

**ASX Announcement
Select Exploration
Limited**

ABN: 25 062 063 692

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Capital Structure

Shares on Issue 324,923,226

Listed Options 27,443,886
Exercisable at \$0.35 by 30/09/15

Unlisted Options 3,850,000
Exercisable at \$0.36 by 30/06/16

SLT Board

Ian MacIver

Non Exec Chairman

Mark Titchener

Non Exec Director

Phil Warren

Non Exec Director

Steven Wood

Company Secretary

ASX Code: SLT

www.selectexploration.com.au

Manager of Company Announcements

ASX Limited

Level 6, 20 Bridge Street

SYDNEY NSW 2000

17 December 2014

**SELECT EXPLORATION LIMITED TO ACQUIRE 100% of AUSTRALIA'S NUMBER
ONE RENTAL PROPERTY WEBSITE – RENT.COM.AU**

Select Exploration Limited (ASX: SLT) ("**Select**" or "**Company**") has signed a binding Term Sheet with Rent.com.au Pty Ltd ("**RENT**") and the major shareholders of RENT, for the acquisition by Select of the entire issued capital of RENT. RENT is Australia's leading website and mobile platform dedicated purely to rental property. RENT actively creates the full rental marketplace which not only has agent listings but also targets the underserved private landlord rental market – a market which is still largely captured by print media.

Highlights

- Select to acquire 100% of leading national rental property focussed website www.rent.com.au.
- RENT's existing product suite provides services for renters and business leads and management tools for the rental property industry.
- With no other major direct "rental only" website competitors, RENT has a first mover advantage in relation to the large private landlord market and provision of services to the renting community.
- RENT to shift the predominantly offline landlord market to on-line at www.rent.com.au. This represents a genuine offline to online shift, successfully achieved in other sectors such as www.carsales.com.au and www.seek.com.au. Approximately \$10.3 million has been invested to date into RENT to build its national content, products and technology platform to allow full scalability and accessibility in the online and mobile environments.
- RENT has four (4) key distinct revenue sources: Renters, Property Agents, Private Landlords and Advertisers.
- Significant additional revenue opportunities exist through the continued development of a further range of downstream products and services for the target market audiences of renters, landlords and property managers.
- Opportunity exists to leverage its unique Australian based IP, and expand into Asia via www.rent.asia, when appropriate.
- Baillieu Holst and GMP Securities appointed as Co-lead managers to a capital raising under a full form prospectus.

Summary

Subject to shareholder approval, Select will acquire RENT in early 2015, via the issue of 1,784,543,717 Select shares on a pre-consolidation basis and 24,482,313 performance shares (post consolidation), to be issued to the shareholders of RENT. As part of the Acquisition, Select is proposing to undertake a consolidation of its issued capital. The consolidation ratio has not yet been set, but it is intended that Select will consolidate its shares such that the share price following completion of the consolidation will be at least \$0.20.

The Company will then re-list as Rent.com.au Ltd. Select will appoint the experienced RENT directors to its Board, including Mark Woschnak assuming the role of Managing Director, and also with potential to appoint a further director with expertise in the property, new media and online environments.

RENT provides a complete offering for the growing but underserved Australia wide rental property market. It focusses on the total market of rental property listings, from both the private landlord and property agent sectors, enabling it to offer the widest possible choice of rental listings to renters on one website.

Select Chairman, Mr Ian MacIver, said Rent.com.au was a significant opportunity for the Company to tap into the forecast growth in Australia's rental market.

"Around 30 per cent of the Australian population currently rent their homes and this number is forecast to grow in line with other developed nations. The acquisition is attractively priced for Select shareholders and RENT has a solid, sensible and strong growth plan that will allow it to significantly expand its business," Mr MacIver said.

Following a capital raising to be co-led by Baillieu Holst and GMP Securities, RENT will conduct a national marketing and branding campaign to fully commercialise its platform and multiple revenue streams.

Background

Rent.com.au was established in 2007 by experienced real estate and new media entrepreneur Mr Mark Woschnak. To date, the business has focussed on development of the necessary technology, product alliances and critical mass of content to be ready to fully commercialise the platform.

Rent.com.au is now a top 10 national property website despite having minimal capital spent on marketing. A strong and experienced property and technology-focussed board has been assembled and the business is now ready for commercialisation.

RENT currently has:

- 50,000 active property listings;
- 5,600 nation-wide rental agencies actively listing properties;
- 200,000 monthly unique visitors to www.rent.com.au;
- Natural strength in domain name;
- Established, robust and scalable web and mobile platform; and
- Developed suite of products and services.

The Australian Rental Market

There are approximately 6.8 million renters in Australia, or 30 per cent of the population. This percentage is expected to grow as home ownership becomes less affordable and renting becomes more of a lifestyle choice.

Renters on average move every ten months, creating a high turnover and demand for rental properties and represents potential repeat business for RENT. There are approximately three million rental transactions every year in Australia, approximately five times as many transactions as in the property sales market sector.

Around 46 per cent of Australia's rental market is managed by private landlords. Private landlords traditionally have advertised in print media and other offline sources to attract renters and have therefore had limited services and resources available to them. As a result the private landlord rental market is highly underserved and fragmented.

The two leading property websites in Australia – realestate.com.au & Domain - are primarily focussed on the property sales market. Although both sites contain rental properties, they are represented by tabs on their websites with the primary home page focus being on the property sales market. In addition realestate.com.au (REA) only allows licensed real estate agents to list properties, excluding private landlords from its site.

This situation offers one of the last true conversions of print media to on-line media similar to the carsales.com.au model when private sellers were added to the existing car dealer network.

RENT Commercialisation Plan

To date RENT has focussed on the development of:

- a robust IT technology and mobile platform;
- critical mass of national property content; and
- a range of transactional products and services required for a successful national launch.

It is now ready for commercialisation of its products and services into growing revenue streams.

RENT already has approximately 50,000 active listings at present, representing approximately 80 per cent of all property agent listings nationally. Following this transaction, RENT will launch targeted marketing and brand awareness programs nationally to drive increased traffic to www.rent.com.au. RENT has previously conducted small scale local marketing campaigns to prove campaigning methodologies and business KPI's. These resulted in creating immediate increases in direct traffic to the website.

Additional Revenue Streams

As www.rent.com.au offers renters a single location to search the entire rental market, catering for agents and private landlord listings, it is well positioned to offer a wide range of vertical products and services associated with the rental industry.

RENT offers the following products and services:

- **RentCheck** – tenancy database and ID checks partnering with a leading Australian credit reporting agency;
- **RentReport** – detailed rental statistics reports for both renters and landlords;
- **RentConnect** – hassle free utility connections; free for renters but RENT receives a commission for successful leads to utilities; and
- **RentBond** – fast, fixed fee, online application, for an interest free facility to spread bond payment over 3-6 months. Partnering with one of Australia's largest non-bank lenders who bears all credit risk,

All representing additional revenue streams. RENT also intends to develop and promote a suite of downstream services needed in the renting process, such as removalists, contents insurance, builders, cleaning services etc., which will add further revenue opportunities through revenue sharing arrangements and commissions for successful leads.

Other Websites and Growth Opportunities

In addition to owning the domain name www.rent.com.au RENT also owns the following domain names which it will look to commercialise in due course:

- www.rent.asia (which it won in a tender based on its IP relevancy against other large national and international portal operators);
- www.propertymanager.com.au;
- www.rentalproperty.com.au; and
- www.lease.com.au.

Terms

Select has entered into a binding Term Sheet with RENT and the major shareholders of RENT. Under the Term Sheet, the major shareholders (who hold approximately 70% of RENT) have agreed to sell their RENT securities to Select, and to procure the remaining RENT security holders to sell their RENT securities to Select. As part of the transaction, Select has invested \$250,000 cash into RENT for approximately 2.7% of the issued share capital of RENT. The consideration offered by Select to acquire 100% of RENT is as follows:

1. Up to 1,784,543,717 fully paid ordinary pre consolidation shares in the capital of Select. Select shares will be consolidated as part of the transaction to a share price of \$0.20 each.
2. 24,482,313 performance shares on a post consolidation basis to RENT shareholders, each convertible into ordinary Select shares as follows:

Details	RENT Vendor Performance Shares	Performance Milestones
Performance Milestone 1	8,160,771	Upon achieving 500,000 Unique Visitors in 3 consecutive months
Performance Milestone 2	8,160,771	Upon \$10 million revenue in a 12 month period
Performance Milestone 3	8,160,771	Upon \$3 million EBITDA in a 12 month period

In addition Select (subject to shareholder approval) will issue the following Select options and performance Shares on a post consolidation basis, to employees of RENT and advisors to the transaction as follows:

Options	Amount	Exercise Price	Expiry Date	Vesting Criteria / Performance Hurdle
Employee Share Scheme				
Tranche 1	10,000,000	\$0.25	5 years from issue	Exercise price only
Tranche 2	4,500,000	\$0.25	5 years from issue	Share price >\$0.30
Tranche 3	4,500,000	\$0.25	5 years from issue	Share price >\$0.40
Tranche 4	6,000,000	\$0.30	5 years from issue	Share price >\$0.30
Tranche 5	6,000,000	\$0.30	5 years from issue	Share price >\$0.40
Tranche 6	6,000,000	\$0.30	5 years from issue	Share price >\$0.60
Advisor Options	4,000,000	\$0.30	5 years from re-listing	Successful capital raising
	41,000,000			

Performance Shares	Employee Performance Shares	Performance Milestones
Performance Milestone 1	4,339,229	Upon achieving 500,000 Unique Visitors in 3 consecutive months
Performance Milestone 2	4,339,229	Upon \$10 million revenue in a 12 month period
Performance Milestone 3	4,339,229	Upon \$3 million EBITDA in a 12 month period

Further details of the performance shares and their terms will be provided in the Notice of Meeting which will be sent to all shareholders in due course. The terms of the performance shares are subject to ASX approval.

Completion of the transaction is subject to a number of conditions precedent, including:

- (a) Select obtaining all necessary shareholder approvals required to implement the transaction (including under listing rule 11.1.3 and for the consolidation of capital);
- (b) Select completing a capital raising pursuant to a prospectus of an amount to be agreed by Select and RENT, at an issue price of \$0.20 per share;
- (c) Select entering into binding sale agreements with all of the RENT security holders (including a confirmation that the existing RENT shareholders agreement is no further effect), and the relevant parties entering into ASX escrow agreements (if required);
- (d) all existing RENT options being cancelled;
- (e) The establishment of a Long Term Incentive Plan for the options and performance shares as detailed above;
- (f) Select conducting confirmatory due diligence on the technological efficacy of RENT's website platform; and
- (g) Select re-complying with the ASX listing rules.

Notwithstanding that the Term Sheet is legally binding, the parties have agreed to enter into a formal agreement to fully document the terms of the acquisition, including warranties regarding RENT from the RENT shareholders who are involved in the management of RENT. As noted above, the transaction is also conditional on all RENT security holders entering into binding sale agreements in respect of their RENT securities.

Indicative Timetable

Event	Date*
Announce Transaction	17 December 2014
Formal Agreement	Mid January 2015
Dispatch Shareholder Meeting Documentation (including Expert's report)	Mid February 2015
Shareholder Meeting	Mid March 2015
Re-comply with Listing Rules 1 and 2	Early April 2015

*Shareholders should note that the above timetable is indicative only and may change. The Company will keep shareholders updated on the timing of the implementation of the transaction as it progresses.

Capital Raising

The Company will undertake a capital raising of an amount to be agreed between Select and RENT in consultation with the lead managers, at an issue price of at least \$0.20 per share, as part of the acquisition.

Further details of the capital raising will be announced in the near future. Baillieu Holst & GMP Securities have agreed to act as Co-Leads to any capital raising.

Capital Structure

On completion of the Transaction, the indicative pre consolidation capital structure of Select is shown below.

Details	Number of Shares	Number of Options	Number of Performance Shares
Current capital structure	324,923,226	31,293,886 ⁽¹⁾	-
Acquisition Agreement	1,784,543,717	(see note (2) below regarding options to be issued post consolidation)	(see note (2) below regarding performance shares to be issued post consolidation)
Total Pre Consolidation	2,109,466,943	31,293,886 (see note (2) below regarding options to be issued post consolidation)	(see note (2) below regarding options to be issued post consolidation)

- (1) 27,443,886 Listed Options (\$0.35, 30/09/2015)
 3,850,000 Unlisted Options (\$0.36, 30/06/2016)
- (2) The Company will be required to re-comply with Chapters 1 and 2 of the listing rules as part of completion of the acquisition, which will require the Company to undergo a consolidation of capital. The Company's shares will be consolidated to at least \$0.20 per share at a ratio to be determined in the future.

Post consolidation, the following securities will also be issued as detailed in the transaction terms above:

- (a) 41,000,000 unlisted options
- (b) 37,500,000 performance shares

Proceeding with the Transaction

On the basis that the transaction proceeds, the process will involve:

- **Recompliance with Chapters 1 and 2 of the ASX Listing Rules**
 As a result of changing the nature of its activities, the Company will be required to re-comply with Chapters 1 and 2 of the ASX Listing Rules. This involves obtaining shareholder approval for the Transaction in a general meeting and also meeting the new listing requirements as if the Company were undergoing a new initial public offering. A consolidation of capital will be required as part of the recompliance procedure at a ratio to be determined in the future. A \$0.20 recompliance price has been agreed upon.

The Company will be suspended from trading following shareholder approval of the transaction until recompliance with Chapter 1 and 2 of the ASX listing rules is achieved.

- **Prospectus Capital Raising**
 Shareholder approval shall also be sought for a capital raising pursuant to a full form prospectus to be issued by the Company as part of the recompliance with Chapters 1 and 2 of the listing rules. Details of the capital raising will be provided to market shortly.

- **Name change**

The Company shall seek shareholder approval to change its name to Rent.com.au Ltd to reflect the new nature of the company subject to successful completion of the Transaction.

Advisors

Baillieu Holst & GMP Securities have been appointed as Joint Lead Managers. Grange Consulting Group Pty Ltd is the Corporate Advisor to the transaction.

Proposed Board

As part of the transaction it is proposed that the Company will appoint the following directors:

Mark Woschnak – Founder & CEO, Managing Director

- Mark combines 30 years' experience in real estate, digital publishing and classifieds services to effectively lead the unique opportunity of www.rent.com.au;
- Developed RealWeb, one of the first real estate online services, launched with Telstra in 1997;
- Pioneered the first range of Mobile Information Services used by Vodafone, Macquarie and LINK;
- Has a Bachelor of Business degree, maintained a real estate license for 20 years, and was a ten year Associate of the Australian Property Institute;

Garry Garside – Non-Executive Director, Chairman

- Garry brings a wealth of corporate experience to the Board across a broad range of business disciplines;
- Currently manages an emerging property development company and chairs a range of investment syndicates and companies;
- Founded Prime Health group in 1988 before forming Endeavour Healthcare in 2000 and becoming its Managing Director;

Sam McDonagh – Non-Executive Director

- Chief Executive of Airbnb Australia and New Zealand;
- Previously held senior management roles with eBay in Australia, US & Southeast Asia (1999 - 2008) including General Manager of eBay in Southeast Asia;
- Formerly Chief Sales and Marketing Officer for iiNet Limited;
- Co-founded online DVD rental and media business Quickflix;

John Wood – Non-Executive Director

- MD and Founder of National Lifestyle Villages (NLV) in 1999.
- Extensive experience in retail, property, sales and marketing, business management and tourism
- As CEO of NLV John won the prestigious Telstra Business of the Year award and his company is Australia's industry leader.
- John supports and invests in entrepreneurs that have businesses demonstrating a robust and defensible market advantage in generating recurring revenue streams.

It is intended that Mr Phil Warren, an existing director of Select, will stay on as a Non-Executive director.

The board believes the proposed acquisition and change of business post transaction are very positive and in the best interest of shareholders.

For further information please contact the Company on (08) 9322 7600.

For and on behalf of the Board



Ian Macliver
Chairman

Appendix A

Pro Forma Balance Sheet

	Note	SLT Consolidated 30-Jun-14 Audited \$	Acquisition adjustments \$	Rent 30-Jun-14 Unaudited \$	Pro-forma adjustments \$	SLT Consolidated Pro-forma after issue
Current assets						
Cash and cash equivalents	1	685,453	925,000	271,743	-	1,882,196
Trade and other receivables		4,069	-	89,715	-	93,784
Financial Assets at Fair Value Through Profit and Loss		787,792	-	-	-	787,792
Total current assets		1,477,314	925,000	361,458	-	2,763,772
Non-current assets						
Investment - RNT	2	-	10,707,262	-	(10,707,262)	0
Goodwill on RNT acquisition	4	-	-	-	8,458,309	8,458,309
Property, plant and equipment		-	-	12,415	-	12,415
Financial Assets		-	-	200,000	-	200,000
Tax Assets		-	-	2,212,814	-	2,212,814
Total non-current assets		-	10,707,262	2,425,229	(2,248,953)	10,883,538
Total assets		1,477,314	11,632,262	2,786,687	(2,248,953)	13,647,310
Liabilities						
Current liabilities						
Trade and other payables	3	93,145	150,000	332,513	-	575,658
Total current liabilities		93,145	150,000	332,513	-	575,658
Non-Current liabilities						
Trade and other payables (NC)		-	-	205,221	-	205,221
Total non-current liabilities		-	-	205,221	-	205,221
Total liabilities		93,145	150,000	537,734	-	780,879
Net assets		1,384,169	11,482,262	2,248,953	(2,248,953)	12,866,431
Equity						
Issued capital	1,5	48,404,634	11,707,262	9,529,444	(9,529,444)	60,111,896
Reserves		3,172,433	-	-	-	3,172,433
Accumulated losses	5	(50,192,898)	(225,000)	(7,280,491)	7,280,491	(50,417,898)
Total equity		1,384,169	11,482,262	2,248,953	(2,248,953)	12,866,431
Note						

1. Includes issue of up to \$1m of seed capital in Rent less costs.
2. Issue of 1,784,543,717 SLT FPO at deemed acquisition price of \$0.006.
3. Estimated corporate and administration costs around acquisition.
4. The goodwill on acquisition may be allocated to identifiable intangible assets on completion of the acquisition.
5. Balance Sheet does not include any capital raising amount or associated costs.