,000,000 in deferred royalty payments on the basis of US\$0.50 per tonne for the first 14,000,000 tonnes of coal extracted and sold by the purchaser, a Mongolian based entity. The conditional sale is subject to a number of conditions including due diligence (now completed), shareholder approval and consents from the Mongolian Mineral Resources Authority to the sale (if required by Mongolian Law). If the sale proceeds, a commission on sale of up to 5% is payable by Modun to a Mongolian party.

As the highly conditional sale is on an arms-length basis, we consider no technical valuation report by an independent geological firm is required. The Company expects the sale of Modun LLC to proceed some time in 2015. The minimum value is thus US\$1,000,000 and after taking into account the US\$100,000 received, the additional minimum consideration to be received would be US\$900,000 (approximately \$1,148,000 using an AUS/US exchange rate of AUS\$1=US\$0.784). After a 5% commission, the minimum amount reduces to US\$950,000 and after taking into account the minimum amount that may yet be received of US\$850,000 (US\$1,000,000 less US\$100,000 less US\$50,000) the Australian dollar equivalent approximates \$1,084,000.

It is noted that royalties may be received of up to US\$7,000,000 (approximately \$8,928,000 using the above exchange rate) but there is no certainty as to receipt of the royalties or timing of payments. Based on discussions with management of Modun, they have assumed that it would be at least two years from the sale before royalties would be received and that the royalties may be paid over a 2 year period. It would be unlikely that the Purchaser would proceed with the acquisition of the Nuurst Project (via acquiring all of the shares in Modun LLC) and not build the mine and thus there would be a reasonable expectation of receiving the US\$7,000,000 over a period of time. The US\$7,000,000 would need to be discounted to reflect the delays in receiving the royalty payments and risk of receipt. We consider a discount rate of between 15% and 25% would be acceptable discount rates payable by an independent party buying the royalty right.

Assuming royalties would be received from July 2017 and were received say on a quarterly basis over two years from July 2017, the net present value of the royalty rights may approximate between US\$2,912,000 and US\$3,926,000. Based on an AUS/US exchange

rate of AUS\$1=US\$0.784 the net present value of the royalties that may be received may approximate between \$3,714,000 and \$5,007,000.

The maximum commission payable (5%) on US\$8,000,000 (deemed undiscounted value of the Nuurst Project) may be US\$400,000 (approximately \$510,000). However the commission is payable over the same period as the royalties are payable and thus the net present value of US\$400,000 may lie in the range of approximately US\$166,000 (\$212,000) to US\$225,000 (\$287,000).

Thus the potential range of values to the US\$7,500,000 (US\$1,000,000 less US\$100,000 plus the US\$7,000,000 less US\$400,000) may lie in the range of US\$3,746,000 to US\$4,701,000. Using the above AUS/US exchange rate, the deemed fair value of the Nuurst Project may lie in the range of approximately \$4,779,000 to \$5,996,000. The mid-point value approximates \$5,387,500.

This compares with the 31 December 2014 carrying value of approximately \$4,744,000.

- 5.4.3 Using the fair values in Australian Dollars of the Nuurst Project as ascribed above and based on the assumptions/values provided to us of the other assets and liabilities of Modun as at 31 March 2015 as per Balance Sheet A above, the net fair value of the Modun Group is expected to lie in the range as follows:

	Paragraph	Low \$000's	Mid \$000's	High \$000's
Nuurst Project	5.4.2	1,118	5,388	5,996
Plant and equipment		5	5	5
Current assets		951	951	951
Total liabilities		(231)	(231)	(231)
Total Net Assets at fair values		1,843	6,113	6,721
Number of shares on issue		1,774,139,534	1,774,139,534	1,774,139,534
Net asset per share at fair value (cents) (pre-consolidated)		0.104	0.344	0.378

On a post consolidated basis the value of a Modun share would range in the 5.2 cents (low) to 18.9 cents (high) with a mid preferred value of around 17.2 cents.

- 5.4.6 Based on the preferred values, the adjusted net book values at 31 March 2015 equates to a value per pre-consolidated share (1,774,139,534 shares) of approximately 0.344 cents (ignoring the value, if any, of non-booked tax benefits). **On a post consolidated basis, the preferred fair value equates to approximately 17.2 cents** (35,482,791 post consolidated shares on issue). See comments below on ASX share prices.

As noted above the book value approximates 0.308 cents (post consolidated 15.4 cents) that is not materially different to the mid price noted above.

- 5.4.7 We note that the market has been informed of all of the current projects, joint ventures and farm in/farm out arrangements entered into between Modun and other parties. We also note it is not the present intention of the Directors of Modun to liquidate the Company and therefore any theoretical value based upon wind up value or even net book value (as adjusted), is just that, theoretical. The shareholders, existing and future, must acquire shares in Modun based on the market perceptions of what the market considers a Modun share to be

worth. It is noted that as Modun is to divest itself of all mineral interests, the potential value of a Modun share would be the issue price that the Capital Raising is to be undertaken (to finance the expansion of LiveTiles on the assumption the Acquisition proceeds), being between 15 cents and 20 cents per post consolidated share.

- 5.4.8 The market has either generally valued the vast majority of mineral exploration companies at significant discounts or premiums to appraised technical values and this has been the case for a number of years although we also note that there is an orderly market for Modun shares and the market is kept fully informed of the activities of the Company. However, it is noted that from Modun's point of view as the legal parent company, the value ascribed to the 225,000,000 post consolidated ordinary Consideration Shares to be issued to the vendors of LiveTiles would be accounted for at the market value of a Modun share at date of issue.

The Plan Shares would also be accounted for using ASX market prices but adjusted for probability of meeting VWAP targets as noted above. As they are akin to a share option, we have valued the Plan Shares as if they were options.

The actual share price at the date of acquisition of LiveTiles cannot be determined at this point of time. For accounting purposes under Australian Equivalents to International Financial Reporting Standards ("IFRS"), the consideration for the issue of Modun shares to acquire the shares in LiveTiles will be booked at the fair value of the shares in LiveTiles or at the share price of a Modun share at the date of Acquisition and not any perceived technical value.

5.5 Market Price of Modun Fully Paid Ordinary Shares

- 5.5.1 Share prices in Modun as recorded on the ASX since 1 July 2014 up to and including 24 April 2015 (last sale before the announcement of the proposed Acquisition on 27 April 2015) have been as follows:

	High Cents	Low Cents	Closing Price Cents	Volume 000's
July 2014	0.20	0.10	0.20	11,171
August 2014	0.20	0.10	0.20	19,449
September 2014	0.50	0.20	0.30	57,301
October 2014	0.40	0.30	0.30	15,632
November 2014	0.40	0.20	0.30	90,167
December 2014	0.30	0.20	0.30	32,261
January 2015	0.40	0.30	0.40	29,463
February 2015	0.40	0.40	0.40	16,057
March 2015	0.50	0.30	0.40	94,584
April 2015 (to 24th)	0.50	0.30	0.50	22,893

As can be seen from the trading volume on ASX, there was very little trading of the Modun shares before the announcement of the Acquisition. The LiveTiles acquisition was announced to the market on 27 April 2015. There were many trading days over the 10 months to 24 April 2015 where there were no trades of Modun shares on ASX.

As can be seen above, the price at which shares traded varied considerably and it is difficult to arrive at a fair value for a Modun share, particularly in light of the modest trading volumes. Due to the modest volumes (no Deep Market exists), varying share price and the Company's relatively low cash position and lack of exploration assets that may be affecting the share price, we have considered that the listed share price methodology is not the most appropriate methodology to use in this instance.

Subsequent to the announcement of the Acquisition, the shares in Modun have traded on ASX mainly at between 0.3 cents and 0.5 cents with a last sale on 27 May 2015 of 0.3 cents (all on a pre-consolidation basis). This equates to a post consolidated share price of between 15 cents and 25 cents.

6. **Preferred valuation method of valuing a Modun Share**

6.1 In assessing the fair value of Modun and a Modun ordinary share pre the Acquisition of LiveTiles we have selected the net assets on a going concern methodology as the preferred methodology as:

- Modun does not generate revenues or profits and per the audited accounts has incurred significant losses in the financial years ended 30 June 2013 and 2014. Therefore the capitalisation of future maintainable earnings and discounted future cash flows are not appropriate; and
- Although the shares of Modun are listed, as there is only moderate trading volumes on ASX and the share prices in recent times may be affected by the lack of cash resources it is arguably inappropriate to use market share prices to value the Company and the shares in the Company for the purposes of this report. We note share prices as a secondary methodology and have considered share prices in assessing reasonableness of the proposals with the Vendors of LiveTiles (and in particular with NIA and ZTH and their associates).

6.2 As stated at paragraph 5.4.5 we have assessed the value of a Modun share (post-consolidated) prior to the proposed Acquisition of LiveTiles on a net asset basis on a going concern basis as follows:

Preferred

Net asset per share (cents)	<u>17.2 (pre-consolidated 0.344 cents)</u>
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We note that, the technical net asset value may not necessarily reflect fair values in the current economic circumstances of the Company. The technical low price on a post-consolidated basis approximates 5.2 cents and the technical high price on a post-consolidated basis approximates 18.9 cents. All technical values are dependent on the final sale price achieved (and timing of sale proceeds) relating to the Coal Project (as noted above).

6.3 As noted above the estimated preferred net asset price per post-consolidated share after adjusting for the evaluation of the Nuurst Project approximates 17.2 cents per post-consolidated share which is less than the last ASX share price (after adjusting for the 1 for 50 proposed consolidation of capital) of 25 cents on 24 April 2015 (the last trading share price date before of the announcement of the Acquisition on 27 April 2015) and 20 cents based on a share price for most of the period from 1 April 2015 to 24 April 2015.

6.4 The future value of a Modun share will depend upon, inter alia:

- * the future success of the business of LiveTiles being obtained via the Acquisition;
- * the successful sale of the Nuurst Project;
- * the state of Australian and overseas stock markets;
- * the strength and performance of the Board and management and/or who makes up the Board and management;
- * Foreign exchange rates;
- * general economic conditions;
- * the liquidity of shares in Modun; and
- * possible ventures and acquisitions entered into by Modun and LiveTiles.

7. **Premium for Control**

- 7.1 Premium for control for the purposes of this report, has been defined as the difference between the price per share, which a buyer would be prepared to pay to obtain or improve a controlling interest in the Company and the price per share which the same person would be required to pay per share, which does not carry with it control or the ability to improve control of the Company.
- 7.2 Under the Corporations Act 2001 (“TCA”), control may be deemed to occur when a shareholder or group of associated shareholders control more than 20% of the issued capital. In this case, both NIA’s and ZTH’s voting shareholding in Modun could increase from approximately nil% as at 31 May 2015 to approximately 26.49% to 29.52% each after the issue of the Consideration Shares and Capital Raising Shares and approximately 27.51% to 30.34% including the Plan Shares.
- 7.3 It is generally accepted that premium for control may vary from nil to 40% or more depending on many different factors including the nature of the business, the financial position of a company, and shareholding percentages. It is our view that a control premium of 20% is reasonable.
- 7.4 Our preferred methodology is to value Modun and a Modun share on a technical net asset basis which assumes a 100% interest in the Company. Therefore no adjustment is considered necessary to the technical asset value determined under paragraph 5.4.5 as this already represents the fair value of the Company or a share in the Company on a pre Proposed Transactions (Acquisition) control basis.
- 7.5 We set out below the comparison of the low, preferred and high values of a Modun share compared to the potential issue price for the ordinary Consideration Shares based on ASX share prices in January 2015 and to 24 April 2015.

	Para.	Low (cents)	Mid (cents)	High (cents)
Estimated fair value of a Modun ordinary Share	5.4.4	0.104	0.344	0.378
Issue price of the ordinary Consideration Shares on a pre-consolidation basis		<u>0.300</u>	<u>0.400</u>	<u>0.500</u>
Excess/(shortfall) between Issue Price and fair value		<u>0.196</u>	<u>0.056</u>	<u>0.122</u>

On a pre Acquisition control basis, the technical value (not market value based on ASX share trades) of a Modun share approximates 0.344 cents per pre-consolidated share.

On a post 1 for 50 consolidation basis, this equates to approximately 17.2 cents.

The Consideration Shares are to be issued at market that on a pre-consolidation basis may be in the range of 0.3 cents and 0.5 cents (equivalent to 15.0 cents and 25.0 cents on a post consolidation basis).

- 7.6 We note that LiveTiles does not have Board control of Modun before the Proposed Transactions pursuant to Resolutions 1 to 17. Post the Acquisition, LiveTiles will appoint three persons to the Board of Modun (Messrs Peter Nguyen-Brown, Karl Redenbach and Matthew Brown) and thus have Board control as two of the three existing Directors of Modun will resign. The new Board will comprise of 5 members.

8. **Value of Consideration**

- 8.1 Based on the pre-announcement assessed preferred fair value of an ordinary share in Modun (not ASX share prices), the ordinary share consideration would be:

	Preferred
225,000,000 post-consolidated Consideration Shares	<u>\$38,700,000</u>
Assumed post consolidated share issue price based on assessed fair values (paragraph 7.5)	<u>17.2 cents</u>

We have excluded the indirect costs and legal and other fees.

- 8.2 It is noted that at the time of negotiation of the Acquisition, the Modun directors considered that the fair market value of a Modun ordinary share may have been around the 0.3 cents to 0.5 cents (pre-consolidation) range.
- 8.3 If we used the 0.3 cent to 0.5 cent ASX share price since the announcement of the proposed Acquisition as noted above but adjusted for the planned 1 for 50 consolidation of capital, the amounts attributable to the ordinary Consideration Shares would lie in the range of \$33,750,000 to \$56,250,000. Based on the last sale price on 27 May 2015 adjusted for the planned 1 for 50 consolidation of capital, the deemed accounting consideration (for the ordinary Consideration Shares only) may approximate \$33,750,000 (15 cents per post consolidated share- 0.3 cents pre-consolidated). Using a 15 cents Capital Raising issue price, the deemed Consideration attributable to the 225,000,000 Consideration Shares would be \$33,750,000 (this is the assumed value attributable by Modun, NIA and ZTH in negotiations) and using a 20 cent Capital Raising issue price, the deemed Consideration would be \$45,000,000.
- 8.4 In addition to the 225,000,000 ordinary post consolidated Consideration Shares, the Company is to issue the 3 Tranches of Plan Shares.
- 8.5 Using the assessed fair value of an ordinary pre-consolidated share in Modun at 0.344 cents (equivalent to 17.2 cents on a post consolidated basis), results in a possible undiscounted value attributable to the Plan Shares to be issued are as follows:

	Preferred value
35,000,000 Plan Shares	\$6,020,000
Total possible Value relating to the issue of Plan Shares to NIA and ZTH only (26,250,000 Plan Shares)	<u>\$4,515,000</u>

If we used the range of share prices of a Modun share as traded on ASX post the announcement of the proposed Acquisition and adjusted for the 1 for 50 consolidation of capital, the value (undiscounted) of issuing Plan Shares to NIA and ZTH only may be as follows:

	Low	Mid	High
26,250,000 Plan Shares	<u>\$3,937,500</u>	<u>\$5,250,000</u>	<u>\$ 6,562,500</u>

The above values are before any discount being applied to the risk that the VWAP Conditions will not be met.

The issue of the Plan Shares are not part of the Consideration payable by Modun to acquire 100% of LiveTiles (and its subsidiaries). They are in effect performance incentives to key management persona of the LiveTiles Group. The total fair value of the Plan Shares will be expensed over the estimated vesting periods and probably taken up in the books of LiveTiles. The estimated range of costs (not taking into account probability discounts) using the above fair values and ASX share price values would be as follows:

	Low \$	Preferred \$	High\$
Using fair values	1,820,000	6,020,000	6,615,000
Using share prices as traded on ASX as adjusted for the consolidation of capital	5,250,000	7,000,000	8,750,000

- 8.6 We are not sure as to what values the Modun Directors will finally ascribe to the three tranches of Plan Shares for share based payments purposes. It is noted that if the individual VWAP Vesting Conditions are met, the share prices of an ordinary share in Modun at the vesting dates would be higher than the ASX share prices of April/ May 2105 (but adjusting for the planned 1 for 50 consolidation of capital).

9. Fairness of the proposals with the Vendors of LiveTiles

- 9.1 In arriving at our conclusion on fairness, we considered whether the transaction is “fair” by comparing:
- the fair market value of a Modun share pre-transaction on a control basis; versus
 - the fair market value of a Modun share post-transaction on a minority basis, taking into account the additional cash raised via the Capital Raising and the associated dilution resulting from the issue of new ordinary shares under the proposed Acquisition and the exercise of the existing share options at 10 cents each (on a post consolidated basis).
- 9.2 The preferred value of a Modun share **pre the Proposed Acquisition on a control basis** (but after the 1 for 50 consolidation of capital) as noted in paragraph 5.4.5 is 17.2 cents (0.344 cents pre-consolidation).
- 9.3 We set out below the range of estimated technical net asset values of Modun based on Pro-forma Balance Sheet A as detailed in paragraph 5.4.1 and after adjusting for the following transactions:
- The completion of the Capital Raising assumed to be the maximum gross amount of \$9,000,000 and incurring capital raising costs and other costs of \$1,100,000;
 - The 1 for 50 consolidation of capital;
 - The acquisition of all of the shares in LiveTiles by way of an issue of 225,000,000 ordinary Consideration Shares. However, as noted below we cannot currently ascribe a fair value to LiveTiles and its businesses. It is noted that the pro-forma consolidated balance sheet of LiveTiles discloses negative net liabilities of \$388,000 as at 31 March 2015 (as adjusted). The ultimate fair value of LiveTiles may materially exceed the book liability position if preliminary projections made by LiveTiles management are achieved (refer section 10 of this report); and

- The exercise of 7,000,000 post consolidated share options in the Company, exercisable at 10 cents each, on or before 31 October 2017 and the Company raises new cash funds of \$700,000.

	Preferred \$
Net assets at fair values pre Acquisition and other transactions	6,113,000
Net Cash raised from the Capital Raising	7,900,000
Value of LiveTiles	(not able to value)
Share Options exercised proceeds	700,000
Total post Acquisition Value	<u>14,713,000</u>
Number of post consolidated ordinary shares on issue (see below)	327,482,791
Assumed no issue of Plan Shares	
Diluted number of ordinary shares that may be on issue	<u>327,482,791</u>
Net asset value per share	4.49
Minority interest discount	16.67%
Minority value per share (cents)	3.74

If the number of Capital Raising Shares issued was 45,000,000 (instead of 60,000,000), the net Minority Value per share (312,482,791 shares) would approximate 3.92 cents.

Both of the above calculation tables takes into account the Capital Raisings (at either 15 cents or 20 cents per post consolidated share) as part and parcel of the Acquisition. Shareholders must approve the Acquisition before the Capital Raising proceeds. In the absence of the Acquisition approval, the Acquisition will not proceed and Modun will end up as virtually a cash box with still possible ownership of the coal project (that is planned to be disposed of as noted above).

The value Post Acquisition would be further enhanced if we could ascribe a value to LiveTiles (refer section 10 below).

- 9.4 We have excluded the existing share options on issue that are exercisable at above \$2 as they are considered to be materially “out of the money” and unlikely to be exercised by 31 December 2015 (expiry date). We have also excluded the Plan Shares as they are subject to VWAP Vesting Conditions that are not guaranteed to be met within 3 years of issue.
- 9.5 In order to reflect the minority interest value we have applied a minority interest discount to the technical net asset value. The minority interest discount has been calculated as the inverse of the premium for control of 20% as discussed in paragraph 7.3.
- 9.6 Using the preferred net asset fair values, the estimated fair value of a Modun share pre the Proposed Acquisition on a control basis (17.2 cents on a post consolidated basis) is greater than the estimated fair value of a Modun share post the proposals on a minority basis (3.74 cents or 3.92 cents) (on a diluted basis that includes the exercise of the 7,000,000 share options) and on the preferred methodology basis, the issue of 225,000,000 Consideration shares would be not fair.

If the Capital Raising was \$12,000,000 and capital raising costs totalled \$1,250,000, the non-controlling minority interest may fall between 3.77 cents and 4.46 cents, depending on the issue price for the Capital Raising Shares.

Furthermore, as we cannot ascribe a fair value to LiveTiles, the above exercise is somewhat superfluous and thus, even if we did not undertake the above calculations, in the absence of ascribing a value to LiveTiles we would conclude the proposals with the Vendors of LiveTiles (including NIA and ZTH) would not be fair.

- 9.7 If we assumed that the Plan Shares would vest, the Company would receive cash funds of \$5,250,000. This would increase the minority non-controlling interests to between approximately 4.34 cents and 4.58 cents (assumes a Capital Raising of \$9,000,000). However, if this occurred it would be expected that there would be significant value to LiveTiles and the share prices as traded on ASX would exceed 25 cents (the three Tranches vesting prices are 25 cents, 35 cents and 45 cents).
- 9.8 As noted below, the Rhipe Group acquired an interest in LiveTiles in late 2014 that in effect ascribed a fair value to LiveTiles of approximately \$20,000,000. If we used such a value to LiveTiles, the value of a Modun share post Acquisition and Capital Raising would equate to approximately 9.76 cents and the minority non-controlling interest may approximate 8.14 cents on the basis of 355,482,791 shares on issue or approximately 10.19 cents and the minority non-controlling interest may approximate 8.50 cents on the basis of 340,482,791 shares on issue (assumes a Capital Raising of \$9,000,000).

If we used the deemed fair value of \$33,750,000 to LiveTiles as ascribed to it by Modun in negotiations with NIA and ZTH the value of a Modun share post Acquisition and Capital Raising would equate to approximately 13.63 cents and the minority non-controlling interest may approximate 11.36 cents on the basis of 355,482,791 shares on issue or approximately 14.23 cents and the minority non-controlling interest may approximate 11.86 cents on the basis of 340,482,791 shares on issue (assumes a Capital Raising of \$9,000,000).

10. **Basis of Valuation of LiveTiles**

- 10.1 The usual approach to the valuation of an asset is to seek to determine what an informed, willing but not anxious buyer would pay to an informed, willing but not anxious seller in an open market.
- 10.2 LiveTiles is an unlisted private company and therefore valuing the shares on a takeover basis and on a market based approach are not relevant. There are no indications that other parties wished to acquire all of the shares in LiveTiles other than Modun. The shareholder in LiveTiles does not have an active market to trade its shares.

It is noted that the Rhipe Group acquired an initial approximately 12.544% shareholding interest in LiveTiles in late November 2014 at a deemed cost of \$2,500,000. This, in effect ascribed a fair value to the LiveTiles Group at approximately \$20,000,000. We have not valued LiveTiles on such a basis as current trading performances and forecasts to 31 December 2016 do not support such a deemed value.

- 10.3 The adjusted consolidated balance sheet of LiveTiles at 31 March 2015 is disclosed under paragraph 5.4.1 above. This adjusted consolidated balance sheet shows the LiveTiles Group net liabilities of approximately \$(388,000) with capitalised intangible assets (intellectual property) carried at a book value of \$nil. All research and developments costs have been expensed as incurred.
- 10.4 Completion of the Acquisition is conditional on all necessary due diligence being successfully completed on the ownership interests of LiveTiles, LiveTiles's shareholding and interests and ownership of the technology behind the business. We advise that we have not undertaken any further steps to ascertain ownership of LiveTiles and its assets and liabilities.

- 10.5 The usual approach to the valuation of an asset is to seek to determine what an informed, willing but not anxious buyer would pay to an informed, willing but not anxious seller in an open market. To estimate the fair market value of the shares in LiveTiles, we have considered valuation methodologies recommended by ASIC Regulatory Guideline 111 regarding valuation reports of independent experts and common market practice. These are discussed below.

10.6 Market based methods

Market based methods estimate a company's fair market value by considering the market price of transactions in its shares or market value of comparable companies. Market based methods include:

- Capitalisation of maintainable earnings;
- Analysis of a company's recent share trading history; and
- Industry specific methods.

The capitalisation of maintainable earnings methods estimates fair market value based on the company's future maintainable earnings and an appropriate earnings multiple. An appropriate earnings multiple is derived from market transactions involving comparable companies. The capitalisation of maintainable earnings is appropriate where the company's earnings are relatively stable. The most recent share trading history provides evidence on the fair market value of the shares in a company where they are publicly traded in an informed and liquid market. Industry-specific methods estimate market value using rules of thumb for a particular industry. Generally, rules of thumb provide less persuasive evidence on market value of a company, since they may not account for company-specific factors.

10.7 Discounted cash flow method

The discounted cash flow method estimates market value by discounting a company's future cash flows to their present value. This method is appropriate where a projection or forecast of future cash flows can be made with a reasonable degree of confidence. The discounted cash flow method is commonly used to value early stage companies or projects with a finite life.

10.8 Asset-based methods

Asset-based methods estimate the market value of a company's shares based on the realisable value of its identifiable net assets. Asset-based methods include:

- Orderly realisation of assets method;
- Liquidation of assets method; and
- Net asset on a going concern basis.

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to shareholders, after payment of all liabilities, including realisation costs and taxation charges that arise, assuming the company is wound up in an orderly manner. The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter timeframe. Since winding up or liquidation of the company may not be contemplated, these methods in their strictest form may not necessarily be appropriate. The net assets on a going concern basis, estimates the market values of the net assets of the company but does not take account of realisation costs.

These approaches ignore the possibility that the company's value could exceed the realisable value of its assets. Asset-based methods are appropriate when companies are not profitable or a significant proportion of a company's assets are liquid.

10.9 Selection of Valuation Methodologies

All of the valuation methodologies considered above have significant limitations or restrictions in their application to the LiveTiles Group.

Capitalisation of maintainable earnings is not appropriate because LiveTiles is not presently profitable. Recent share trading is not applicable as it is an unlisted public company owned predominately by NIA, ZTH and the Rhipe Group. The discounted cash flow method has not been applied because no reliable prospective financial information is available (refer below). An asset-based method is limited by the fact that the LiveTiles Group's primary asset is the technology that drives the business model that has yet to be fully commercially exploited due to a lack of working capital. The book values of the LiveTiles Group's assets and liabilities as at 31 March 2015, as adjusted is noted in paragraph 5.4.1 and net liabilities disclosed at approximately \$388,000.

10.10 In this section we consider the valuation of LiveTiles. We have considered the valuation of LiveTiles in assessing whether or not the proposal outlined in Resolutions 5 and 6 are fair and reasonable for Modun's non-associated shareholders. In forming our opinion on the value of LiveTiles we have, inter-alia:

- Considered the stage of development of LiveTiles and the prospective financial information available;
- Considered the appropriateness of the valuation methodologies available; and
- Considered the ability of LiveTiles to continue as a going concern without funding.

10.11 Valuation of LiveTiles

As discussed, the capitalisation of maintainable earnings, discounted cash flow and asset-based methodologies have limitations in their application to LiveTiles. It is noted that there are no internal valuations prepared and no formal adoption of cash flow and profit and loss forecasts (other than preliminary cash flow projections for December 2016 that are dependent on LiveTiles raising sufficient capital to meet its projected revenue targets).

10.12 Summary of valuation methodology and conclusion

We are unable to conclude upon a meaningful valuation range for LiveTiles due to the lack of readily available and reliable financial projections and information.

LiveTiles has not prepared projections for the period 1 January 2017 onwards. The LiveTiles Group does currently not generate sufficient revenues to meet all costs and thus to 31 March 2015 losses have been incurred. The preliminary projections for the period to 31 December 2015 are net cash outflow of approximately \$1.9 million before any potential offset of a 2014/15 research and development rebate that may be received in October 2015 and profits may not eventuate until the second half of 2016, however this may materially alter if revenues increase. The receipts of research and development rebates cannot be assured.

We have not relied on the preliminary projections and cannot reliably assess the assumptions behind them. The figures to 31 December 2016 even if achieved do not currently support a deemed valuation of either \$20,000,000 or \$33,750,000 as noted above.

It is noted that the LiveTiles Group has estimated cash reserves of \$976,000 (and receivables/prepayments of approximately \$576,000) but current liabilities totalling \$1,952,000 and all of these funds (excluding a loan by way of a convertible note from Modun) will be used to expand LiveTiles's business model. If the acquisition of LiveTiles by Modun is achieved, Modun will need to meet the liabilities of the LiveTiles. Modun does not have large cash reserves and is in the process of raising a gross \$9,000,000 to \$12,000,000 and as noted elsewhere in this report the majority will be utilised to develop and progress LiveTiles's business.

11. **Conclusion as to Fairness**

- 11.1 The proposals pursuant to Resolutions 5 and 6 is believed fair to Modun's non-associated shareholders if the value of the consideration offered is equal to or less than the value of the shares in LiveTiles (100%) to be acquired.
- 11.2 Owing to the nature of the business of LiveTiles, valuations depend on the value placed on the technology interests of the company. The valuation of technology interests and valuing future profitability and cash flows is extremely subjective because it involves assumptions regarding future events that are not capable of independent substantiation.
- 11.3 We have been unable to determine a fair value for LiveTiles. In arriving at our view that we are unable to form an opinion on the value of LiveTiles, we have, inter-alia, referred to the following factors:
- The relative newness of the business and insufficient revenues to meet all costs;
 - The ability to produce positive cash flow and profits over a period of time is still uncertain;
 - LiveTiles needs to obtain sufficient working capital to meet its planned objectives;
 - The lack of longer term cash flow models that can be reliably substantiated; and
 - The risks associated with commercialisation of the business model.
- 11.4 We have concluded that we are unable to ascribe a fair value to LiveTiles shares and therefore cannot form an opinion as to whether the proposals under Resolutions 5 and 6 are fair. In the absence of a determination of fair value, **we conclude that the proposals pursuant to Resolutions 5 and 6 are not fair.**

12. **Reasonableness of the LiveTiles Acquisition**

- 12.1 We set out below some of the advantages and disadvantages and other factors pertaining to the proposed Acquisition that we considered in arriving at our conclusion on the reasonableness of the Acquisition and in particular the proposals pursuant to Resolutions 5 and 6.

Advantages

- 12.2 The Company, in effect moves from a near cash box company with only one mineral asset (to be sold) to a technology driven company in the computer software sector with some opportunities to move into the earning of profits and positive cash flows if the LiveTiles business can be successfully commercialised.
- 12.3 The Company may be better placed to raise further funds by way of share equity as a result of acquiring all of the shares in LiveTiles. It is noted that a minimum gross \$9,000,000 (and up to a gross \$12,000,000) is being raised on the back of the proposed acquisition of LiveTiles and if commercial success comes LiveTiles's way, Modun may be able to raise further funds for expansion of the LiveTiles business.

- 12.4 There is an incentive to Modun and LiveTiles, to successfully exploit the LiveTiles's business as NIA and ZTH (and certain key management personal of LiveTiles) will or may have collectively significant shareholding interests in Modun. The Plan Shares as noted above vest on meeting the Vesting Conditions and parties associated with NIA (Nguyen-Brown) and ZTH (Redenbach) will then increase their ordinary shares held in Modun. All shareholders would benefit from an increased share price which would be expected if the Vesting Conditions were achieved.
- 12.5 Modun currently has one remaining mineral project (the Nuurst Project) and this project will soon be sold. Diversification into the computer software sector by acquiring 100% of LiveTiles may reduce the risk of the Company being suspended from trading and remaining in effect a cash box. Currently capital raisings for small junior exploration companies is extremely difficult and by diversifying into other businesses, increases the scope for new capital raisings.
- 12.6 Existing shareholders may be given the opportunity to sell their shares in excess of the share prices existing prior to the Acquisition announcement. However, those shareholders who consider the risk of entering into a new business outside mineral exploration mineral (although it has been announced that Modun wishes to sell the one remaining coal project as noted above) to be too high may wish to sell their shareholdings in Modun.

Disadvantages

- 12.7 Currently, NIA, ZTH, the Rhippe Group and the key management personal of LiveTiles have a beneficial interest in nil shares in the Company and if Resolutions 1 to 15 are passed, the LiveTiles interests will increase their collective ordinary shareholding interest in Modun to approximately between 66.08% and 73.65% (and a collective 69.24% to 76.36% if all Plan Shares are issued). See section 1 of this report for the individual possible shareholding of the Vendors of LiveTiles. The existing shareholders will be diluted from owning a current 100% shareholding interest in Modun and its underlying assets to a smaller shareholding of approximately 9.45% to 10.42% post the Acquisition and Capital Raising (assumes the issue of the Plan Shares). The new investors (excluding NIA and ZTH) from the Capital Raising will own approximately between 13.21% and 15.98% of the expanded issued capital of Modun (assumes the issue of the Plan Shares).
- 12.8 The business operated by LiveTiles may not turn out to be commercially viable and thus losses may continue to be incurred. Loans will be made by Modun to LiveTiles and these plus the investment cost may need to be impaired if LiveTiles does not record sufficient profits and positive cash flows in the future.
- 12.9 LiveTiles will have estimated cash reserves and receivables of approximately \$1,552,000 but current liabilities totalling approximately \$1,952,000 (Modun may also be advancing LiveTiles up to \$500,000 as a convertible note). If the acquisition of LiveTiles by Modun is achieved, Modun will need to meet the liabilities (current and future) of LiveTiles that may be material in nature. Additional capital may need to be raised at a later date.

Other Factors

- 12.10 It is noted that for accounting purposes in the books of Modun, the ordinary Consideration Shares will be booked at the market value of the ordinary shares in Modun at the date the ordinary Consideration Shares are issued to the LiveTiles shareholders. Modun as the legal parent entity will account for the value of the ordinary Consideration Shares at the market value of the ordinary shares in Modun that may be considered to be around 15 cents to 20 cents per share (after adjusting for the 1 for 50 consolidation of capital). In this report, we have noted a potential undiscounted cost to the Plan Shares but there is some risk that the

Plan Shares Vesting Conditions will not be met. The ultimate fair value of an investment in LiveTiles is at this stage unknown and write downs in the investment may be required at a later stage (particularly if commercial success is not forthcoming).

- 12.11 The proposed Acquisition provides the Company with a clear strategic direction as compared with the existing position of shareholders owning shares in a near dormant company with minimal cash and no clear vision. The Nuurst Coal Project should provide additional funds in the future but in the absence of the sale of the Nuurst Project, the Company would need to spend new funds on the Nuurst Project that would drain the small cash reserves it currently has. The Company requires a business that will provide it with the opportunity to sustain a viable business and allow the Company to be a going concern in the longer term.
- 12.12 The number of post consolidated fully paid ordinary shares on issue rises to as noted in paragraph 2.3 of this report. This represents a substantial increase in the ordinary shares of the Company based on the number of shares on issue at the time of the announcement of the Acquisition on 27 April 2015 (after allowing for the planned 1 for 50 consolidation of capital). In addition, if all Vesting Conditions are met, the Company over a three year period may receive \$5,250,000 from the Plan Shareholders. However, if this was to occur, it would be expected that the share prices of a Modun share would be substantially higher than April/ May 2015 share prices and thus the existing shareholders would benefit.
- 12.13 The proposed new board members, being LiveTiles Directors brings technical and business experience. Further detail on the proposed new director has been included in Section 1.8 of the ES.
- 12.14 The ultimate value ascribed to the Plan Shares may be higher at the time of meeting the Vesting Conditions, than at the date of this report, based upon the share trading price of a Modun ordinary Share.
- 12.15 It is the view of the existing Board of Modun that the investment in LiveTiles is in the best interests of all shareholders.
- 12.16 The net book assets of Modun prior to the Capital Raising and Acquisition are estimated at \$5,469,000 whilst post the Acquisition, the net book assets of the Modun Group that will include the LiveTiles Group is estimated to be an initial \$12,981,000 (assumes a Capital Raising of \$9,000,000 and using reverse acquisition principles). The value attributable to the existing shareholders approximates \$1,437,000 (assumes a \$9,000,000 Capital Raising) compared with a current shareholding book interest of approximately \$5,469,000. However, this is ascribing no value to the business interests of LiveTiles.

13. **Conclusion as to Reasonableness**

- 13.1 **After taking into account the factors referred to in 11 above and elsewhere in this report we are of the opinion that the advantages to the existing shareholders outweigh the disadvantages and thus the proposed Acquisition as noted in paragraphs 1.1 and 1.2 and Resolutions 5 and 6 in the Notice may be considered, on balance, to be reasonable to the existing non-associated shareholders of Modun at the date of his report.**

14. Shareholder Decision

14.1 Stantons International Securities Pty Ltd has been engaged to prepare an independent expert's report setting out whether in its opinion the issue of 180,375,276 Consideration Shares to ZTH and NIA and the issue of a total of 26,250,000 Plan Shares to Redenbach and Nguyen-Brown are fair and reasonable and state reasons for that opinion. Stantons International Securities Pty Ltd has not been engaged to provide a recommendation to shareholders in relation to the proposals under Resolutions 5 and 6 but we have been requested to determine whether the proposals pursuant to Resolutions 5 and 6 are fair and/or reasonable to those shareholders not associated with ZTH and NIA. The responsibility for such a voting recommendation lies with the directors of Modun.

14.2 In any event, the decision whether to accept or reject Resolutions 5 and 6 (and all other Resolutions) is a matter for individual shareholders based on each shareholder's views as to value, their expectations about future market conditions and their particular circumstances, including risk profile, liquidity preference, investment strategy, portfolio structure and tax position.

If in any doubt as to the action they should take in relation to the proposals under Resolutions 5 and 6 (and all other Resolutions), shareholders should consult their own professional adviser.

14.3 Similarly, it is a matter for individual shareholders as to whether to buy, hold or sell shares in Modun. This is an investment decision upon which Stantons International Securities Pty Ltd does not offer an opinion and is independent on whether to accept the proposals under Resolutions 5 and 6 (and all other resolutions). Shareholders should consult their own professional adviser in this regard.

15. Sources of Information

15.1 In making our assessment as to whether the proposed Acquisition as noted in paragraphs 1.2 to 1.4 is fair and reasonable, we have reviewed relevant published available information and other unpublished information of the Company, LiveTiles and the LiveTiles business that is relevant to the current circumstances. In addition, we have held discussions with the management of Modun about the present and future operations of the Company. Statements and opinions contained in this report are given in good faith but in the preparation of this report, we have relied in part on information provided by the directors and management of Modun.

15.2 Information we have received includes, but is not limited to:

- a) Drafts of the Notice of Modun and ES of May 2015;
- b) Discussions with management of Modun and LiveTiles;
- c) Details of historical market trading of Modun ordinary fully paid shares recorded by ASX for the period 1 July 2014 to 27 May 2015;
- d) Shareholding details of Modun as supplied by the Company's share registry as at 27 April 2015;
- e) Audited balance sheet of Modun as at 30 June 2013 and 30 June 2014;
- f) Reviewed balance sheet of Modun as at 31 December 2014 and unaudited accounts to 31 March 2015;
- g) Announcements made by Modun to the ASX from 1 January 2014 to 27 May 2015;
- h) The unaudited consolidated financial statements of LiveTiles for the period to 31 December 2014 and the period to 31 March 2015;
- i) Cash flow forecasts of LiveTiles for the period 1 January 2015 to 31 December 2016;
- j) The Share Sale Agreement executed on 27 April 2015 for the proposed acquisition of all of the shares in LiveTiles;

- k) The Conditional Sale Agreement in relation to the sale of the shares in Modun LLC;
and
- l) The draft Technology and Market Review Report of May 2015 prepared by Strategy&
(controlled by PWC).

15.3 Our report includes Appendix A and our Financial Services Guide attached to this report.

Yours faithfully

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

A handwritten signature in dark ink, appearing to read 'J P Van Dieren', followed by a long horizontal flourish.

J P Van Dieren - FCA
Director

APPENDIX A

AUTHOR INDEPENDENCE AND INDEMNITY

This annexure forms part of and should be read in conjunction with the report of Stantons International Securities Pty Ltd dated 28 May 2015, relating to the issue of a total of 180,375,276 Consideration Shares to be issued to ZTH and NIA and 26,250,000 Plan Shares to be issued to Redenbach (19,500,000) and Nguyen-Brown (6,750,000) as outlined in Section 1 of the report and Resolutions 5 and 6 in the Notice of Meeting to Shareholders and the Explanatory Statement proposed to be distributed to the Modun shareholders in June 2015.

At the date of this report, Stantons International Securities Pty Ltd does not have any interest in the outcome of the proposals. There are no relationships with Modun and LiveTiles other than acting as an independent expert for the purposes of this report. Before accepting the engagement Stantons International Securities Pty Ltd considered all independence issues and concluded that there were no independence issues in accepting the assignment to prepare the Independent Experts Report. There are no existing relationships between Stantons International Securities Pty Ltd and the parties participating in the transaction detailed in this report which would affect our ability to provide an independent opinion. It is noted that Stantons International Audit and Consulting Pty Ltd, the parent entity of Stantons International Securities Pty Ltd is the auditor of Modun. The fee to be received for the preparation of this report is based on the time spent at normal professional rates plus out of pocket expenses and is estimated at a maximum of \$27,000. The fee is payable regardless of the outcome. With the exception of the fee, neither Stantons International Securities Pty Ltd nor John P Van Dieren have received, nor will, or may they receive, any pecuniary or other benefits, whether directly or indirectly, for or in connection with the making of this report.

Stantons International Securities Pty Ltd (and Stantons International Audit and Consulting Pty Ltd) do not hold any securities in Modun and LiveTiles. There are no pecuniary or other interests of Stantons International Securities Pty Ltd that could be reasonably argued as affecting its ability to give an unbiased and independent opinion in relation to the proposal. Stantons International Securities Pty Ltd, Mr J Van Dieren and Mr Martin Michalik have consented to the inclusion of this report in the form and context in which it is included as an annexure to the Notice.

QUALIFICATIONS

We advise Stantons International Securities Pty Ltd is the holder of an Australian Financial Services Licence (no 448697) under the Corporations Act 2001 relating to advice and reporting on mergers, takeovers and acquisitions that involve securities. The directors of Stantons International Audit and Consulting Pty Ltd are the directors of Stantons International Securities Pty Ltd. Stantons International Securities Pty Ltd has extensive experience in providing advice pertaining to mergers, acquisitions and strategic for both listed and unlisted companies and businesses.

Mr John P Van Dieren, FCA, and Mr Martin Michalik, ACA, the persons responsible for the preparation of this report, have extensive experience in the preparation of valuations for companies and in advising corporations on takeovers generally and in particular on the valuation and financial aspects thereof, including the fairness and reasonableness of the consideration offered.

The professionals employed in the research, analysis and evaluation leading to the formulation of opinions contained in this report, have qualifications and experience appropriate to the task they have performed.

DECLARATION

This report has been prepared at the request of the Directors of Modun in order to assist them to assess the merits of the proposed issue of a total of 180,375,276 Consideration Shares and 26,250,00 Plan Shares as outlined in Resolutions 5 and 6 to the Explanatory Statement (to shareholders) to which this report relates. This report has been prepared for the benefit of Modun's shareholders and does not provide a general expression of Stantons International Securities Pty Ltd's opinion as to the longer term value of Modun and the LiveTiles Group and their assets, including the value of the LiveTile business. Stantons International Securities Pty Ltd does not imply, and it should not be construed, that it has carried out any form of audit on the accounting or other records of Modun and the LiveTile Group. Neither the whole nor any part of this report, nor any reference thereto may be included in or with or attached to any document, circular, resolution, letter or statement, without the prior written consent of Stantons International Securities Pty Ltd to the form and context in which it appears.

DUE CARE AND DILEGENCE

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

DECLARATION AND INDEMNITY

Recognising that Stantons International Securities Pty Ltd may rely on information provided by Modun and its officers (save whether it would not be reasonable to rely on the information having regard to Stantons International Securities Pty Ltd experience and qualifications), Modun has agreed:

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

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

**FINANCIAL SERVICES GUIDE
FOR STANTONS INTERNATIONAL SECURITIES PTY LTD
(Trading as Stantons International Securities)
Dated 28 May 2015**

1. Stantons International Securities Pty Ltd ABN 42 128 908 289 and Financial Services Licence 448697 (“SIS” or “we” or “us” or “ours” as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

2. **Financial Services Guide**

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

This FSG includes information about:

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

3. **Financial services we are licensed to provide**

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

- Securities (such as shares, options and notes)

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

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

4. **General Financial Product Advice**

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

5. Benefits that we may receive

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

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

6. Remuneration or other benefits received by our employees

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

7. Referrals

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

8. Associations and relationships

SIS is ultimately a wholly subsidiary of Stantons International Audit and Consulting Pty Ltd a professional advisory and accounting practice. Stantons International Audit and Consulting Pty Ltd trades as Stantons International that provides audit, corporate services, internal audit, probity, management consulting, accounting and IT audits.

From time to time, SIS and Stantons International Audit and Consulting Pty Ltd and/or their related entities may provide professional services, including audit, accounting and financial advisory services, to financial product issuers in the ordinary course of its business.

9. Complaints resolution

9.1 Internal complaints resolution process

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

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

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

9.2 Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service Limited (“FOSL”). FOSL is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

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

Financial Ombudsman Service Limited
PO Box 3
MELBOURNE VIC 8007

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

10. Contact details

You may contact us using the details set out above.

Telephone	08 9481 3188
Fax	08 9321 1204
Email	jvdieren@stantons.com.au

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