

**Leopard Resources NL  
ACN 009 076 233**

To be renamed:

**G8 Communications Limited**

**NOTICE OF GENERAL MEETING,  
EXPLANATORY STATEMENT,  
INDEPENDENT EXPERT'S REPORT AND  
PROXY FORM**

**General Meeting to be held at Trident Capital,  
Level 24, 44 St Georges Terrace, Perth, Western  
Australia, Western Australia on 21 December  
2015 commencing at 10am (WST).**

The Independent Expert reporting on Resolutions 4, 7 and 9 concludes that the acquisition is  
FAIR AND REASONABLE to the non-associated Shareholders of the Company.

This Notice of General Meeting and Explanatory Statement should be read in its entirety.  
If Shareholders are in doubt as to how to vote, they should seek advice from their accountant,  
solicitor or other professional adviser without delay.

**CONTENTS**

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LETTER FROM THE BOARD ..... 3

NOTICE OF GENERAL MEETING ..... 4

EXPLANATORY STATEMENT ..... 10

1. PROPOSED TRANSACTION ..... 10

2. GENERAL MEETING ..... 28

3. OTHER INFORMATION..... 53

4. REGULATORY REQUIREMENTS..... 55

GLOSSARY..... 60

ANNEXURE A – VOTING POWER OF VENDORS AND ASSOCIATES ..... 65

ANNEXURE B – CLASS A PERFORMANCE SHARE TERMS..... 66

ANNEXURE C – CLASS B PERFORMANCE SHARE TERMS..... 68

ANNEXURE D – PRO FORMA STATEMENT OF FINANCIAL POSITION ..... 70

PROXY FORM .....73

ANNEXURE E – INDEPENDENT EXPERT’S REPORT.....75

## LETTER FROM THE BOARD

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Dear Shareholders,

The Company is proposing to change its activities from a mining exploration company to a next generation wireless technology company via the acquisition, through its wholly owned subsidiary G8 International, Inc. (**G8I**) of Connected IO, Inc. (**Connected**) and ICU Wireless Systems Limited (**ICU**) (altogether, the **Proposed Acquisition**).

Connected and ICU (collectively the **Connected Group**, and each a **Group Company**) comprise a Silicon Valley based group that has developed and commercialised a range of next generation wireless technology products currently being sold throughout the United States. The Group's flagship product is the Machine Connect modem – a Machine to Machine (**M2M**) device that facilitates intelligent connectivity between machines.

Contained within this document are the details of the Proposed Acquisition of Connected and ICU. The Company is seeking your approval to, amongst other things, consolidate the Company's existing shares on a 1 for 60 basis, acquire Connected and ICU through the issue of ordinary shares and performance shares, raise capital of up to \$4,500,000 through the issue of 225,000,000 shares (with a minimum subscription of \$3,000,000), change the Company's name to G8 Communications Limited and change the Board and management of the Company.

An investment in the Company is subject to certain risks which are highlighted in Section 1.17.

I encourage you to read this Notice of Meeting carefully and in its entirety. If you are in any doubt as to the contents of this Notice of Meeting, you should consult your stockbroker, lawyer, accountant or other professional adviser without delay.

Yours faithfully



Jason Ferris  
Director

## NOTICE OF GENERAL MEETING

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Notice is given that an General Meeting of Shareholders of Leopard Resources NL (Company) will be held at Trident Capital, Level 24, 44 St Georges Terrace, Perth, Western Australia Western Australia on 21 December 2015, commencing at 10am (WST).

The Explanatory Statement that accompanies and forms part of this Notice of General Meeting describes in more detail the matters to be considered.

### Business

#### 1. **Resolution 1 – Conversion to a public company limited by shares, change of name, repeal of existing constitution and adoption of a new constitution**

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

*“That subject to Resolutions 2 to 14 (inclusive) being passed:*

- (a) for the purposes of section 162 of the Corporations Act and for all other purposes, the Company be converted from a public no liability company to a public company limited by shares;*
- (b) for the purposes of section 157(1) of the Corporations Act, and for all other purposes, the Company change its name from “Leopard Resources NL” to “G8 Communications Limited”; and*
- (c) for the purposes of sections 136(1)(b) and 136(2) of the Corporations Act and for all other purposes, the Company repeal its existing Constitution, and the constitution comprising the document tabled at the meeting and signed by the Chairman of the meeting for the purposes of identification, be approved and adopted as the constitution of the Company effective from date of the meeting in substitution for and to the exclusion of the existing constitution which is repealed in its entirety,*

*upon Completion of the Proposed Acquisition.*

#### 2. **Resolution 2 – Capital Consolidation**

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

*“That, subject to Resolutions 1 and 3 to 14 (inclusive) being passed, in accordance with section 254H of the Corporations Act, and for all other purposes, approval be given for the Company to consolidate its existing securities on a 1 for 60 basis, with any fractional entitlements being rounded down, as set out in the Explanatory Statement.”*

#### 3. **Resolution 3 – Change in nature and scale of activities of the Company**

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

*“That, subject to Resolutions 1, 2 and 4 to 14 (inclusive) being passed, in accordance with Listing Rule 11.1.2, and for all other purposes, approval is given for the Company to make a significant change to the nature and scale of its activities as set out in the Explanatory Statement.”*

**Voting Exclusion Statement:** 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 the direction on the Proxy Form to vote as the proxy decides.

#### **4. Resolution 4 – Issue of Vendor Consideration Securities**

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

*“That, subject to Resolutions 1 to 3 (inclusive) and 5 to 14 (inclusive) being passed, in accordance with item 7 of section 611 and section 208 of the Corporations Act, and in accordance with Listing Rules 10.1, 10.11 and for all other purposes, approval be given for the issue of the following Shares to the Vendors in consideration for all the shares in the capital of Connected and ICU pursuant to the Agreement:*

- (a) 200,000,000 Shares;
- (b) 100,000,000 Class A Performance Shares;
- (c) 50,000,000 Class B Performance Shares;
- (d) up to 100,000,000 Shares upon the conversion of the Class A Performance Shares; and
- (e) up to 50,000,000 Shares upon the conversion of the Class B Performance Shares;

*(all on a post- Consolidation basis) including approval for the Vendors, and their respective associates to acquire a Voting Power in the Company of up to 60.68% 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 the Vendors and their associates or any other 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 the direction on the Proxy Form to vote as the proxy decides.

**Independent Expert’s Report:** Shareholders should carefully consider the Independent Expert’s Report for the purposes of Shareholder approval required under Listing Rule 10.1 and section 611 (item 7) of the Corporations Act for this Resolution. The Independent Expert’s Report comments on the fairness and reasonableness of the issues under Resolutions 4, 7 and 9 to the non-associated Shareholders. The Independent Expert has determined that those issues are fair and reasonable to the non-associated Shareholders.

#### **5. Resolution 5 – Issue of Shares pursuant to the Capital Raising**

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

*“That, subject to Resolutions 1 to 4 and 6 to 14 (inclusive) being passed, in accordance with Listing Rule 7.1, and for all other purposes, approval be given for the issue (on a post- Consolidation basis) of up to 225,000,000 Shares at an issue price of \$0.02 each to raise up to \$4,500,000 under the Prospectus, with a minimum subscription of \$3,000,000, 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 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 the direction on the Proxy Form to vote as the proxy decides.

## 6. Resolution 6 – Issue of Facilitation Shares to Trident Capital and Bonarc

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

*“That, subject to Resolutions 1 to 5 (inclusive) and 7 to 14 (inclusive) being passed, subject to the completion of the Proposed Transaction in accordance with Listing Rule 7.1, and for all other purposes, approval be given for the issue of:*

- (a) up to 15,000,000 Shares to Trident Capital (and/or its nominee(s)) (on a post- Consolidation basis); and*
- (b) up to 5,000,000 Shares to Bonarc Pty Ltd (and/or its nominee(s)) (on a post- Consolidation Basis),*

*in connection with the Proposed Transaction, 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 Trident Capital Pty Ltd, Bonarc Pty Ltd and/or any of its nominees or any of their associates, or 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 the direction on the Proxy Form to vote as the proxy decides.

## 7. Resolution 7 – Issue of KGV Loan Consideration Shares to KGV

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

*“That, subject to Resolutions 1 to 6 (inclusive) and 8 to 14 (inclusive) being passed, in accordance with item 7 of section 611 and section 208 of the Corporations Act, and in accordance with Listing Rule 10.11 and for all other purposes, approval be given for the issue of up to 90,000,000 Shares (on a post-Consolidation basis) to KGV (and/or its nominee(s)) as part of the Capital Raising as consideration for the transfer of the KGV Loan to the Company, further details of which are contained in the Explanatory Statement.”*

**Voting Exclusion Statement:** The Company will disregard any votes cast on this Resolution by King George V Nominees Ltd and/or its nominee(s) or any other 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 the direction on the Proxy Form to vote as the proxy decides.

**Independent Expert’s Report:** Shareholders should carefully consider the Independent Expert’s Report for the purposes of Shareholder approval required under Listing Rule 10.1 and section 611 (item 7) of the Corporations Act for this Resolution. The Independent Expert’s Report comments on the fairness and reasonableness of the issues under Resolutions 4, 7 and 9 to the non-associated Shareholders. The Independent Expert has determined that those issues are fair and reasonable to the non-associated Shareholders.

## 8. Resolution 8 – Issue of Bonarc Loan Shares to Bonarc

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

*“That, subject to Resolutions 1 to 7 (inclusive) and 9 to 14 (inclusive) being passed, in accordance with Listing Rule 7.1 and for all other purposes, approval be given for the issue of 15,000,000 Shares (on a post-Consolidation basis) to Bonarc (and/or its nominee(s)) in full satisfaction of the Bonarc Loan upon Completion of the Proposed Transaction, further details of which are contained in the Explanatory Statement.”*

**Voting Exclusion Statement:** The Company will disregard any votes cast on this Resolution by Bonarc Pty Ltd and/or its nominees or 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 the direction on the Proxy Form to vote as the proxy decides.

## 9. Resolution 9 – Issue of Connected Noteholder Shares to Related Connected Noteholders

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

*“That, subject to Resolutions 1 to 8 (inclusive) and 10 to 14 (inclusive) being passed, in accordance with item 7 of section 611 and section 208 of the Corporations Act, and in accordance with Listing Rule 10.11 and for all other purposes, approval be given for the issue of up to 16,500,000 Connected Noteholder Shares (on a post-Consolidation basis) to the Related Connected Noteholders in full satisfaction of all amounts owing under the Connected Notes held by Related Connected Noteholders, further details of which are contained in the Explanatory Statement.”*

**Voting Exclusion Statement:** The Company will disregard any votes cast on this Resolution by the Related Connected Noteholders or any other 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 the direction on the Proxy Form to vote as the proxy decides.

**Independent Expert’s Report:** Shareholders should carefully consider the Independent Expert’s Report for the purposes of Shareholder approval required under Listing Rule 10.1 and section 611 (item 7) of the Corporations Act for this Resolution. The Independent Expert’s Report comments on the fairness and reasonableness of the issues under Resolutions 4, 7 and 9 to the non-associated Shareholders. The Independent Expert has determined that those issues are fair and reasonable to the non-associated Shareholders.

## 10. Resolution 10 – Issue of Connected Noteholder Shares to Non-Related Connected Noteholders

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

*“That, subject to Resolutions 1 to 9 (inclusive) and 11 to 14 (inclusive) being passed, in accordance with Listing Rule 7.1 and for all other purposes, approval be given for the issue of up to 33,500,000 Connected Noteholder Shares (on a post-Consolidation basis) to the Related Connected Noteholders as consideration in full satisfaction of all amounts owing under the Connected Notes held by Non-Related Connected Noteholders, further details of which are contained in the Explanatory Statement.”*

**Voting Exclusion Statement:** The Company will disregard any votes cast on this Resolution by the Non-Related Connected Noteholders or 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 the direction on the Proxy Form to vote as the proxy decides.

## 11. Resolution 11 – Issue of Leopard Noteholder Shares to Related Leopard Noteholders

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

*“That, subject to Resolutions 1 to 10 (inclusive) and 12 to 14 (inclusive) being passed, in accordance with Section 208 of the Corporations Act and for all other*

*purposes, approval be and is hereby given to the issue of 4,000,000 Leopard Noteholder Shares (on a post-Consolidation basis) on the conversion of the Leopard Notes held by the Related Leopard Noteholders in whole or in part, in the manner, in the amount and on the terms and conditions set out in the accompanying Explanatory Statement.”*

**Voting Exclusion Statement:** The Company will disregard any votes cast on this Resolution by the Related Leopard Noteholders and any of their Associates, 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 the direction on the Proxy Form to vote as the proxy decides.

## **12. Resolution 12 – Issue of Leopard Noteholder Shares to Non-Related Leopard Noteholders**

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

*“That, subject to Resolutions 1 to 11 (inclusive), 13 and 14 being passed, in accordance with Listing Rule 7.1 and for all other purposes, approval be and is hereby given to the issue of 46,000,000 Leopard Noteholder Shares (on a post-Consolidation basis) on the conversion of the Leopard Notes held by the Non-Related Leopard Noteholders in whole or in part, in the manner, in the amount and on the terms and conditions set out in the accompanying Explanatory Statement.”*

**Voting Exclusion Statement:** The Company will disregard any votes cast on this Resolution by the Non-Related Leopard Noteholders and any of their Associates, 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 the direction on the Proxy Form to vote as the proxy decides.

## **13. Resolution 13 – Election of Mr Yakov Temov as a Director**

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

*“That subject to Resolutions 1 to 12 (inclusive) and 14 being passed and in accordance with rule 6.2 of the Constitution, and for all other purposes, Mr Yakov Temov, having been nominated and provided conditional consent to act as a director of the Company from completion of the Proposed Transaction, be elected as a director of the Company with effect from completion of the Proposed Transaction.”*

## **14. Resolution 14 – Election of Mr Eric de Mori as a Director**

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

*“That subject to Resolutions 1 to 13 (inclusive) being passed and in accordance with rule 6.2 of the Constitution, and for all other purposes, Mr Eric de Mori, having been nominated and provided conditional consent to act as a director of the Company from completion of the Proposed Transaction, be elected as a director of the Company with effect from completion of the Proposed Transaction.”*

## **Explanatory Statement**

The accompanying Explanatory Statement forms part of this Notice of General Meeting and should be read in conjunction with it.

Resolutions 1 to 14 (inclusive) are subject to and conditional on each of those resolutions being passed. Accordingly, the resolutions should be considered collectively as well as individually.

Shareholders are specifically referred to the Glossary in the Explanatory Statement which contains definitions of capitalised terms used in this notice of General Meeting and the Explanatory Statement.

## **Proxies**

Please note that:

- (a) a Shareholder entitled to attend and vote at the General Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company;
- (c) a Shareholder may appoint a body corporate or an individual as its proxy;
- (d) a body corporate appointed as a Shareholder's proxy may appoint an individual as its representative to exercise any of the powers that the body may exercise as the Shareholder's proxy; and
- (e) Shareholders entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed proxy form provides further details on appointing proxies and lodging proxy forms. If a Shareholder appoints a body corporate as its proxy and the body corporate wishes to appoint an individual as its representative, the body corporate should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company or its share registry in advance of the General Meeting or handed in at the General Meeting when registering as a corporate representative.

## **Voting Entitlements**

In accordance with Regulations 7.11.37 and 7.11.38 of the Corporations Regulations 2001, the Board has determined that a person's entitlement to vote at the General Meeting will be the entitlement of that person set out in the register of Shareholders as at 5.00pm (WST) on 19 December 2015. Accordingly, transactions registered after that time will be disregarded in determining Shareholder's entitlement to attend and vote at the General Meeting.

## **By Order of the Board of Directors**



**Jason Ferris**  
Director  
Leopard Resources NL  
17 November 2015

## EXPLANATORY STATEMENT

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This Explanatory Statement has been prepared for the information of Shareholders in relation to the business to be conducted at the Company's General Meeting.

The purpose of this Explanatory Statement is to provide Shareholders with all information known to the Company which is material to a decision on how to vote on the resolutions in the accompanying Notice of General Meeting.

This Explanatory Statement should be read in conjunction with the Notice of Meeting. Capitalised terms in this Explanatory Statement are defined in the Glossary.

This Explanatory Statement includes information and statements that are both historical and forward-looking. To the extent that any statements relate to future matters, Shareholders should consider that they are subject to risks and uncertainties. Those risks and uncertainties include factors and risks specific to the industry as well as matters such as general economic conditions. Actual events and results may differ materially. None of the Company, the Directors, or their advisors can assure Shareholders that forecasts or implied results will be achieved.

### 1. PROPOSED TRANSACTION

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#### 1.1 The Company

The Company was incorporated on 22 September 1983 and listed on the ASX on 16 August 1984, and has the following wholly-owned dormant subsidiaries:

- (a) Denny Dalton (Pty) Ltd (incorporated in the Republic of South Africa); and
- (b) Energy Company of America LLC (incorporated in Delaware).

The Company has also recently incorporated a wholly-owned subsidiary, G8 International Connect, Inc. (incorporated in Delaware) (**G8I**) through which the Company proposes to acquire the Connected Group.

The Company was previously focused on mining and mineral exploration in Australia, however does not currently have an interest in any exploration or mining areas.

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

As announced to the ASX on 16 September 2015 the Company previously held Mission and Cables Project Exploration Licence 37/747 (**EL37/747**), however that tenement has expired and four other parties have subsequently applied for exploration licences over the same ground. The Company has made submissions to the Minister for Mines and Petroleum that, in the public interest, he should use his discretion to refuse the competing exploration licence applications and instead grant a new exploration licence to the Company over the same ground as EL37/747. The Company is awaiting a response from the Minister and will then assess its legal position, however the Proposed Acquisition should not affect the outcome or vice versa.

## 1.2 Proposed Acquisition

On 30 October 2015 the Company announced to ASX that it had entered into a Share Sale Agreement to acquire, through its wholly owned subsidiary G8I, all of the issued capital in Connected and ICU, the 100% owners of a next generation wireless technology business, in consideration for the Company agreeing to issue to the Vendors, in agreed proportions, 200,000,000 fully paid ordinary Consideration Shares (on a post-Consolidation basis) in the capital of the Company, together with 100,000,000 Class A Performance Shares (on a post-Consolidation basis) and 50,000,000 Class B Performance Shares (on a post-Consolidation basis).

As announced to ASX on 30 October 2015, the Company advised that the Company and Connected would undertake a sophisticated placement to raise up to \$1,000,000 by way of a note raising to be completed in two tranches. The first tranche of \$500,000 is to be raised by Leopard by way of a convertible note raising to pay outstanding creditors, re-compliance costs and for general working capital (**Leopard Noteholders**). The second tranche of \$500,000 is to be raised by Connected by way of a convertible note raising for Connected Group's working capital (**Connected Noteholders**).

The Company will convene the General Meeting on 21 December 2015 to seek the approval of its Shareholders to, among other things, the acquisition of the Connected Group and the change in the nature and scale of the Company's business and operations to enable the Company to focus on developing opportunities in the next generation wireless technology sector. Subject to Shareholder approval, the Company will change its nature from a mining and mineral exploration company to a next generation wireless technology company. In accordance with the Corporations Act, the Company may convert from a public no liability company to a public company limited by shares by passing a special resolution resolving to so change its status and if all of the issued shares of a company are fully paid up, that company.

On 17 September 2015, the Company made a call on its remaining 4,000,000 Partly Paid Shares on issue (**Call**). The Call amounts were due and payable by 6 October 2015 (**Call Date**). The Partly Paid Shares were forfeited as no payment was made, and so the Company held a public auction on 11 November 2015 and sold the 4,000,000 Partly Paid Shares, credited as fully paid (**Public Auction**).

As announced to ASX on 30 October 2015, the Company advised that the Company and Connected would undertake a sophisticated placement to raise up to \$1,000,000 by way of a note raising to be completed in two tranches as follows:

- \$500,000 to be raised by Leopard by way of a convertible note raising to pay outstanding creditors, re-compliance costs and for general working capital (**Leopard Notes**); and
- \$500,000 to be raised by Connected by way of a convertible note raising for Connected Group's working capital (**Connected Notes**).

## 1.3 Overview of Connected Group

Connected IO, Inc. (**Connected**) and ICU Wireless Limited (**ICU**) comprise the Connected Group. Connected was incorporated on 12 November 2013 in California, USA. ICU was incorporated on 21 June 2012 in Mauritius.

The Connected Group conducts a next generation wireless technology business based in Silicon Valley, California, the world capital of technology start-ups.

The Connected Group creates innovative wireless hardware technologies to support an increasingly connected world. The Connected Group has developed a number of products for the US wireless “Machine to Machine” (M2M) market, with its flagship product being the Machine Connect modem. M2M is a term used to describe any technology that enables networked devices to exchange information and perform actions without the manual assistance of humans. Some key Machine to Machine applications include vending machines, original equipment manufacturer (OEM) design applications, Point of Sale (POS) systems, embedded systems, smart grid, connected health, remote video, remote access and digital signs.

The Connected Group has fully developed the Machine Connect modem and is now marketing it for intelligent connectivity between machines. As at the date of this Prospectus, the Connected Group sells its Machine Connect modem through its website [www.connectedio.com](http://www.connectedio.com). See below for further information.

The Connected Group is developing three other key products, known as the Emu Router, the Body Camera and the International Machine Connect, and intends to commercialise these products. See below for further information.

(a) **Machine Connect**

Launched at the Consumer Electronics Show (CES) in Las Vegas in January 2015, Machine Connect allows disparate assets to interoperate with each other via a cellular network. Machine Connect is a ruggedized, single-mode Long-Term Evolution (LTE) and 3G/4G fall back modem. Machine Connect uses a cloud management platform to provide a way to connect enterprise machine assets such as vending machines, ATM's, lights, household appliances, digital signage, security systems, energy management systems and drones to the LTE networks. Machine Connect is a scalable end-to-end solution that enables customers to roll out M2M solutions in a timely, streamlined and cost-effective manner.

Machine Connect was developed by the Connected Group M2M technology, in partnership with Verizon Wireless. Verizon Wireless has granted a non-exclusive licence to the Connected Group to exploit the Machine Connect hardware, software and mechanical design.

Machine Connect provides simple and flexible solutions for integrating 4G LTE into M2M applications, with USB interfaces natively supported by most Linux and Android systems, making integration with host devices fast and easy. Machine Connect devices are available in LTE only and 2G/3G/4G LTE models. The device's metal casing provides an efficient means of dissipating heat in environments where USB dongles are ineffective.

The vending industry offers an opportunity for Machine Connect. Trends affecting the vending industry will spur demand for Machine Connect. Many vending assets are in public areas, which limits access to a fixed line connection as well as sharing of connections with a cellular gateway or router.

Typically, a vending business will purchase cellular network access from a telecommunications network provider and the Machine Connect modem from the Connected Group. The Machine Connect modem contains a SIM card enabling it to access the provider's cellular network. The Machine Connect modem is then installed within the vending asset. The business then uses its own software in order to detect faults and manage the vending asset remotely.

## Key Advantages of Machine Connect

- (i) **Verizon certification:** The Machine Connect modem is already certified for use on Verizon's cellular network throughout the United States.
- (ii) **Non-reliance on Wi-Fi Networks:** Unlike other wireless modems, the Machine Connect modem utilizes 3G and 4G cellular networks with fall back protection, therefore reducing the risk in the event of failure of Wi-Fi networks or lack of a 4G network.
- (iii) **Scalability:** Being a fully commercialised and proven product, production of the Machine Connect modem can be increased with minimal incremental cost.
- (iv) **Price advantage:** Machine Connect has a price advantage over competitors including cellular gateways and routers.
- (v) **Greater flexibility and antenna support:** Connected assets can be located outdoors or at the perimeter of buildings and connected via a cellular connection through the use of Machine Connect rather than having to be within an existing Wi-Fi footprint. Machine Connect also has connectors for optional external antennas.
- (vi) **Improved Security:** The risk of theft of credit card data via the hacking of retailer's in-house systems can be avoided by transferring connected assets off the retailer's corporate broadband network onto the cellular network through the use of Machine Connect.
- (vii) **Strong Compatibility:** Machine Connect connects to Linux Operating System and Android Operating System, and interfaces with Ethernet, Wi-Fi and USB.

### (b) **Emu Router**

The Emu Router is an open source industrial M2M router. The Emu Router is a ruggedized metal enclosure suitable for outdoor deployment providing dual ethernet and 3G/4G WAN ports with full redundancy.

The Emu Router provides seamless roaming between 3G/4G, Wi-Fi and wired internet as well as IPV4 and IPV6 networking, static and dynamic WAN IP address support and Verizon private network support.

The Emu Router has 2x2 Wi-Fi Access points with support for up to 50 clients. It also possesses Wi-Fi hot-spot capabilities and full routing or pass-through bridge mode and cloud management and monitoring system.

Emu Router is still being developed.

### (c) **Body Camera**

Connected's live streaming Body Camera has been designed for law enforcement with 4G connectivity and 3G fall back functions.

The Body Camera provides live streaming via compressed video allowing for real time surveillance within an affordable data plan. Digital recording back-up ensures data capture even when cellular coverage is unavailable via secure Wi-Fi back up for affordable, automatic upload whenever secure Wi-Fi is available.

Secure remote access and an easy to use management dashboard application allows command control from any computer or smart device.

The Body Camera records with a purpose designed wide angle lens and provides low light camera options. The camera is durable, slim, light and easy to operate.

Commercial prototypes of the body camera are currently available. The Connected Group is working with potential customers on various potential business models.

(d) **International Machine Connect**

International Machine Connect is a purpose device which provides the small and lightweight 4G connectivity solution for machines available in the market.

International Machine Connect allows for the same form factor where hardware and software interfaces operate for all countries.

International Machine Connect is housed in a thermally conductive plastic enclosure for industrial applications. The lightweight conductive plastic enclosure is ideal for weight sensitive applications such as drones and various robotic devices.

International Machine Connect is still being developed.

#### 1.4 **Business Model**

Following completion of the Capital Raising, the Company will focus on growing the Connected Group's business via:

- (a) **Direct Sales:** The Connected Group sells its Machine Connect modem directly to consumers and businesses via its website, [www.connectedio.com](http://www.connectedio.com). The Connected Group intends to continue to drive growth in sales by expanding its business development team.
- (b) **Strategic Relationships:** The Connected Group forms key relationships with strategic partners, with a focus on high volume opportunities. In addition to growing its business through sales and marketing, the Company will consider opportunities for growth by entering into distribution agreements with established market makers that will increase awareness of the Products. Examples of companies with whom the Connected Group has commercial relationships include:
  - (i) Verizon Wireless (which funded the Machine Connect Product, and whose sales personnel refer customers directly to Connected); and
  - (ii) The Coca-Cola Company (which has approved Machine Connect as a connectivity solution supplier for Coca Cola Freestyle 7000 series dispensers in the United States).
- (c) **Product Development:** The Connected Group is designing products for particular applications (for example, the Body Camera) and will continue to develop Products to meet specific client needs.

## 1.5 Financial History

Connected was incorporated in 2013 and ICU was incorporated in 2012. Having only manufactured and delivered limited product to customers in the US market since 2015, the Group is essentially a start-up business with limited trading history.

Capital raised to date has been used to complete research and development, commercialisation and manufacturing of products.

Given the Group's limited trading history, and given that its business is largely unproven, it is difficult to make an evaluation of the Group's business or its prospects. Accordingly no assurance can be given that the Company will achieve commercial viability through the acquisition of the Connected and ICU and the implementation of the business plan.

## 1.6 Share Sale Agreement

- (a) The Share Sale Agreement is subject to and conditional upon the following conditions precedent:
- (i) Prior to the Completion Date the Company does not receive a proposal in respect of the Purchaser which an independent expert determines to be superior to the Transaction for the Company's Shareholders.
  - (ii) The Company obtaining and complying with the relevant approvals required to validly implement the Transactions (including any Consolidation and Reconciliation, if required).
  - (iii) The Company completing the Consolidation and Reconciliation (if required).
  - (iv) The Vendors and the Group obtaining all required shareholder approvals as may be required to legally and validly implement the Transactions.
  - (v) The Vendors facilitating, and the Company completing the Capital Raising subject to any conditions ASX may impose on the Capital Raising, including that Completion occurs under the Share Sale Agreement and that the shares to be issued and allotted pursuant to the Capital Raising are issued in accordance with the Corporations Act.
- (b) Subject to the satisfaction (or waiver) of the Conditions, the total consideration for the purchase of all the shares in Connected and ICU comprises of:
- (i) the issue and allotment of 200,000,000 fully paid ordinary Consideration Shares (on a post-Consolidation basis) to the Vendors (and/or their nominee(s)) according to the Vendor Proportions;
  - (ii) the issue and allotment of 100,000,000 fully paid Class A Performance Shares (on a post-Consolidation basis) to the Vendors (and/or their nominee(s)) according to the Vendor Proportions, which will convert into 100,000,000 fully paid ordinary Shares (on a post-Consolidation basis) if the Milestone A is achieved; and
  - (iii) the issue and allotment of 50,000,000 fully paid Class B Performance Shares (on a post-Consolidation basis) to the Vendors (and/or their nominee(s)) according to the Vendor Proportions, which will convert into 50,000,000 fully paid ordinary Shares (on a post-Consolidation basis) if the Milestone B is achieved.

- (c) Milestone A will be achieved upon the Company and its subsidiaries achieving aggregated gross revenue of \$15,000,000 in any of the financial years ending on 31 December 2016, 2017 or 2018, following recompliance with Chapters 1 and 2 of the Listing Rules.
- (d) Milestone B will be achieved upon the Company and its subsidiaries achieving aggregated gross revenue of \$25,000,000 in any of the financial years ending on 31 December 2016, 2017 or 2018, following recompliance with Chapters 1 and 2 of the Listing Rules.

### **1.7 Advantages of the Proposed Transaction**

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

- (a) The Company will be changing the nature of its activities to include next generation wireless technology company.
- (b) The change in nature of the Company's activities could attract new investors and may allow the Company to more readily raise additional working capital (if required) and as such the Company may increase its ability to acquire further projects.
- (c) The Company, through its wholly owned subsidiary G8I, will acquire one hundred percent (100%) of the Group by the issue of shares.

### **1.8 Disadvantages of Proposed Transaction**

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

- (a) The Company will be changing the nature of its activities to a next generation wireless technology company.
- (b) The proposed acquisition will result in the issue of shares to the Vendors, which will have a dilutionary effect on the current holdings of Shareholders.
- (c) There are risk factors associated with the change in nature of the Company's activities and associated acquisition of the Group. Some of these risks are set out in section 1.17 below.

### **1.9 Effect of the Proposed Transaction on the Company**

By acquiring 100% of the issued capital of Connected and ICU through its wholly owned subsidiary G8I, the Company will be pursuing the development and commercialization of Connected's and ICU's next generation wireless technology.

<b>Pro Forma Capital Structure</b>		
<b>Shares<sup>1</sup></b>	<b>Maximum Capital Raising \$3,000,000</b>	<b>Maximum Capital Raising \$4,500,000</b>
Shares on issue pre-Consolidation	2,395,053,092 <sup>2</sup>	2,395,053,092 <sup>2</sup>
Shares on issue post-Consolidation	39,917,551 <sup>3</sup>	39,917,551 <sup>3</sup>
Shares to be issued to Vendors	200,000,000 <sup>4</sup>	200,000,000 <sup>4</sup>
Maximum number of Shares to be issued under Capital Raising	150,000,000	225,000,000
Facilitation shares to be issued to Trident Capital	15,000,000	15,000,000
Facilitation shares to be issued to Bonarc	5,000,000	5,000,000
KGV Loan Consideration Shares to be issued to KGV	90,000,000	90,000,000
Bonarc Loan Shares to be issued to Bonarc	15,000,000	15,000,000
Shares to be issued to Connected Noteholders	50,000,000	50,000,000
Shares to be issued to Leopard Noteholders	50,000,000	50,000,000
<b>Total Shares on issue following completion and recompliance, assuming conversion of all the Connected Notes and Leopard Notes</b>	<b>614,917,551</b>	<b>689,917,551</b>
<b>Total Shares on issue following completion and recompliance, assuming conversion of all the Connected Notes, Leopard Notes and Class A Performance Shares</b>	<b>714,917,551</b>	<b>789,917,551</b>
<b>Total Shares on issue following completion and recompliance, assuming conversion of all the Connected Notes, Leopard Notes, Class A Performance Shares and Class B Performance Shares<sup>4</sup></b>	<b>764,917,551</b>	<b>839,917,551</b>

**Notes:**

- 1 *Unless expressly stated otherwise, all of the above securities are to be issued on a post-Consolidation basis.*
- 2 *The pre-Consolidation Shares include the 4,000,000 Partly Paid Shares which are credited as fully paid and sold at the Public Auction.*
- 3 *The post-Consolidation figures are approximate as any fractions of a Share will be rounded down to the nearest whole Share.*
- 4 *In addition to the Consideration Shares being issued to Vendors, the Vendors are also being issued 100,000,000 Class A Performance Shares, which will convert into 100,000,000 Shares upon the Company and its subsidiaries achieving aggregated gross revenue of \$15,000,000 in any of the financial years ending on 31 December 2016, 2017*

or 2018, following recompliance with Chapters 1 and 2 of the Listing Rules (**Milestone A**), and 50,000,000 Class B Performance Shares, which will convert into 50,000,000 Shares upon the Company and its subsidiaries achieving aggregated gross revenue of \$25,000,000 in any of the financial years ending on 31 December 2016, 2017 or 2018, following recompliance with Chapters 1 and 2 of the Listing Rules (**Milestone B**). See Annexures B and C for the full terms of the Class A Performance Shares and the Class B Performance Shares.

### 1.10 Independent Expert's Report

For the purposes of item 7 of section 611 of the Corporations Act and Listing Rule 10.1 and to assist Shareholders in considering the Resolutions in this Notice of Meeting, the Company has commissioned an Independent Expert's Report on the fairness and reasonableness of the Proposed Transaction. The report concludes the Proposed Transaction is FAIR AND REASONABLE to the non-Associated Shareholders.

You should consider the Independent Expert's Report in detail (see Annexure 2).

### 1.11 Indicative timetable

Set out in the table below is the expected timing for completion of the Proposed Transaction and the matters contemplated by the Resolutions, subject to compliance with all regulatory requirements. These dates are indicative only and are subject to change. The Directors reserve the right to amend the timetable without notice.

Action	Date
Lodgement of Prospectus with ASIC	20 November 2015
Suspension of the Company's securities from trading on ASX at the opening of trading	21 December 2015
General Meeting	21 December 2015
Prospectus offer opens	28 November 2015
Prospectus offer closes	23 December 2015
Issue of all Shares	15 January 2016
Completion of the Proposed Transaction	15 January 2016
Satisfaction of ASX conditions for reinstatement	22 January 2016
Commencement of trading of Shares on ASX	29 January 2016

### 1.12 Relevant Interests and Voting Power

This section 1.12 sets out the effect of the issue of Shares pursuant to Resolutions 4, 7, and 9 on Relevant Interests and Voting Power in relation to the Company.

(a) **Identity of persons who will receive Consideration Shares, Performance Shares and Facilitation Shares pursuant to Resolutions 4, 7 and 9 and their Associates**

If Resolutions 4 (Issue of Consideration Shares, Class A Performance Shares and Class B Performance Shares to the Vendors), 7 (Issue of KGV Loan Consideration Shares to KGV) and 9 (Issue of Shares to Related Connected Noteholders on conversion of the Connected Notes) are passed, the Vendors will receive the numbers of Shares (and acquire a Relevant Interest in the number of Shares) set out in Annexure A of this Explanatory Statement.

The Vendors do not consider that they will be Associates of one another after Shares are issued pursuant to the Resolutions. However, when Shares are issued under the Resolutions pursuant to the Proposed Transaction, the Vendors and other parties listed in Annexure A may be considered Associates of one another. Accordingly the Company is seeking the approval of Shareholders under item 7 of section 611 of the Corporations Act for the purposes of section 606 of the Corporations Act because, at the time of issue of the Shares under the Resolutions, the Vendors and their Associates may be considered to be Associates of one another having a Voting Power in the Company of up to:

- 60.68%, assuming that \$3,000,000 is raised under the Capital Raising; and
- 55.26%, assuming that \$4,500,000 million is raised under the Capital Raising.

The following additional information is provided in relation to the Vendors:

(i) Yakov Temov

Mr Yakov Temov is a director and shareholder of Connected and a Proposed Director of the Company.

(ii) Wen Sung

Ms Wen Sung is the wife of Sid Sung, a director of Connected.

(iii) KGV

KGV is controlled by Robert Nelson, the father-in-law of Jason Ferris, a Director of the Company. KGV is therefore a Related Party of the Company. KGV has directed that its Consideration Shares and Performance Shares to be issued to KGV as a Vendor be issued to Cocoon Capital Investment Limited as KGV's nominee.

Cocoon is also controlled by Robert Nelson, the father-in-law of Jason Ferris, and is therefore a Related Party of the Company.

Willis Nominees Limited (the trustee for Nelson family trust) and Maraval Investments LLC (a company controlled by Tim Nelson, Robert Nelson's son) do not consider that they are Associates of each other, nor of Cocoon or KGV. However, for the purposes of obtaining shareholder approval for the Proposed Transaction under item 7 of section 611 of the Corporations Act, these entities (together with the other Vendors) are being treated as Associates of KGV.

(b) **Impact of the Proposed Transaction on the Voting Power in the Company's Shares**

(i) The Company's capital structure

As at the date of this Explanatory Statement, the Company has 2,391,053,092 Existing Shares on issue, prior to the Consolidation. After the Partly Paid Shares have been credited as fully paid and sold following the Auction, the Company will have 2,395,053,092 Existing Shares on issue, prior to the Consolidation.

Once the issue of securities as proposed in the Resolutions 4 to 12 (inclusive) have been completed, the capital structure of the Company will consist of between 614,917,551 Shares on a post-Consolidation basis (assuming \$3,000,000 is raised under the Capital Raising, the Connected Notes and Leopard Notes convert into Shares, and the Class A Performance Shares and Class B Performance Shares do not convert into Shares) and 689,917,551 Shares on a post-Consolidation basis (assuming \$4,500,000 is raised under the Capital Raising, the Connected Notes and Leopard Notes convert into Shares, and the Class A Performance Shares and Class B Performance Shares do not convert into Shares). If the Class A Performance Shares and the Class B Performance Shares then convert into Shares, the capital structure of the Company will consist of between 764,917,551 Shares on a post-Consolidation basis (assuming \$3,000,000 is raised under the Capital Raising and 839,917,551 Shares on a post-Consolidation basis (assuming \$4,500,000 is raised under the Capital Raising).

(ii) Current Voting Power of the Vendors

As at the date of the Notice of Meeting, the following Vendors have a Relevant Interest in Existing Shares (on a pre-Consolidation basis):

<b>Vendor</b>	<b>Existing Shares</b>	<b>Existing Voting Power</b>
Yakov Temov	Nil	0%
Wen Sung	Nil	0%
KGV <sup>1</sup>	457,957,991	19.15% <sup>2</sup>

**Notes:**

1. This represents the total Existing Shares held by Willis Nominees Limited, the trustee for the Nelson family trust, and Maraval Investments LLC, which is beneficially owned and controlled by Tim Nelson. Willis Nominees Limited (which holds 318,345,206 Existing Shares) and Maraval Investments LLC (which holds 139,612,790 Existing Shares) do not consider that they are associates of each other, nor of KGV (which holds no Existing Shares) or Cocoon (which holds no Existing Shares). However, for the purposes of obtaining shareholder approval of the Proposed Transaction under item 7 of section 611 of the Corporations Act, these entities (together with the other Vendors) are being treated as Associates.
2. This will reduce to approximately 19.12% upon the 4,000,000 Partly Paid Shares being credited as fully paid upon being sold at the Public Auction (assuming that those shares are not purchased by a Vendor or their associates).

Except as disclosed above, none of the Vendors have any Relevant Interest in any Existing Shares. Accordingly, the Vendors' combined Voting Power as at the date of the Notice of Meeting is 19.15%, reducing to 19.12% upon the 4,000,000 Partly Paid Shares being credited as fully paid upon being sold at the Public Auction on 11 November 2015 (assuming that those shares are not purchased by a Vendor or their associates).

(iii) Relevant Interests and maximum Voting Power of the Vendors after the issue of Shares pursuant to Resolutions 4 to 12 (inclusive)

The Vendors and other parties listed as KGV's Associates in Annexure A do not consider that they will be Associates of one another after Shares are issued pursuant to the Resolutions. However, when Shares

are issued under the Resolutions pursuant to the Proposed Transaction, the Vendors and other parties listed in Annexure A may be considered Associates of one another. Accordingly the Company is seeking the approval of Shareholders under item 7 of section 611 of the Corporations Act for the purposes of section 606 of the Corporations Act because, at the time of issue of the Shares under the Resolutions, the Vendors and other parties listed in Annexure A may be considered to be Associates of one another.

Based on the Company raising \$3,000,000 under the Capital Raising, the Vendors and the parties listed in Annexure A would together hold a maximum Voting Power equal to 60.68% upon the issue of all the Shares pursuant to the Resolutions and assuming the conversion of all the Connected Notes, the Leopard Notes and Performance Shares into Shares.

Based on the Company raising \$4,500,000 under the Capital Raising, the Vendors and the parties listed in Annexure A would together hold a maximum Voting Power equal to 55.26% upon the issue of all the Shares pursuant to the Resolutions and assuming the conversion of all the Connected Notes, the Leopard Notes and the Performance Shares into Shares.

These numbers and percentages assume that the Company does not issue any other Shares other than pursuant to the Resolutions, and that none of the Vendors nor their Associates acquire any Shares under the Capital Raising.

### **1.13 Intentions as to the future of the Company**

The Company understands that the present intentions of the Vendors regarding the future of the Company, if the Resolutions are approved by Shareholders, are that they:

- (a) have no current intention of making any changes to the business of the Company following the acquisition of Connected and ICU except as outlined in this Explanatory Statement or agreed to in the Company's plans for the business following the acquisition of Connected and ICU as set out in the Prospectus;
- (b) do not propose to inject further capital into the Company;
- (c) intend to change the Company Secretary and providers of administration services to the Company to Trident Capital (including the proposed changes to the Board, as described in section 1.15);
- (d) do not propose that any assets be transferred from the Company to Connected, ICU, the Vendors or their Associates; and
- (e) have no intention to otherwise re-deploy the fixed assets of the Company.

### **1.14 Financial and dividend policies of the Company**

There is no immediate intention of the Existing Directors or the Vendors to change the financial or dividend policies of the Company.

**1.15 The identity, associations with the Vendors and qualifications of any person who is intended to or will become a Director**

It is proposed that Yakov Temov and Eric de Mori will join the Board effective only on and from the date on which the Proposed Transaction is completed. Contemporaneously with the appointment of the Proposed Directors, Graham Chapman and Craig Willis will resign as Directors. Please refer to section 2.15 for further information in relation to Yakov Temov and section 2.16 for further information in relation to Eric de Mori.

**1.16 Expenditure plans and use of funds**

The Company intends to use the funds raised from the Shares issued pursuant to the Prospectus, as contemplated by Resolution 5, as follows:

<b>Proposed Application of funds raised</b>				
	<b>Minimum Subscription (\$3,000,000)</b>		<b>Maximum Subscription (\$4,500,000)</b>	
	<b>Amount (\$)</b>	<b>%</b>	<b>Amount (\$)</b>	<b>%</b>
Expenses of the Capital Raising (including capital raising fees)	\$329,500	11%	\$420,500	9.4%
Product development <sup>1</sup>	\$800,000	26.5%	\$1,500,000	33.3%
Sales and marketing <sup>2</sup>	\$750,000	25%	\$1,310,000	29.1%
Working capital <sup>3</sup>	\$1,120,500	37.5%	\$1,269,500	28.2%
<b>Total</b>	<b>\$3,000,000</b>	<b>100%</b>	<b>\$4,500,000</b>	<b>100%</b>

**Notes:**

- 1 *Product development includes expenses associated with designing specific products to meet client requirements.*
- 2 *Sales and marketing includes expenses associated with the appointment and implementation of Connected Group's marketing team as well as expenses associated with expanding Connected Group's business development division.*
- 3 *Working capital may include wages, payments to contractors, rent and outgoings, insurance, accounting, audit, legal and listing fees, other items of a general administrative nature and cash reserves which may be used in connection with any project, as determined by the Board at the relevant time.*
- 4 *If the proceeds raised are between the Minimum Subscription and the Maximum Subscription, funds will be allocated between the above uses on a pro-rata basis.*

**1.17 Risks – Change in Nature of Activities**

Shareholders should be aware that if the Resolutions are approved, the Company will be changing the nature and scale of its activities which will be subject to various risk factors. These risks are both specific to the development and commercialisation of next generation wireless technology and associated products, and also relate to the general business and economic environment in which the Company will operate.

An investment in the Company is not risk free and prospective new investors along with Existing Shareholders should consider the risk factors described below, together with information contained elsewhere in this Notice of Meeting. The following is not intended

to be an exhaustive list of the risk factors to which the Company will be exposed to on the acquisition of Connected and ICU.

Based on the information available, the principal risks facing the Company upon completion of the Proposed Transaction will be as follows:

(a) **Competition and new technologies**

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

(b) **Special Reputational Risks**

Connected and ICU operates in a fast-changing environment, and negative publicity can spread quickly, whether true or false. Negative comments by disgruntled customers about Connected or ICU may have a disproportionate effect on Connected's or ICU's reputation and their ability to earn revenues and profits. Additionally, complaints by such customers can lead to additional regulatory scrutiny and a consequential increase compliance burden in responding to regulatory inquiries. This could negatively impact on Connected's and ICU's profitability.

(c) **Limited Trading History**

Connected and ICU have limited trading history and there is therefore uncertainty in relation to the business of Connected and ICU, and investors should consider Connected's and ICU's prospects in light of their limited financial history. In addition, there is no guarantee that Connected and ICU will be able to successfully develop or commercialise their products and if they are unable to do so it they will not be able to realise significant revenues in the future.

(d) **Reliance on Key Personnel**

The recent development of the business of Connected and ICU has been in large part due to the talent, effort, experience and leadership of Yakov Temov and Jason Ferris. Yakov Temov will continue as an executive director and CEO, and Jason Ferris will continue as executive Chairman. Connected and ICU is currently recruiting appropriately qualified senior management to oversee the development, marketing and growth of the Group.

There is no assurance that such personnel will be secured and the contracts on which they will be secured will not be terminated or will be renewed on the expiry of their term. In addition, there is no assurance that Jason Ferris and Yakov Temov, or intended senior management would remain healthy and able to continue in their current roles. If such contracts were terminated or breached, or if the relevant Director and employees were no longer to continue in their current roles, Connected and ICU would need to employ alternative staff, and Connected's and ICU's operations and business would be adversely affected.

(e) **Outsourcing**

The Company, Connected and ICU outsource to consultants for expert advice and contract organisations for manufacturing services and research and development services. There is no guarantee that such experts or organisations will be available as required or will meet expectations.

(f) **Customer Service Risk**

Customers may need to engage with Connected's and ICU's customer service personnel in certain circumstances, such as if they have a question about the services or if there is a dispute between a customer and Connected or ICU. Connected and ICU need to recruit and retain staff with interpersonal skills sufficient to respond appropriately to customer services requests. Poor customer service experiences may result in the loss of customers. If Connected or ICU loses key customer service personnel, fails to provide adequate training and resources for customer service personnel, this could lead to adverse publicity, litigation, regulatory inquiries and/or a decrease in customers, all of which may negatively impact on Connected's and ICU's revenue.

(g) **Risks Associated with the Regulatory Environment**

Connected is based in United States and is subject to United States laws and regulations. ICU is based in Mauritius and is subject to Mauritian laws and regulations. If Connected and ICU expand into other markets, for example Germany, then Connected and ICU will be subject to German laws and regulations. Users, competitors, members of the general public or regulators could allege breaches of the legislation. This could result in remedial action or litigation, which could potentially lead to Connected or ICU being required to pay compensation or a fine. Connected's or ICU's operations may become subject to regulatory requirements, such as licensing and reporting obligations, which would increase the costs and resources associated with its regulatory compliance. Any such increase in the costs and resources associated with regulatory compliance could impact upon Connected's and ICU's profitability. In addition, if regulators took the view that Connected or ICU had failed to comply with regulatory requirements, this could lead to enforcement action resulting in public warnings, infringement notices or the imposition of a pecuniary penalty. This could lead to significant reputational damage to Connected and ICU and consequent impact upon their revenue.

(h) **Liquidity and Dilution Risk**

There are currently 2,395,053,092 Shares on issue (including the 4,000,000 Partly Paid Shares which are credited as fully paid and sold at the Public Auction), representing approximately 39,917,551 Shares on a post-Consolidation basis. Following the Consolidation, re quotation of the Company's Shares and the issue of all the Shares contemplated by the Resolutions, there will be between approximately 614,917,551 Shares (if \$3,000,000 is raised from the public) and 689,917,551 Shares on issue (if \$4,500,000 is raised from the public), assuming that the Performance Shares do not convert into Shares and no further Shares are issued. Between 24.39% and 32.61% of those Shares will be offered to the public pursuant to the Prospectus. A significant portion of the Shares on issue may also be subject to escrow restrictions imposed by the Listing Rules. Some investors may consider that there is an increased liquidity risk as a large portion of the issued capital may not be able to be traded freely for up to 24 months.

If the Class A Performance Shares convert into Shares upon Milestone A being achieved, then the total number of post-Consolidation Shares on issue will be between approximately 714,917,551 Shares (if \$3,000,000 is raised from the public), and 789,917,551 Shares (if \$4,500,000 is raised from the public). This assumes that no further Shares are issued.

If the Class B Performance Shares also convert into Shares upon Milestone B being achieved, then the total number of post-Consolidation Shares on issue will be between approximately 764,917,551 Shares (if \$3,000,000 is raised from the public), and 839,917,551 Shares (if \$4,500,000 is raised from the public). This assumes that no further Shares are issued.

The following table summarises the percentages by which the shareholdings of the Existing Shareholders will be diluted in each of these scenarios:

<b>Dilution of Existing Shareholders' shareholdings by issue of Shares pursuant to the Proposed Transaction</b>		
	<b>Minimum subscription (\$3,000,000)</b>	<b>Full subscription (\$4,500,000)</b>
All Shares are issued, no Performance Shares convert into Shares	93.51%	94.21%
All Shares are issued and Class A Performance Shares convert into Shares	94.42%	94.95%
All Shares are issued and both Class A Performance Shares and Class B Performance Shares convert into Shares	94.78%	95.25%

(i) **Future Capital Needs**

Further funding may be required by Connected and ICU to support ongoing activities and operations. There can be no assurance that such funding will be available on satisfactory terms or at all. Any inability to obtain funding will adversely affect the business and financial condition of Connected and ICU and consequently their performance.

(j) **Liability Claims**

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

(k) **Foreign Exchange Risks**

As Connected has costs and expenses in the United States of America they will likely be denominated in US\$. Accordingly, the depreciation and/or the appreciation of the US\$ relative to the Australian currency would result in a translation loss on consolidation which is taken directly to shareholder equity. Any depreciation of the US\$ relative to the Australian currency may result in lower than anticipated revenue, profit and earning. Connected could be affected on an ongoing basis by foreign exchange risks between the Australian dollar and the US\$, and will have to monitor this risk on an ongoing basis.

If ICU has costs and expenses in Mauritius they will likely be denominated in Mauritian Rupee (MUR). Accordingly, the depreciation and/or the appreciation of the MUR relative to the Australian currency would result in a translation loss on consolidation which is taken directly to shareholder equity. Any depreciation of the MUR relative to the Australian currency may result in lower than anticipated revenue, profit and earning. ICU could be affected on an ongoing basis by foreign exchange risks between the Australian dollar and the MUR, and will have to monitor this risk on an ongoing basis.

(l) **Low Barriers to Entry**

There are relatively low barriers to entry in the field of next generation wireless technology and the market is experiencing the emergence of providers of these services. Potential risks relate to other providers of these services operating on a lower cost basis placing pressure on Connected's and ICU's prices.

(m) **Insurance Coverage**

Connected and ICU face various risks in connection with its business and may lack adequate insurance coverage or may not have the relevant insurance coverage. Connected and ICU maintain insurance coverage for their employees (as required by law the relevant jurisdictions) as well as insurance coverage for management liability, corporate liability, employment practices liability, crime protection and statutory liability. However, Connected and ICU do not maintain insurance against various other liabilities. If Connected or ICU incur substantial losses or liabilities and its insurance coverage is unavailable or inadequate to cover such losses or liabilities, their financials may be adversely affected.

(n) **Commercialisation Risk**

There is a risk that Connected and ICU will not be able to further successfully commercialize or sell their products, or be unable to attract further customers to be sufficiently profitable to fund future operations.

(o) **Intellectual property protection**

Connected and ICU do not own any licenced intellectual property. The intellectual property in the Machine Connect is owned by Verizon Wireless, however Verizon Wireless has granted a non-exclusive licence to the Connected Group to exploit the Machine Connect hardware, software and mechanical design. The possible future commercial success of the Products may depend on the ability to obtain and maintain patent protection and there is no guarantee that the claims and applications would be successful. The defence and prosecution of intellectual property rights are costly and time consuming and their outcome is uncertain.

(p) **Partnerships**

The commercial strategy for products which may be derived from IoT markets potentially includes forming partnerships with other companies that have the ability to effectively commercialise next generation wireless technology products in key economic markets and there is no assurance that suitable partnerships will be secured or maintained, or that products can be commercialised. For example, the Machine Connect product was developed by the Connected Group M2M technology, in partnership with Verizon Wireless. Verizon Wireless retained the intellectual property in the Machine Connect product, however granted a non-exclusive licence to the Connected Group to exploit the Machine Connect hardware, software and mechanical design. That licence expires in 2018, and can also be terminated by Verizon prior to then. Connected Group must therefore maintain its relationship with Verizon Wireless to ensure that the licence continues in force and that Verizon continues to refer customers to Connected Group.

(q) **Competition**

The IoT industry is highly competitive and other corporations may commercialise products that may compete with the Products.

## **2. GENERAL MEETING**

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### **2.1 Action to be taken by Shareholders**

In order to proceed with the acquisition of Connected and ICU, the Company must convene a general meeting of its Shareholders for the purpose of passing the Resolutions in compliance with the requirements of the Corporations Act and the Listing Rules.

This Notice convening the General Meeting is included in the front of this booklet. Shareholders are encouraged to attend and vote in favour of each of the Resolutions to be put to the General Meeting.

If a Shareholder is unable to attend and vote at the General Meeting, the Shareholder is encouraged to complete the Proxy Form at the back of this booklet and return it to the Company by no later than 10.00am (WST) on 19 December 2015.

### **2.2 Resolutions**

There are 14 Resolutions to be put to the General Meeting, with Resolutions 2 to 14 inclusive being ordinary resolutions and Resolution 1 being a special resolution. Each Resolution relates to the acquisition of Connected and ICU and is conditional on the passing of each of the other Resolutions so that the Resolutions will not have any effect unless all the Resolutions are passed. Accordingly, Shareholders should consider the Resolutions collectively, as well as individually.

Certain voting restrictions are imposed in relation to the Resolutions as detailed in the Notice under the “voting exclusion statement” section. This section 2 sets out a brief explanation of each Resolution.

### **2.3 Resolution 1 – Conversion to a public company limited by shares, change of name, repeal of existing constitution and adoption of a new constitution**

Subject to the passing of Resolutions 2 to 14 (inclusive), Resolution 1 is a special resolution that proposes to convert the Company from a public no liability company to a public company limited by shares, change the Company’s name from “Leopard Resources NL” to “G8 Communications Ltd”, repeal the Company’s existing Constitution and adopt a new Constitution.

#### **Conversion to a public company limited by shares**

Section 162 of the Corporations Act provides that, where all of the issued shares of a company are fully paid up, that company may change from a public no liability company to a public company limited by shares by passing a special resolution resolving to so change its status.

As a result of the Proposed Transaction the Company will change its nature from a mineral exploration company to a next generation wireless technology company. As a result, the Company is required to convert its shares from a public no liability company to public company limited by shares as the Company’s sole objects will no longer be mining purposes. Conversion to a public company limited by shares will simplify the Company’s capital structure. Public companies limited by shares are the most common type of company listed on ASX. Also, Directors believe that, in changing to a public company limited by shares, the Company’s ability to raise capital and pursue its business development objectives will be enhanced as a result of having a capital structure that is more readily understood by potential investors and their advisers.

Formerly the main advantage for a no liability company was the ability to issue shares at below par value. The concept of par value no longer exists and this advantage is no longer material.

On 17 September 2015, the Company made a call on its remaining 4,000,000 Partly Paid Shares on issue. On 21 October 2015, the Partly Paid Shares were deemed forfeited. On 11 November 2015, the Company held the Public Auction of the forfeited Partly Paid Shares, which were sold credited as fully paid.

### **Differences between a no liability company and a company limited by shares**

The principal difference between a no liability company and a company limited by shares is that a shareholder of a no liability company has no obligation to pay calls on their shares, although their shares are liable to be forfeited if they do not do so.

In contrast, a shareholder of a company limited by shares has a contractual obligation to pay any amount unpaid on their shares in the event of a call of the unpaid amount, and may be sued if they fail to pay such a call.

Current shareholders, all of whom hold fully paid shares, have no obligation to contribute further funds to the Company. If the Company did offer partly paid shares for subscription the maximum liability of the holders of such shares would be the amount unpaid on the shares.

The change from a no liability company to a company limited by shares will not affect the Company's existing property, rights or obligations.

### **Procedure for changing company type**

The procedure for conversion of the Company to a company limited by shares is set out in sections 162, 163 and 164 of the Corporations Act. The proposed conversion must be approved by shareholders by special resolution. A copy of the special resolution must be lodged with ASIC within 14 days after its passage. Notice of ASIC's intention to alter the details of the Company's registration must be included in ASIC's database and published in the ASIC Gazette. Subject to an order of the Court or the Administrative Appeals Tribunal, ASIC must alter the details of the Company's registration to reflect the change in the Company's status to a public company limited by shares, one month after the gazette notice has been published.

The change will not take effect until four weeks after notice of the change has been published in the ASIC Gazette.

### **Change of name**

The change of the Company's status from a no liability company to a company limited by shares contemplated by Resolution 1, requires that the Company change its name to remove "NL" and to include "Limited". The Company also wishes to change its name from "Leopard Resources Limited" to "G8 Communications Limited" to reflect the Company's change in direction.

Pursuant to section 157 of the Corporations Act a company may change its name by a special resolution of shareholders.

### **New constitution**

The proposed change of the Company's type from a public no liability company to a public company limited by shares also requires the adoption of a new constitution suited

to the altered status. The proposed change of the status of the Company from a no liability company to a company limited by shares is best served by a modern constitution best suited to a company limited by shares.

A summary of the material differences between the Company's existing constitution and the proposed new constitution is set out below. As required by ASX Listing Rule 15.3, the proposed new constitution has been approved by ASX.

A fully copy of the proposed new constitution is available to shareholders free of charge, on request. You can obtain a copy of the new constitution at the Company's registered office at

32 Barker Road  
SUBIACO 6008

by calling the Company Secretary on (08) 9389 5885.

Shareholders should review the terms of the proposed new constitution carefully and, if you have any queries, seek the advice of your legal or financial adviser.

### **Principal aspects of the proposed new constitution**

The proposed new constitution is in a usual and standard form for a constitution of a modern public company listed on the Australian Securities Exchange.

Apart from ensuring the Company's constitution is up-to-date and complies with all statutory and regulatory requirements, the proposed new constitution has been drafted to provide optimal flexibility by ensuring so far as possible that it does not impose restrictions beyond those required by the Corporations Act or Listing Rules, including any future changes to the Corporations Act or ASX Listing Rules.

### **Material changes to the current constitution**

Most importantly, the proposed new constitution incorporates provisions reflecting the Company's proposed new status as a public company limited by shares.

The proposed new constitution does not:

1. grant any additional benefits to Directors or any other related parties without the approval of shareholders;
2. affect the rights of any class of shareholders; or
3. reduce any material rights or entitlements of shareholders.

The principal changes the new constitution will make to the current constitution are as follows:

1. **Performance Shares:** At present, the Company's only classes of securities on issue are ordinary Shares and Partly Paid Shares. The Company wishes to create new classes of securities with the introduction of Class A Performance Shares and Class B Performance Shares as contemplated by Resolution 4. Clause 2.2 of the new Constitution provides for the issue of Performance Shares. A summary of the rights and liabilities attaching to the Class A Performance Shares are set out in Annexure B and a summary of the rights and liabilities attaching to Class B Performance Shares are set out in Annexure C.

2. Mining Purposes: At present, the sole purposes for which the Company is established are mining purposes. The Company wishes to change its activities from mining exploration to next generation wireless technology as contemplated by Resolution 3.

Mr Jason Ferris expresses no opinion and makes no recommendation in respect of Resolution 1 as he has a material personal interest in the outcome of Resolution 1.

Other than as set out above, each of the Directors has no interest in the outcome of Resolution 1 other than as Existing Shareholders. Each of them recommends that Shareholders vote in favour of Resolution 1.

## **2.4 Resolution 2 – Capital Consolidation**

Subject to the passing of Resolutions 1 and 3 to 14 (inclusive), Resolution 2 is an ordinary resolution that proposes that the issued capital of the Company be altered by consolidating the Existing Shares on a 1 for 60 basis. The Record Date for determining the Consolidation of capital will be five (5) Business Days after the date of the General Meeting at which the Resolution is passed. Any fractional entitlements as a result of holdings not being evenly divisible by 60 will be rounded down to the nearest whole number.

### **Section 254H of the Corporations Act**

Section 254H of the Corporations Act enables a company to convert all of its ordinary securities into a smaller number of securities by a resolution passed at a general meeting. The conversion proposed by Resolution 2 is permitted under section 254H of the Corporations Act.

The Consolidation will not result in any change to the substantive rights and obligations of Existing Shareholders of the Company. The purpose of the Consolidation of the existing issued capital of the Company is to reduce the number of existing shares on issue, which is considered to be a more appropriate capital structure for the Company going forward, and to enable the Company to satisfy Chapters 1 and 2 of the Listing Rules and obtain re quotation of the Shares on ASX. For example, a Shareholder currently holding 600,000 Shares in the Company will as a result of the Consolidation hold 10,000 Shares.

The Company's balance sheet and tax position will remain unaltered as a result of the Consolidation. However, the Company's issued capital shall be reduced to approximately 39,917,551 Shares (subject to rounding) as a result of the Consolidation set out below (which also includes the Partly Paid Shares which will be credited as fully paid Shares upon being sold at the Public Auction).

#### **(a) Shares**

At the date of the Explanatory Statement, the Company has 2,395,053,092 Existing Shares on issue (which also includes the 4,000,000 Partly Paid Shares which will be credited as fully paid Shares upon being sold at the Public Auction). The Consolidation on a 1 for 60 basis will reduce the number of fully paid Shares on issue to approximately 39,917,551 Shares (with fractional Shares being rounded down to the nearest whole Share).

(b) **Holding Statements**

Following the Consolidation, all holding statements for Existing Shares will cease to have any effect, except as evidence of entitlement to a certain number of Shares (on a post- Consolidation basis).

After the Consolidation becomes effective, the Company will arrange for new holding statements for Shares to be issued to Shareholders. It is the responsibility of each Shareholder to check the number of Shares held prior to disposal.

(c) **Timetable for Consolidation**

If Resolutions 1 to 14 (inclusive) are passed, the Consolidation will take effect in accordance with the following timetable (as set out in Appendix 7A, paragraph 8, of the Listing Rules):

<b>Event</b>	<b>Anticipated Date</b>
Company notifies ASX that Shareholders have approved the Consolidation.	21 December 2015 (Business Day 0)
Trading would normally commence in the reorganised Shares on a deferred settlement basis.	23 December 2015 (Business Day 2)
Last day for the Company to register transfers on a pre-Consolidation basis.	29 December 2015 (Business Day 4)
Securities registered on a post-Consolidation basis.	30 December 2015 (Business Day 5)
Dispatch of new holding statements for consolidated shares.	6 January 2015 (Business Day 9)

The above dates are indicative only and are subject to change.

**Recommendation**

Mr Jason Ferris expresses no opinion and makes no recommendation in respect of Resolution 1 as he has a material personal interest in the outcome of Resolution 1.

Other than as set out above, each of the Directors has no interest in the outcome of Resolution 1 other than as Existing Shareholders. Each of them recommends that Shareholders vote in favour of Resolution 1.

The Directors consider that the Consolidation on a 1 for 60 basis is appropriate because, as noted in section 10.3 of the Independent Expert's Report, the Independent Expert considers the value of a Share prior to the Proposed Transaction to be nil.

**2.5 Resolution 3 – Change in nature and scale of activities of the Company**

Subject to the passing of Resolutions 1, 2 and 4 to 14 (inclusive), Resolution 3 is an ordinary resolution which seeks approval for the change of the Company's nature and scale of activities as a result of the acquisition of Connected and ICU.

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. Listing Rule 11.1.2 provides, that, if ASX requires, the entity must get the approval of Shareholders and must comply with any requirements of ASX in relation to the Notice of Meeting.

ASX has indicated to the Company that it has exercised its discretion to require the Company to seek the approval of Shareholders under Listing Rule 11.1.2 for a change in the nature of its activities. For this reason, the Company is seeking Shareholder approval for the Company to change the nature of its activities under Listing Rule 11.1.1.

As a consequence of the change to the Company's nature and scale of activities, it is required to re-comply with Chapters 1 and 2 of the ASX Listing Rules. Listing Rule 2.1 Condition 2 requires that the offer price of securities, are a minimum of 20 cents. The Company has received a waiver from Listing Rule 2.1 Condition 2 to allow the Company offer securities for \$0.02.

### **Intentions as to the future of the Company**

Other than as disclosed elsewhere in this Explanatory Statement and changes pursuant to the Proposed Transaction and the Resolutions, the Company understands that the Vendors and their associates:

- (a) have no current intention of making any changes to the business of the Company following the acquisition of Connected and ICU except as outlined in this Explanatory Statement or agreed to in the Company's plans for the business following the acquisition of Connected and ICU as set out in the Prospectus;
- (b) do not propose to inject further capital into the Company;
- (c) intend to change Company Secretary and providers of administration services to the Company to Trident Capital (including the proposed changes to the Board, as described in section 1.15);
- (d) do not propose that any assets be transferred from the Company to Connected, ICU, the Vendors or their Associates; and
- (e) have no intention to otherwise re-deploy the fixed assets of the Company.

### **Financial and dividend policies of the Company**

There is no immediate intention of the Existing Directors or the Vendors to change the financial or dividend policies of the Company.

### **Proposal is fair and reasonable**

The report of the Independent Expert concludes that the proposed issue of Shares pursuant to Resolutions 4, 7 and 9 and the Proposed Transaction described in this Explanatory Statement, is fair and reasonable to non-associated Shareholders. Shareholders are urged to consider the Independent Expert's Report in detail (see Annexure E).

### **Recommendation**

Mr Jason Ferris expresses no opinion and makes no recommendation in respect of the potential issue of the Consideration Shares contemplated under Resolution 3 and as he has a material personal interest in the outcome of Resolution 3.

Other than as set out above, each of the Directors has no interest in the outcome of Resolution 3 other than as Existing Shareholders. Each of them recommends that Shareholders vote in favour of Resolution 3.

Shareholders should refer to the information in section 1.3 for information about the acquisition of Connected and ICU and its impact on the Company.

## **2.6 Resolution 4 – Issue of Vendor Consideration Securities**

Subject to the passing of Resolutions 1 to 3 (inclusive) and Resolutions 5 to 14 (inclusive), Resolution 4 is an ordinary resolution which seeks the approval for the issue of 200,000,000 Consideration Shares (on a post-Consolidation basis), 100,000,000 Class A Performance Shares (on a post-Consolidation basis) and 50,000,000 Class B Performance Shares to the Vendors, as consideration for the Proposed Transaction, as summarised in section 1.6.

The terms of the Class A Performance Shares and Class B Performance Shares are included at Annexure B and Annexure C of this Explanatory Statement.

The Consideration Shares, Class A Performance Shares and Class B Performance Shares proposed to be issued to the Vendors under Resolution 4 will be issued under the Prospectus.

### **Section 611 (item 7) of the Corporations Act**

The Vendors may be considered Associates of one another as a consequence of participating in the Proposed Transaction and agreeing to sell their shares in Connected and ICU to the Company's wholly owned subsidiary, G8I. Accordingly, the Company is seeking the approval of Shareholders under item 7 of section 611 of the Corporations Act for the purposes of section 606 of the Corporations Act because, at the time of issue to the Vendors of the Consideration Shares, Class A Performance Shares and Class B Performance Shares under Resolution 4, the issue of the KGV Loan Consideration Shares to KGV under Resolution 7 and the issue of the Connected Noteholder Shares to Cocoon under Resolution 9, the Vendors, Cocoon, KGV, Willis Holdings Limited and Maraval Investments LLC may be considered Associates of one another and it is anticipated that, assuming that the Performance Shares convert into Shares, they will hold Voting Power in the Company between approximately 55.26% (assuming that \$4,500,000 is raised under the Capital Raising) and 60.68% (assuming that \$3,000,000 is raised under the Capital Raising).

In accordance with Appendix 9B of the Listing Rules, some of the Consideration Shares, Class A Performance Shares and Class B Performance Shares issued under Resolution 4 may be classified by the ASX as "restricted securities" and unable to be traded for periods of up to 24 months.

### **Listing Rule 10.11**

Unless one of the exceptions in Listing Rule 10.12 applies, Listing Rule 10.11 requires that an entity must not issue or agree to issue equity securities to a related party of the Company unless it obtains prior Shareholder approval. KGV is controlled by Robert Nelson, the father-in-law of Jason Ferris, a Director of the Company. KGV is therefore a Related Party of the Company. KGV has directed that its Consideration Shares and Performance Shares to be issued to KGV as a Vendor be issued to Cocoon Capital Investment Limited as KGV's nominee. Cocoon is also controlled by Robert Nelson, the father-in-law of Jason Ferris, a Director of the Company. Cocoon is also therefore a

Related Party of the Company. As a result, Shareholder approval under Listing Rule 10.11 is required for the purposes of Resolution 4.

A summary of ASX Listing Rule 10.11 is set out in section 4.3 below.

If Resolution 4 is passed, securities will be issued to KGV which is a Related Parties of the Company. Accordingly approval for the proposed issue of the Vendor Consideration Securities to KGV is required pursuant to ASX Listing Rule 10.11.

ASX Listing Rule 10.13 sets out a number of matters which must be included in a Notice of Meeting proposing an approval of an issue of securities under ASX Listing Rule 10.11. For the purposes of ASX Listing Rule 10.13, the following information is provided in relation to Resolution 4:

- (i) the entities to which the Company will issue the securities under Resolution 4 are:
  - (A) Yakov Temov (and/or his nominees);
  - (B) Cocoon as the nominee of KGV as trustee for the Rhythmical Trust; and
  - (C) Wen Sung (and/or her nominees);
- (ii) the maximum number of securities to be issued by the Company under Resolution 4 to:
  - (A) Yakov Temov is 46,000,000 Shares (on a post-Consolidation basis), 34,550,000 Class A Performance Shares and 17,275,000 Class B Performance Shares;
  - (B) Cocoon as the nominee of KGV as trustee for the Rhythmical Trust is 108,000,000 Shares (on a post-Consolidation basis), 45,900,000 Class A Performance Shares and 22,950,000 Class B Performance Shares; and
  - (C) Wen Sung is 46,000,000 Shares, 19,550,000 Class A Performance Shares and 9,775,000 Class B Performance Shares;
- (iii) the securities to be issued under Resolution 4 will be issued no later than 1 month after the date of the General Meeting (subject to obtaining the necessary waiver from the ASX under the Listing Rules), and it is intended that allotment will occur on the same date;
- (iv) KGV and Cocoon are Related Parties of the Company by virtue of being controlled by Robert Nelson, the father-in-law of Jason Ferris, a Director of the Company;
- (v) No funds will be raised from the issue of the securities under Resolution 4 as they will be issued as consideration for the Proposed Transaction, as summarised in section 1.6;
- (vi) the Consideration Shares (excluding the Class A Performance Share and Class B Performance Shares) issued to 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 will rank equally in all respects with the Existing Shares;

- (vii) Milestone A will be achieved upon the Company and its subsidiaries achieving aggregated gross revenue of \$15,000,000 in any of the financial years ending on 31 December 2016, 2017 or 2018, following recompliance with Chapters 1 and 2 of the Listing Rules. Full terms of the Class A Performance Shares are set out in Annexure B; and
- (viii) Milestone B will be achieved upon the Company and its subsidiaries achieving aggregated gross revenue of \$25,000,000 in any of the financial years ending on 31 December 2016, 2017 or 2018, following recompliance with Chapters 1 and 2 of the Listing Rules. Full terms of the Class B Performance Shares are set out in Annexure C.

It is noted that, given Connected Group's limited trading history, and given that its business is largely unproven, it is difficult to make an evaluation of the Group's business or its prospects or its potential revenues. However, to assist Shareholders to assess the reasonableness of the proposed Milestones, please refer to the historical revenue as shown in the Independent Expert's Report as follows:

- figure 6.4 on page 17 (Historical Statement of Comprehensive Income of Connected) showing revenue of:
  - \$529,046 for the period ended 31 July 2015;
  - \$372,057 for the year ended 31 December 2014; and
  - \$13,500 for the year ended 31 December 2013; and
- figure 6.6 on page 19 (Historical Statement of Comprehensive Income of ICU) which only shows nominal income for the period ending 31 July 2015 and the year ended 31 December 2014.

### **Restricted Securities**

In addition, in accordance with Appendix 9B of the Listing Rules, it is expected that part or all of the Shares and Performance Shares issued to Vendors under Resolution 4 will be classified by the ASX as "restricted securities" and unable to be traded for up to 24 months from the date the Company's re-quotations on ASX.

### **Recommendation by Directors**

Mr Jason Ferris expresses no opinion and makes no recommendation in respect of the potential issue of the Consideration Shares contemplated under Resolution 4 and as he has a material personal interest in the outcome of Resolution 4.

Other than as set out above, each of the Directors has no interest in the outcome of Resolution 4 other than as Existing Shareholders. Each of them recommends that Shareholders vote in favour of Resolution 4.

## **2.7 Resolution 5 – Issue of Shares pursuant to the Capital Raising**

Subject to the passing of Resolutions 1 to 4 (inclusive) and 6 to 14 (inclusive), Resolution 5 is an ordinary resolution which seeks approval for the issue of up to 225,000,000 Shares at an issue price of \$0.02 per share to raise \$4,500,000 under the Prospectus, with a minimum subscription of \$3,000,000.

For the purposes of ASX Listing Rule 7.3, the following information is provided in relation to Resolution 5:

(a) **Maximum number of securities the entity is to issue**

The maximum number of securities to be issued by the Company under Resolution 5 is 225,000,000 Shares.

(b) **Date by which the entity will issue the securities**

The Shares will be issued no later than three (3) months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules), and it is intended that allotment will occur on the same date.

(c) **Issue price of the securities**

The issue price of each Share will be \$0.02, subject to ASX approval.

(d) **Names of the persons to whom the entity will issue the securities (if known) or basis upon which those persons will be identified or selected**

Participants in the Capital Raising will be members of the public who are not Related Parties of the Company being applicants under a Prospectus. The successful applicants will be determined at the sole discretion of the Company.

(e) **Terms of the securities**

The Shares are ordinary fully paid shares and will rank equally in respect with the Existing Shares (post-Consolidation).

(f) **Intended use of the funds raised**

The intended use of the funds raised is set out at section 1.16.

Pursuant to and in accordance with Listing Rules 7.3 and 14.11 a voting exclusion statement is included in the Notice of Meeting.

## **2.8 Resolution 6 – Issue of Facilitation Shares to Trident Capital and Bonarc**

Subject to the passing of Resolutions 1 to 5 (inclusive) and 7 to 14 (inclusive), Resolution 6 is an ordinary resolution and seeks Shareholder approval for the issue of 15,000,000 Facilitation Shares (on a post-Consolidation basis) to Trident Capital (and/or its nominee(s)) and 5,000,000 (and/or its nominee(s)) Facilitation Shares (on a post-Consolidation basis) to Bonarc (and/or its nominee(s)) under the Prospectus.

The Company has agreed to pay a facilitation fee to Trident Capital and Bonarc for facilitating the Proposed Transaction. The facilitation fee payable to Trident Capital is to be satisfied via the issue of 15,000,000 Facilitation Shares (on a post-Consolidation basis) to Trident Capital pursuant to Resolution 6. The facilitation fee payable to Bonarc is to be satisfied via the issue of 5,000,000 Facilitation Shares to Bonarc (on a post-Consolidation basis).

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 6 will be to allow the Company to issue 15,000,000 Shares to Trident Capital and 5,000,000 Shares to Bonarc during the 3 month months after the General Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

In accordance with Listing Rule 7.3, the Company provides the following information in relation to the proposed issue of securities to Trident Capital and Bonarc:

(a) **Maximum number of Securities issued**

Entity	Shares (on a post-Consolidation basis)
Trident Capital (and/or its nominee(s))	15,000,000
Bonarc (and/or its nominee(s))	5,000,000

(b) **Date**

The Shares will be issued no later than 3 months after the date of the General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).

(c) **Issue price of the Securities issued**

The Shares will be issued for nil cash consideration as they are being issued as consideration for assistance in relation to the Proposed Transaction.

(d) **Recipients of the issued Securities**

Entity	Shares (on a post-Consolidation basis)
Trident Capital (and/or its nominee(s))	15,000,000
Bonarc (and/or its nominee(s))	5,000,000

(e) **Terms of the issued Securities**

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 will rank equally in all respects with the Existing Shares.

(f) **Use of funds**

No funds will be raised from the issue of the Shares.

(g) **Issue date**

The Shares will be issued at the same time that the other Shares are issued under the Prospectus and in any event no later than 3 months after the date of the General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).

In addition, in accordance with Appendix 9B of the Listing Rules, it is noted that part or all of the Facilitation Shares issued under Resolution 6 may be classified by the ASX as "restricted securities" and unable to be traded for up to 24 months from the date of issue.

## 2.9 Resolution 7 – Issue of KGV Loan Consideration Shares to KGV

Subject to the passing of Resolutions 1 to 6 (inclusive) and 8 to 14 (inclusive), Resolution 7 is an ordinary resolution and seeks Shareholder approval for the issue of 90,000,000 KGV Loan Consideration Shares (on a post-Consolidation basis) to KGV (and/or its nominee(s)) under the Prospectus.

On 10 July 2013 KGV and ICU entered into the KGV Loan Agreement under which KGV has advanced A\$1,100,066 to the Connected Group.

Pursuant to the Share Sale Agreement, the parties agreed that at Completion the KGV Loan of \$1,100,066 will be converted to equity in the Company in consideration for the novation of the KGV Loan from the Connected Group to LRR.

KGV is a Related Party of the Company as it is controlled by Robert Nelson, who is the father-in-law of Jason Ferris, a Director of the Company. As KGV is a Related Party of the Company, Resolution 7 must be approved by Shareholders under Listing Rule 10.1.

### (a) ASX Listing Rule 10.11

A summary of ASX Listing Rule 10.11 is set out in section 4.3 below.

If Resolution 7 is passed, securities will be issued to KGV which is a Related Parties of the Company. Accordingly approval for the proposed issue of the KGV Loan Consideration Shares to KGV is required pursuant to ASX Listing Rule 10.11.

ASX Listing Rule 10.13 sets out a number of matters which must be included in a Notice of Meeting proposing an approval of an issue of securities under ASX Listing Rule 10.11. For the purposes of ASX Listing Rule 10.13, the following information is provided in relation to Resolution 7:

- (i) the entity to which the Company will issue the Shares under Resolution 7 is KGV (and/or its nominee(s));
- (ii) the maximum number of securities to be issued by the Company under Resolution 7 is 90,000,000 Shares (on a post-Consolidation basis) to KGV;
- (iii) the Shares will be issued no later than 1 month after the date of the General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules), and it is intended that allotment will occur on the same date;
- (iv) the deemed issue price for 90,000,000 the Shares (on a post-Consolidation basis) will be deemed to be \$0.012223 per Share.
- (v) KGV is a Related Party of the Company by virtue of its being controlled by Robert Nelson, the father-in-law of Jason Ferris, a Director of the Company.
- (vi) 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 will rank equally in all respects with the Existing Shares; and

- (vii) no funds will be raised from the issue of the KGV Loan Consideration Shares as they will be issued in consideration for the novation of the KGV Loan from Connected to LRR.

(b) **Section 208 of the Corporations Act**

A summary of Chapter 2E of the Corporations Act is set out in section 4.5 below.

The proposed issue of 90,000,000 KGV Loan Consideration Shares (on a post-Consolidation basis) to KGV constitutes a “financial benefit” as defined in the Corporations Act. Furthermore, KGV is a “Related Party” of the Company as defined under the Corporations Act. Accordingly the proposed issue of Shares to KGV pursuant to Resolution 7 will constitute the provision of a financial benefit to a Related Party of the Company.

It is the view of the Directors that the exceptions under the Corporations Act to the provision of a financial benefit to a Related Party may not apply in the current circumstances. The Directors have determined to seek Shareholder approval under section 208 of the Corporations Act to permit the issue of the securities to KGV on the terms set out in Resolution 7.

(c) **Section 217 to 227 of the Corporations Act**

Pursuant to sections 217 to 227 of the Corporations Act, the Company provides the following information to Shareholders in respect of the proposed financial benefit to be given to KGV:

- (i) the Related Party to which the financial benefit will be given is KGV;
- (ii) the maximum number of securities (being the nature of the financial benefit to be provided) to be issued is 90,000,000 Shares (on a post-Consolidation basis) to KGV;
- (iii) Mr Jason Ferris expresses no opinion and makes no recommendation in respect of the potential issue of the Consideration Shares contemplated under Resolution 7 and as he has a material personal interest in the outcome of Resolution 7.
- (iv) Other than as set out above, each of the Directors, has no interest in the outcome of Resolution 7, other than as Existing Shareholders. Each of them recommends that Shareholders vote in favour of Resolution 2.
- (v) KGV and its Associates currently have an interest in 457,957,991 Shares in the Company;
- (vi) If Shareholders approve the issue of Shares to KGV, then the dilutionary effect of those issues on the shareholdings of Existing Shareholders is shown in the table below. However, because all the Resolutions are inter-conditional, Shareholders should also consider the full dilutionary effects of the Proposed Transaction as outlined in section 1.17(h).

<b>Dilution of Existing Shareholders' shareholdings by issues of Shares to Related Parties</b>	
	<b>KGV</b>
Dilution of Existing Shareholders shareholdings	69.27%

Note: The figure in the table is based on the number of Shares on issue as at the date of the Notice of General Meeting, and does not take into account the issue of any other Shares contemplated by the Resolutions.

- (vii) ASIC requires explanatory information to be provided to Shareholders regarding the value of the financial benefit proposed to be granted. As noted in section 10.3 of the Independent Expert's Report, the Independent Expert considers the value of a Share prior to the Proposed Transaction to be nil, however the actual value of the Shares to be issued to Glamour will depend upon the market price of the Company's Shares after the Company recomplies with Chapters 1 and 2 of the Listing Rules;
- (viii) after the KGV Loan has been transferred to the Company, it is the Company's intention to forgive the KGV Loan; and
- (ix) additional information in relation to Resolution 7 is set out throughout this Explanatory Statement. Shareholders should therefore read the Notice of General Meeting and Explanatory Statement in its entirety before making a decision as to how to vote on Resolution 7.

(d) **Restricted Securities**

In addition, in accordance with Appendix 9B of the Listing Rules, it is noted that part or all of the KGV Loan Consideration Shares issued to KGV under Resolution 7 could be classified by the ASX as "restricted securities" and unable to be traded for up to 24 months from the date the Company's re-quotations on ASX.

(e) **Directors' Recommendation**

Mr Jason Ferris expresses no opinion and makes no recommendation in respect of the potential issue of the Consideration Shares contemplated under Resolution 7 and as he has a material personal interest in the outcome of Resolution 7.

Other than as set out above, each of the Directors, has no interest in the outcome of Resolution 7, other than as Existing Shareholders. Each of them recommends that Shareholders vote in favour of Resolution 7.

The Directors (other than Mr Jason Ferris) believe that the number of Shares to be issued pursuant to Resolution 7 are commercial for the Company in light of the minimal dilutionary effect and the preservations of the Company's cash, described above and recommend Shareholders vote in favour of Resolution 7.

**2.10 Resolution 8 – Issue of Bonarc Loan Shares to Bonarc**

Subject to the passing of Resolutions 1 to 7 (inclusive) and 9 to 14 (inclusive), Resolution 8 is an ordinary resolution and seeks Shareholder approval for the issue of 15,000,000 Bonarc Loan Shares (on a post-Consolidation basis) under the Prospectus in partial repayment of the Bonarc Loan. The balance \$300,000 of the Bonarc Loan will be repaid in cash.

On 16 April 2013 the Company entered into the Bonarc Loan Agreement under which it was agreed that funds would be advanced to the Company. As at the date of this Notice of Meeting, the Company has been advanced a total of \$607,053.11 under the Bonarc Loan Agreement.

Pursuant to the Share Sale Agreement, the parties agreed that \$300,000 of the Bonarc Loan will be repaid in cash and the balance will be satisfied via the issue of 15,000,000 Shares to Bonarc.

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 15,000,000 Shares to Bonarc during the 3 months after the General Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

In accordance with Listing Rule 7.3, the Company provides the following information in relation to the proposed issue of securities to Bonarc:

(a) **Maximum number of Securities issued**

15,000,000 Shares.

(b) **Date**

The Shares will be issued no later than 3 months after the date of the General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).

(c) **Issue price of the Securities issued**

The Shares will be issued for nil consideration as they are being issued in full satisfaction of the Bonarc Loan.

(d) **Recipients of the issued Securities**

Bonarc (and/or its nominee(s)).

(e) **Terms of the issued Securities**

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 will rank equally in all respects with the Existing Shares.

(f) **Use of funds**

No funds will be raised from the issue of the Shares.

(g) **Issue date**

The Shares will be issued at the same time that the other Shares are issued under the Prospectus and in any event no later than 3 months after the date of the General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).

In addition, in accordance with Appendix 9B of the Listing Rules, it is noted that part or all of the Bonarc Loan Shares issued under Resolution 7 may be classified by the ASX as “restricted securities” and unable to be traded for up to 24 months from the date of issue.

Each of the Directors has no interest in the outcome of Resolution 8 other than as Existing Shareholders. Each of them recommends that Shareholders vote in favour of Resolution 8.

## **2.11 Resolution 9 – Issue of Shares to Related Connected Noteholders**

Subject to the passing of Resolutions 1 to 10 (inclusive) and 12 to 14 (inclusive), Resolution 9 is an ordinary resolution and seeks Shareholder approval under item 7 of section 611 and section 208 of the Corporations Act and Listing Rule 10.11, for the issue of 16,500,000 Shares (on a post-Consolidation basis) on the conversion of the Connected Notes held by the Related Connected Noteholders.

As announced to ASX on 30 October 2015, the Company advised that Connected would undertake a sophisticated placement to raise up to \$500,000 via the Connected Notes.

The material terms and conditions of the Connected Note Agreements are set out as follows:

- (a) Subject to the Company:
  - (i) obtaining all necessary Shareholder approvals under the Corporations Act and the Listing Rules; and
  - (ii) being satisfied that it has complied with, or will be able to comply with, ASX’s conditions to reinstatement of the Company’s securities to the Official List,the Connected Notes will be redeemed by conversion into Shares.
- (b) Each Connected Note will convert into Shares at the rate of 1 Share for each \$0.01 advanced (on a post-Consolidation basis).
- (c) The Connected Noteholder Shares issued on conversion will rank equally in all respects with the Shares on issue at that time.
- (d) No interest is payable on the funds advanced under the Connected Notes.
- (e) The Connected Notes are unsecured.
- (f) If the condition in (a) above is not satisfied, the Connected Notes will be repayable by paying to each Noteholder the amount advanced.

The Connected Note Agreements otherwise contain provisions considered standard for agreements of this nature.

The Related Connected Noteholders are, or will be, related parties of the Company, as Cocoon is controlled by Robert Nelson, the father-in-law of Jason Ferris, a Director of the Company.

### **(g) ASX Listing Rule 10.11**

A summary of ASX Listing Rule 10.11 is set out in section 4.3 below.

If Resolution 9 is passed, securities will be issued to Cocoon, which is controlled by Robert Nelson, the father-in-law of Jason Ferris, a Director of the Company, and is therefore a Related Party of the Company. Accordingly approval for the proposed issue of the Shares to the Related Connected Noteholders is required pursuant to ASX Listing Rule 10.11.

ASX Listing Rule 10.13 sets out a number of matters which must be included in a Notice of Meeting proposing an approval of an issue of securities under ASX Listing Rule 10.11. For the purposes of ASX Listing Rule 10.13, the following information is provided in relation to Resolution 7:

- (i) the entity to which the Company will issue the 16,500,000 Connected Noteholder Shares under Resolution 9 is Cocoon (and/or its nominee(s));
- (ii) the maximum number of securities to be issued by the Company under Resolution 9 is 16,500,000 Connected Noteholder Shares (on a post-Consolidation basis) to Cocoon (and/or its nominee(s));
- (iii) the 16,500,000 Connected Noteholder Shares will be issued no later than 1 month after the date of the General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules), and it is intended that allotment will occur on the same date;
- (iv) the deemed issue price for the 16,500,000 Connected Noteholder Shares (on a post-Consolidation basis) will \$0.01 per Share;
- (v) Cocoon is a Related Party of the Company by virtue of being controlled by Robert Nelson, the father-in-law of Jason Ferris, a Director of the Company.
- (vi) the 16,500,000 Connected Noteholder 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 will rank equally in all respects with the Existing Shares; and
- (vii) no funds will be raised from the issue of the 16,500,000 Connected Noteholder Shares as they will be issued in consideration for the conversion of the Connected Notes held by Cocoon, for which cash consideration has or will have already been paid.

(h) **Section 208 of the Corporations Act**

A summary of Chapter 2E of the Corporations Act is set out in section 4.5 below.

The proposed issue of 16,500,000 Connected Noteholder Shares (on a post-Consolidation basis) to Cocoon constitutes a "financial benefit" as defined in the Corporations Act. Furthermore, Cocoon is a "Related Party" of the Company as defined under the Corporations Act. Accordingly the proposed issue of 16,500,000 Connected Noteholder Shares to Cocoon pursuant to Resolution 9 will constitute the provision of a financial benefit to a Related Party of the Company.

It is the view of the Directors that the exceptions under the Corporations Act to the provision of a financial benefit to a Related Party may not apply in the current circumstances. The Directors have determined to seek Shareholder approval

under section 208 of the Corporations Act to permit the issue of the securities to Cocoon on the terms set out in Resolution 9.

(i) **Section 217 to 227 of the Corporations Act**

Pursuant to sections 217 to 227 of the Corporations Act, the Company provides the following information to Shareholders in respect of the proposed financial benefit to be given to Cocoon:

- (i) the entity to which the Company will issue the 16,500,000 Connected Noteholder Shares under Resolution 9 is Cocoon (and/or its nominee(s));
- (ii) the maximum number of securities to be issued by the Company under Resolution 9 is 16,500,000 Connected Noteholder Shares (on a post-Consolidation basis) to Cocoon (and/or its nominee(s));
- (iii) Mr Jason Ferris expresses no opinion and makes no recommendation in respect of the potential issue of the 16,500,000 Connected Noteholder Shares contemplated under Resolution 9 and as he has a material personal interest in the outcome of Resolution 9.
- (iv) Other than as set out above, each of the Directors has no interest in the outcome of Resolution 9, other than as Existing Shareholders. Each of them recommends that Shareholders vote in favour of Resolution 2.
- (v) Cocoon and its associates currently have an interest in 457,957,991 Shares in the Company;
- (vi) If Shareholders approve the issue of Shares to Cocoon, then the dilutionary effect of those issues on the shareholdings of Existing Shareholders is shown in the table below. However, because all the Resolutions are inter-conditional, Shareholders should also consider the full dilutionary effects of the Proposed Transaction as outlined in section 1.17(h).

<b>Dilution of Existing Shareholders' shareholdings by issues of Shares to Related Parties</b>	
	<b>Cocoon</b>
Dilution of Existing Shareholders shareholdings	29.25%

Note: The figure in the table is based on the number of Shares on issue as at the date of the Notice of General Meeting, and does not take into account the issue of any other Shares contemplated by the Resolutions.

- (vii) ASIC requires explanatory information to be provided to Shareholders regarding the value of the financial benefit proposed to be granted. As noted in section 10.3 of the Independent Expert's Report, the Independent Expert considers the value of a Share prior to the Proposed Transaction to be nil, however the actual value of the Shares to be issued to Cocoon will depend upon the market price of the Company's Shares after the Company recomplies with Chapters 1 and 2 of the Listing Rules;
- (viii) additional information in relation to Resolution 9 is set out throughout this Explanatory Statement. Shareholders should therefore read the

Notice of General Meeting and Explanatory Statement in its entirety before making a decision as to how to vote on Resolution 9.

(j) **Restricted Securities**

In addition, in accordance with Appendix 9B of the Listing Rules, it is noted that part or all of the Connected Noteholder Shares issued to Cocoon under Resolution 9 may be classified by the ASX as “restricted securities” and unable to be traded for up to 24 months from the date the Company’s re-quotation on ASX.

(k) **Directors’ Recommendation**

Mr Jason Ferris expresses no opinion and makes no recommendation in respect of the potential issue of the Consideration Shares contemplated under Resolution 9 and as he has a material personal interest in the outcome of Resolution 9.

Other than as set out above, each of the Directors has no interest in the outcome of Resolution 9, other than as Existing Shareholders. Each of them recommends that Shareholders vote in favour of Resolution 9.

## **2.12 Resolution 10 – Issue of Shares to Non-Related Connected Noteholders**

Subject to the passing of Resolutions 1 to 9 (inclusive) and 11 to 14 (inclusive), Resolution 12 is an ordinary resolution and seeks Shareholder approval under Listing Rule 7.1 for the issue of 33,500,000 Connected Noteholder Shares (on a post-Consolidation basis) on the conversion of the Connected Notes held by the Non-Related Connected Noteholders.

As announced to ASX on 30 October 2015, the Company advised that Connected would undertake a sophisticated placement to raise up to \$500,000 via the Connected Notes.

The material terms and conditions of the Leopard Note Agreements are set out in section 2.11 above.

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 10 will be to allow the Company to issue 33,500,000 Shares to the Non-Related Connected Noteholders during the 3 month months after the General Meeting (or a longer period, if allowed by ASX), without using the Company’s 15% annual placement capacity.

In accordance with Listing Rule 7.3, the Company provides the following information in relation to the proposed issue of securities to the Non-Related Connected Noteholders:

Listing Rule 7.3 requires the following information to be provided to Shareholders:

- (a) The maximum number of securities to be issued to the Non-Related Connected Noteholders under Resolution 10 is 33,500,000 Shares.
- (b) The Connected Noteholder Shares will be allotted and issued under Resolution 10 within 3 months of the General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules). Allotment will occur on the same date as the persons to be issued shares have already been identified.

- (c) The deemed issue price payable for the Connected Noteholder Shares under Resolution 10 is \$0.01 per Share.
- (d) The Connected Noteholder Shares under Resolution 10 are to be issued to the Non-Related Connected Noteholders
- (e) None of the Shares under Resolution 12 are to be issued to related parties of the Company.
- (f) The Shares to be issued under Resolution 10 are ordinary fully paid shares which, upon being issued, will rank equally with the Shares in the Company.
- (g) No funds will be raised from the issue of the relevant Connected Noteholder Shares as they will be issued in consideration for the conversion of the Connected Notes held by Non-Related Connected Noteholders, for which cash consideration will have already been paid

In addition, in accordance with Appendix 9B of the Listing Rules, it is noted that part or all of the Connected Noteholder Shares issued on the conversion of the Connected Notes under Resolution 10 may be classified by the ASX as “restricted securities” and unable to be traded for up to 24 months from the date of issue.

Each of the Directors has no interest in the outcome of Resolution 10 other than as Existing Shareholders. Each of them recommends that Shareholders vote in favour of Resolution 10.

### **2.13 Resolution 11 – Issue of Shares to Related Leopard Noteholders**

Subject to the passing of Resolutions 1 to 10 (inclusive) and 12 to 14 (inclusive), Resolution 11 is an ordinary resolution and seeks Shareholder approval under section 208 of the Corporations Act, for the issue of 4,000,000 Shares (on a post-Consolidation basis) on the conversion of the Leopard Notes held by the Related Leopard Noteholders.

As announced to ASX on 30 October 2015, the Company advised that the Company would undertake a sophisticated placement to raise up to \$500,000 via the Leopard Notes.

The material terms and conditions of the Leopard Note Agreements are set out as follows:

- (a) Subject to the Company:
  - (i) obtaining all necessary Shareholder approvals under the Corporations Act and the Listing Rules; and
  - (ii) being satisfied that it has complied with, or will be able to comply with, ASX’s conditions to reinstatement of the Company’s securities to the Official List,

the Leopard Notes will be redeemed by conversion into Shares.

- (b) Each Leopard Note will convert into Shares at the rate of 1 Share for each \$0.01 advanced (on a post-Consolidation basis).
- (c) The Leopard Noteholder Shares issued on conversion will rank equally in all respects with the Shares on issue at that time.

- (d) No interest is payable on the funds advanced under the Leopard Notes.
- (e) The Leopard Notes are unsecured.
- (f) If the condition in (a) above is not satisfied, the Leopard Notes will be repayable by paying to each Noteholder the amount advanced.

The Leopard Note Agreements otherwise contain provisions considered standard for agreements of this nature.

The Related Leopard Noteholders are related parties of the Company as Glamour is controlled by Eric de Mori, a proposed Director of the Company.

(g) **ASX Listing Rule 10.11**

Unless one of the exceptions in Listing Rule 10.12 applies, Listing Rule 10.11 requires that an entity must not issue or agree to issue equity securities to a related party of the Company unless it obtains prior Shareholder approval. Listing Rule 10.12 exception 6 provides that where a person is only a related party by reason of the transaction which is the reason for the issue of the securities and the application of section 228(6) of the Corporations Act, Listing Rule 10.11 shall not apply. Glamour is only a Related Party of the Company by reason of the Proposed Transaction which is the reason for the issue of the Leopard Noteholder Shares to it and the application of section 228(6) of the Corporations Act. As a result, Shareholder approval under Listing Rule 10.11 is not required for the purposes of Resolution 11.

(h) **Section 208 of the Corporations Act**

A summary of Chapter 2E of the Corporations Act is set out in section 4.5 below.

The proposed issue of 4,000,000 Shares (on a post-Consolidation basis) to Glamour constitutes a “financial benefit” as defined in the Corporations Act. Furthermore, Glamour is a “Related Party” of the Company as defined under the Corporations Act. Accordingly the proposed issue of Shares to Glamour pursuant to Resolution 11 will constitute the provision of a financial benefit to a Related Party of the Company.

It is the view of the Directors that the exceptions under the Corporations Act to the provision of a financial benefit to a Related Party may not apply in the current circumstances. The Directors have determined to seek Shareholder approval under section 208 of the Corporations Act to permit the issue of the securities to Glamour on the terms set out in Resolution 11.

(i) **Section 217 to 227 of the Corporations Act**

Pursuant to sections 217 to 227 of the Corporations Act, the Company provides the following information to Shareholders in respect of the proposed financial benefit to be given to Glamour:

- (i) the entity to which the Company will issue the Shares under Resolution 9 is Glamour (and/or its nominee(s));
- (ii) the maximum number of securities to be issued by the Company under Resolution 9 is 4,000,000 Leopard Noteholder Shares (on a post-Consolidation basis) to Glamour (and/or its nominee(s));

- (iii) Each of the Directors has no interest in the outcome of Resolution 9, other than as Existing Shareholders. Each of them recommends that Shareholders vote in favour of Resolution 11.
- (iv) Glamour currently has no interest in Shares in the Company;
- (v) If Shareholders approve the issue of Shares to Glamour, then the dilutionary effect of those issues on the shareholdings of Existing Shareholders is shown in the table below. However, because all the Resolutions are inter-conditional, Shareholders should also consider the full dilutionary effects of the Proposed Transaction as outlined in section 1.17(h).

<b>Dilution of Existing Shareholders' shareholdings by issues of Shares to Related Parties</b>	
	Glamour
Dilution of Existing Shareholders shareholdings	9.11%

Note: The figure in the table is based on the number of Shares on issue as at the date of the Notice of General Meeting, and does not take into account the issue of any other Shares contemplated by the Resolutions.

- (vi) ASIC requires explanatory information to be provided to Shareholders regarding the value of the financial benefit proposed to be granted. As noted in section 10.3 of the Independent Expert's Report, the Independent Expert considers the value of a Share prior to the Proposed Transaction to be nil, however the actual value of the Shares to be issued to Glamour will depend upon the market price of the Company's Shares after the Company recomplies with Chapters 1 and 2 of the Listing Rules;
- (vii) additional information in relation to Resolution 11 is set out throughout this Explanatory Statement. Shareholders should therefore read the Notice of General Meeting and Explanatory Statement in its entirety before making a decision as to how to vote on Resolution 11.

(j) **Restricted Securities**

In addition, in accordance with Appendix 9B of the Listing Rules, it is noted that part or all of the Shares issued to Glamour under Resolution 11 may be classified by the ASX as "restricted securities" and unable to be traded for up to 24 months from the date the Company's re-quotations on ASX.

(k) **Directors' Recommendation**

Each of the Directors has no interest in the outcome of Resolution 11, other than as Existing Shareholders. Each of them recommends that Shareholders vote in favour of Resolution 11.

**2.14 Resolution 12 – Issue of Leopard Noteholder Shares to Non-Related Leopard Noteholders on the conversion of Leopard Notes**

Subject to the passing of Resolutions 1 to 9 (inclusive) and 12 to 14 (inclusive), Resolution 12 is an ordinary resolution and seeks Shareholder approval under Listing Rule 7.1 for the issue of 46,000,000 Leopard Noteholder Shares (on a post-

Consolidation basis) on the conversion of the Leopard Notes held by the Non-Related Leopard Noteholders.

As announced to ASX on 30 October 2015, the Company advised that the Company would undertake a sophisticated placement to raise up to \$500,000 via the Leopard Notes.

The material terms and conditions of the Leopard Note Agreements are set out in section 2.13 above.

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 12 will be to allow the Company to issue 46,000,000 Leopard Noteholder Shares to the Non-Related Leopard Noteholders during the 3 months after the General Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

In accordance with Listing Rule 7.3, the Company provides the following information in relation to the proposed issue of securities to the Non-Related Leopard Noteholders:

Listing Rule 7.3 requires the following information to be provided to Shareholders:

- (a) The maximum number of securities to be issued to the Non-Related Leopard Noteholders under Resolution 12 is 46,000,000 Shares.
- (b) The Shares will be allotted and issued under Resolution 12 within 3 months of the General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules). Allotment will occur on the same date as the persons to be issued shares have already been identified.
- (c) The issue price payable for the Leopard Noteholder Shares under Resolution 12 is deemed to be \$0.01 per Share.
- (d) The Leopard Noteholder Shares under Resolution 12 are to be issued to the Non-Related Leopard Noteholders
- (e) None of the Leopard Noteholder Shares under Resolution 12 are to be issued to related parties of the Company.
- (f) The Leopard Noteholder Shares to be issued under Resolution 12 are ordinary fully paid shares which, upon being issued, will rank equally with the Shares in the Company.
- (g) No funds will be raised from the issue of the Shares under Resolution 12. Funds raised on the issue of the Leopard Notes will be used to pay outstanding creditors, re-compliance costs and for general working capital.

In addition, in accordance with Appendix 9B of the Listing Rules, it is noted that part or all of the Leopard Noteholder Shares issued on the conversion of the Leopard Notes under Resolution 12 may be classified by the ASX as "restricted securities" and unable to be traded for up to 24 months.

Each of the Directors has no interest in the outcome of Resolution 12 other than as Existing Shareholders. Each Director recommends that Shareholders vote in favour of Resolution 12.

#### **2.15 Resolution 13 – Election of Mr Yakov Temov as a Director**

Subject to the passing of Resolutions 1 to 12 (inclusive) and 14, Resolution 13 is an ordinary resolution and provides for the approval of the appointment of Mr Yakov Temov to the Board. The appointment of Mr Yakov Temov will become effective only on and from the date on which the Proposed Transaction is completed. A profile of Mr Yakov Temov is set out at follows:

##### **Mr Yakov Temov Chief Executive Officer**

Mr Temov is the Chief Executive Officer of the Connected Group and specialises in product development and executive leadership, with a solid start-up track record.

Mr Temov has a long and consistent track record of successfully delivering innovative products on time and under budget, fast yet high quality roadmap evolutions, and building and growing world-class engineering teams. His expertise includes outsourcing and managing technically complex, multi-national, distributed projects that have included design centers on three different continents.

Most recently, Mr Temov was CEO and Founder of White Label Corporation. Prior to that, Mr Temov was VP of Engineering at U4EA Technologies, Inc. (acquired by Gos Networks, Ltd.) where he managed a 100+ person team, and was responsible for all product design, engineering, and testing. Prior to U4EA Technologies, Mr Temov served as VP of Engineering and CTO at Voice4biz, Inc., a start-up company developing voice/data and video integrated access devices. Earlier in his career, Mr. Temov held various engineering management posts with RapidWAN, Phaethon Communications (acquired by Teraxion) and Zarak Systems Corporation (acquired by Spirent Communications).

Mr Temov holds a Diploma in Computers, Computer Systems and Networks from Saint Petersburg Electrotechnical University.

Each of the Directors has no interest in the outcome of Resolution 13, other than as Existing Shareholders. Each of them recommends that Shareholders vote in favour of Resolution 13.

#### **2.16 Resolution 14 – Election of Mr Eric de Mori as a Director**

Subject to the passing of Resolutions 1 to 13 (inclusive), Resolution 14 is an ordinary resolution and provides for the approval of the appointment of Mr Eric de Mori to the Board. The appointment of Mr Eric de Mori will become effective only on and from the date on which the Proposed Transaction is completed. A profile of Mr Eric de Mori is set out at follows:

##### **Mr Eric de Mori Non-Executive Director**

Mr de Mori specialises in natural resources, technology and biotechnology transactions with a focus on the ASX. He advises clients on M&A activity, capital raisings, Initial Public Offerings (IPO's) Reverse Take Over's (RTO) recapitalisation and restructure and DOCA process management.

Mr de Mori was previously a Non-Executive Director of Newera Resources Ltd, now Consolidated Zinc Ltd (ASX.CZL), and also held director positions with Incitive Ltd, now Hawkley Oil and Gas Limited (ASX.HOG) and Coventry Resources Ltd (ASX.CVY). He was also a Non-Executive Director of Alcyone Resources Ltd (ASX.AYN) where he helped lead the company's corporate restructure and evolution into a successful silver producer. Mr de Mori was Corporate Advisor and major shareholder in Internet Resources Ltd, where he was instrumental in leading the acquisition of US HR tech company 1-Page, and subsequent \$8.5m backdoor listing (ASX:1PG).

Mr de Mori graduated from Murdoch University with a Bachelor of Arts, and holds a Diploma of Financial Services (RG146 compliance) with Financial Services Institute of Australasia (FINSIA).

Each of the Directors has no interest in the outcome of Resolution 14, other than as Existing Shareholders. Each of them recommends that Shareholders vote in favour of Resolution 14.

### **3. OTHER INFORMATION**

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#### **3.1 Scope of disclosure**

The law requires that this Explanatory Statement sets out all other information that is reasonably required by the Existing Shareholders in order to decide whether or not it is in the Company's interests to pass the Resolutions and which is known to the Company.

The Company is not aware of any relevant information that is material to the decision on how to vote on the Resolutions other than as is disclosed in this Explanatory Statement or previously disclosed to Existing Shareholders by the Company by notification to the ASX.

#### **3.2 Existing Directors' profiles**

##### **Mr Craig Willis Executive Director**

Mr Willis has considerable project management and technology development experience, having held a number of public and private company directorships including international resource companies. This experience includes listing and management of an exploration company on the Australian Securities Exchange. He has significant experience in dealing with government instrumentalities pertaining to contract negotiations between private and public entities.

During the last 3 years Mr Willis has not served as a director of any other listed companies.

##### **Mr Jason Ferris Non-Executive Director**

Mr Ferris has 20 years' experience in corporate finance, property finance and investment finance sectors. Mr Ferris hold an AFSL and an Australian Credit License and is a Fellow of the Australian Institute of Management (FAIM) as well as a member of the Australian Institute of Company Directors (MAICD).

Mr Ferris also holds board positions on Diploma Group Limited (DGX) and Windimurra Vanadium Limited (WVL).

##### **Mr Blaise Thomas Non-Executive Director**

Mr Thomas has over 25 years' experience in building and managing businesses in Australia and the UK and has held executive level positions in private and publicly listed companies. His corporate experience has been within Resources, Engineering, Technology and Banking & Financial Services industries. With expertise across business and market development t, contract management, operations, strategy, finance and people management.

Mr Thomas has advised a number of early-stage businesses on sales & marketing strategies, leadership structure, commercial partnerships and investor relations.

During the past 3 years Mr Thomas has not served as a director of any other listed companies.

**Mr Graham Chapman**  
**Non-Executive Director**

A geologist by profession, Mr Chapman has over 35 years' experience in coal in all major producing countries, with an executive career mainly in BHP Billiton entities, culminating in the role of Vice President Strategy. He was Vice Chairman of the UN ECE Coal Experts Committee 2008. He has recently worked in Colombia, as COO of Colombia Clean Power, Inc, and in Mongolia, as CEO of Sharyn Gol GSC, a major coal producing company.

Mr Chapman has an MBA, B.Sc (Hons) and is a Fellow of the Geological Society, London.

Mr Chapman is also a director of Windimurra Vanadium Limited (WVL).

**3.3 Voting intentions and interests of Existing Directors**

The Existing Directors of the Company and their interests in the Company are set out in the table below. As at the date of this Explanatory Statement, the Existing Directors intend to vote in favour of the Resolutions set out in the Notice of General Meeting.

Except as otherwise disclosed or referred to in this section 3.3, the Existing Directors have no interest in the outcome of the Resolutions except as Existing Shareholders of the Company. In this regard, the table below sets out the details of the Shares held (directly or indirectly) by the Existing Directors and their Associates and the percentage ownership in the Existing Shares of the Company.

<b>Name of Existing Director</b>	<b>Number of Existing Shares held (directly or indirectly)</b>	<b>Percentage interest in Existing Shares</b>
Craig Willis	20,100,000	0.84%
Jason Ferris	0	0%
Blaise Thomas	0	0%
Graham Chapman	0	0%
<b>TOTAL</b>	<b>20,100,000</b>	<b>0.84%</b>

**3.4 Taxation**

The Proposed Transaction and/or the passing of the Resolutions (including the Consolidation) may give rise to income tax implications for the Company and Existing Shareholders.

Existing Shareholders are advised to seek their own taxation advice on the effect of the Resolutions on their personal position and neither the Company, nor any Existing Director or advisor to the Company accepts any responsibility for any individual Existing Shareholder's taxation consequences on any aspect of the Proposed Transaction or the Resolutions.

### **3.5 Existing Director's recommendations in respect of the Resolutions**

The Existing Directors recommend that Shareholders vote in favour of the Resolutions for the reasons outlined in section (noting that Jason Ferris provides no recommendation for Resolutions 1, 3, 4, 7 and 9 as he has a material personal interest in the subject matter of those Resolutions).

## **4. REGULATORY REQUIREMENTS**

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### **4.1 Section 254H of the Corporations Act**

In Resolution 1, the Company proposes to consolidate its existing issued capital on a 1 for 60 basis in accordance with section 254H of the Corporations Act. Under section 254H of the Corporations Act, a company may convert all or any of its shares into a larger or smaller number of shares by resolution passed at a general meeting of the Company.

### **4.2 Listing Rule 11.1**

Under Listing Rule 11.1, if a Company wishes to make a significant change to the nature or scale of its activities it must provide ASX full details regarding the change and if ASX requires, it must obtain Shareholder approval.

ASX has informed the Company that the Proposed Transaction constitutes a significant change in the nature and scale of activities of the Company and it requires the Company to:

- (a) obtain Shareholder approval for the proposed change of activities; and
- (b) re-comply with the requirements set out in Chapters 1 and 2 of the Listing Rules.

Accordingly, the Company is seeking Shareholder approval under Listing Rule 11.1.2 in relation to Resolution 3.

The Proposed Transaction will result in a change to the nature and scale of the Company's activities from mining exploration to next generation wireless technology. ASX has confirmed that it will require the Company to re-comply with the requirements of Chapters 1 and 2 of the Listing Rules.

ASX will suspend quotation of the Shares before trading commences on the day of the General Meeting. If Shareholders approve the Proposed Transaction by passing Resolutions 1 to 14 (inclusive), trading in the Company's securities will be suspended until the Company satisfies the requirements of Chapters 1 and 2 of the Listing Rules in accordance with Listing Rule 11.1.3. It is anticipated that the re-quotation of the Company's securities will occur on or around 29 January 2015.

If all the Resolutions are approved and implemented, re-quotation of the Company on ASX will be subject to the Company meeting these requirements. The Company intends to meet these requirements as soon as practicable after the General Meeting. A copy of the Prospectus will be available to Existing Shareholders once lodged with ASIC.

If Shareholders reject the Resolutions or completion of the acquisition does not occur in accordance with the terms (including the approval of ASX for reinstatement of the Company's securities to quotation), the Company will not issue the securities contemplated in the Resolutions.

Accordingly, Shareholders should carefully consider all of the information contained in this Explanatory Statement before making a decision as to whether to vote in favour of the change in the nature and scale of the Company's activities. In particular, Shareholders should carefully consider the advantages, disadvantages and risks of the Proposed Transaction are set out in section 1.

#### **4.3 Listing Rule 10.1**

Chapter 10 of the Listing Rules contains certain provisions in relation to transactions between a company and "persons in a position of influence". Listing Rule 10.1 provides that a company must not acquire a substantial asset from a "Related Party" without the approval of holders of ordinary securities by ordinary resolution. The term "Related Party" is defined in for these purposes to include a Related Party within the meaning of section 228 of the Corporations Act and a person whose relationship with the entity or a Related Party is, in ASX's opinion, such that approval should be obtained.

Each of Cocoon, KGV and Yakov Temov is a "Related Party" of the Company within the terms of the Listing Rules. As result Resolution 4 must be approved by Shareholders under Listing Rule 10.1.

#### **4.4 Listing Rule 10.11**

Chapter 10 of the Listing Rules contains certain provisions in relation to transactions between a company and "persons in a position of influence". Listing Rule 10.11 provides that a company must not issue equity securities to a "Related Party" without the approval of holders of ordinary securities by ordinary resolution. The term "Related Party" is defined in for these purposes to include a Related Party within the meaning of section 228 of the Corporations Act and a person whose relationship with the entity or a Related Party is, in ASX's opinion, such that approval should be obtained.

Cocoon is a "Related Party" of the Company within the terms of the Listing Rules. As a result Resolutions 4, 9 and 11 must be approved by Shareholders under Listing Rule 10.11.

KGV is a "Related Party" of the Company within the terms of the Listing Rules. As a result Resolutions 4 and 7 must be approved by Shareholders under Listing Rule 10.11.

Yakov Temov is a "Related Party" of the Company within the terms of the Listing Rules, however he falls within Exception 7 of Rule 10.12 as he is a Related Party by reason only of a transaction which is the reason for the issue of the securities and the application of section 228(6) of the Corporations Act and so Shareholder approval is not required under Listing Rule 10.11.

Eric de Mori is a "Related Party" of the Company within the terms of the Listing Rules, however he falls within Exception 7 of Rule 10.12 as he is a Related Party by reason only of a transaction which is the reason for the issue of the securities and the application of section 228(6) of the Corporations Act and so Shareholder approval is not required under Listing Rule 10.11.

For the purposes of Listing Rule 10.13, the information set out at section 2.6 is provided to Shareholders in respect of Resolution 4.

For the purposes of Listing Rule 10.13, the information set out at section 2.9 is provided to Shareholders in respect of Resolution 7.

For the purposes of Listing Rule 10.13, the information set out at section 2.11 is provided to Shareholders in respect of Resolution 9.

For the purposes of Listing Rule 10.13, the information set out at section 2.13 is provided to Shareholders in respect of Resolution 11.

#### **4.5 Section 208 of the Corporations Act**

Section 208(1)(a) of the Corporations Act prohibits a company from giving a financial benefit (including an issues of shares) to a Related Party of the company without the approval of shareholders by a resolution passed at a general meeting at which no votes are cast in relation to the resolution in respect of any shares held by the Related Party or by an Associate of the Related Party or the giving of the financial benefit falls within an exception set out in the Corporations Act.

Each of the Vendors is a “Related Party” of the Company for the purposes of section 208 of the Corporations Act. Accordingly, approval is sought for the issue of Shares and Performance Shares to them as contemplated by Resolution 4 under section 208 of the Corporations Act.

KGV is a “Related Party” of the Company for the purposes of section 208 of the Corporations Act. Accordingly, approval is sought for the issue of Shares to them as contemplated by Resolution 7 under section 208 of the Corporations Act.

Each of the Related Connected Lenders is a “Related Party” of the Company for the purposes of section 208 of the Corporations Act. Accordingly, approval is sought for the issue of Shares to them as contemplated by Resolution 9 under section 208 of the Corporations Act.

Each of the Related Leopard Noteholders is a “Related Party” of the Company for the purposes of section 208 of the Corporations Act. Accordingly, approval is sought for the issue of Shares to them as contemplated by Resolution 11 under section 208 of the Corporations Act.

For the purposes of ASIC Regulatory Guide 76, the information set out at section 2.6 is provided to Shareholders in respect of Resolution 4.

For the purposes of ASIC Regulatory Guide 76, the information set out at section 2.9 is provided to Shareholders in respect of Resolution 7.

For the purposes of ASIC Regulatory Guide 76, the information set out at section 2.11 is provided to Shareholders in respect of Resolution 9.

For the purposes of ASIC Regulatory Guide 76, the information set out at section 2.13 is provided to Shareholders in respect of Resolution 11.

#### **4.6 Section 611 of the Corporations Act**

Resolutions 4, 7 and 9 seek Shareholder approval under item 7 of section 611 of the Corporations Act to the acquisition by the Vendors of a relevant interest in up to 200,000,000 Consideration Shares (on a post-Consolidation basis), 100,000,000 Class A Performance Shares (on a post-Consolidation basis), 50,000,000 Class B Performance Shares (on a post-Consolidation basis) and an additional 100,000,000 Shares (on a post-Consolidation basis) if the Class A Performance Shares convert into Shares on their terms and an additional 50,000,000 Shares (on a post-Consolidation basis) if the Class B Performance Shares convert into Shares on their terms, 90,000,000 KGV Loan Consideration Shares to be issued to KGV and 16,500,000 Connected Noteholder Shares to be issued to Cocoon upon the issue of those securities.

Except as provided by Chapter 6 of the Corporations Act, section 606(1) of the Corporations Act prohibits a person from acquiring shares in a company if, after the acquisition, that person or any other person would have a relevant interest or voting power in excess of 20% of the voting shares in that company.

Item 7 of section 611 of the Corporations Act provides that section 606(1) of the Corporations Act does not apply to an acquisition of a relevant interest in the voting shares in a company if the company has agreed to the acquisition by resolution passed at a general meeting at which no votes are cast in relation to the resolution by the person to whom the shares are to be issued or by an Associate of that person.

Under section 610 of the Corporations Act, a person's voting power is defined as the percentage of the total voting shares in the Company held by the person and the person's Associates.

As set out in the Voting Exclusion Statements in the Notice of Meeting and in accordance with the Listing Rules, the Vendors and their Associates are precluded from voting on Resolutions 4, 7 and 9.

#### **4.7 ASIC Regulatory Guide 74**

The information set out in sections 2.6, 2.9 and 2.11 is included in accordance with the requirements of item 7 of section 611 of the Corporations Act and ASIC Regulatory Guide 74.

#### **4.8 ASIC Regulatory Guide 76**

The information set out in sections 2.6, 2.9, 2.11 and 2.13 is included in accordance with the requirements of section 219 of the Corporations Act and ASIC Regulatory Guide 76.

#### **4.9 ASX Listing Rule 7.1**

Shareholder approval is being sought pursuant to Resolution 5 for the issue of up to 200,000,000 Consideration Shares, 100,000,000 Class A Performance Shares (and 100,000,000 Shares upon the conversion of the Class A Performance Shares) and 50,000,000 Class B Performance Shares (and 50,000,000 Shares upon the conversion of the Class B Performance Shares) for the purposes of Listing Rule 7.1. The Consideration Shares, Class A Performance Shares and Class B Performance Shares (and any Shares issued upon the conversion of the Class A Performance Shares and Class B Performance Shares on their terms) will not be included in the Company's 15% calculation for the purposes of ASX Listing Rule 7.1.

Shareholder approval is being sought pursuant to Resolution 6 for the issue of 15,000,000 Facilitation Shares (on a post-Consolidation basis) to Trident Capital (and/or its nominee(s)) and 5,000,000 Facilitation Shares (on a post-Consolidation basis) for the purposes of Listing Rule 7.1. The Facilitation Shares will not be included in the Company's 15% calculation for the purposes of ASX Listing Rule 7.1.

Shareholder approval is being sought pursuant to Resolution 8 for the issue of 15,000,000 Bonarc Loan Shares (on a post-Consolidation basis) to Bonarc for the purposes of Listing Rule 7.1. The Bonarc Loan Shares will not be included in the Company's 15% calculation for the purposes of ASX Listing Rule 7.1.

Shareholder approval is being sought pursuant to Resolution 10 for the issue of 33,500,000 (on a post-Consolidation basis) to Non-Related Connected Noteholders for the purposes of Listing Rule 7.1. Those 33,500,000 Connected Noteholder Shares will

not be included in the Company's 15% calculation for the purposes of ASX Listing Rule 7.1.

Shareholder approval is being sought pursuant to Resolution 12 for the issue of 46,000,000 Leopard Noteholder Shares (on a post-Consolidation basis) to Non-Related Leopard Noteholders for the purposes of Listing Rule 7.1. Those 46,000,000 Leopard Noteholder Shares will not be included in the Company's 15% calculation for the purposes of ASX Listing Rule 7.1.

Under Chapter 7 of the Listing Rules there are limitations on the capacity of a company to enlarge its capital by the issue of equity securities without shareholder approval. The limitation is to 15% of a company's capital in any 12 month period.

Listing Rule 7.1 provides that a company must not, without shareholder approval, subject to certain exceptions, issue during any 12 month period any equity securities, or other securities with rights of conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of securities in the same class on issue at the commencement of that 12 month period.

For the purposes of ASX Listing Rule 7.3, the information set out at section 2.7 is provided in relation to Resolution 5.

For the purposes of ASX Listing Rule 7.3, the information set out at section 2.8 is provided in relation to Resolution 6.

For the purposes of ASX Listing Rule 7.3, the information set out at section 2.10 is provided in relation to Resolution 8.

For the purposes of ASX Listing Rule 7.3, the information set out at section 2.12 is provided in relation to Resolution 10.

For the purposes of ASX Listing Rule 7.3, the information set out at section 2.14 is provided in relation to Resolution 12.

#### **4.10 ASIC and ASX's Role**

For the purposes of Resolutions 4, 7 and 9 in accordance with Regulatory Guide 74, the Company must lodge the Notice of Meeting and the Explanatory Statement with ASIC before the Notice of Meeting can be dispatched.

Approval under Listing Rule 7.1 for the issue of Shares under Resolutions 4, 7 and 9 is not required by virtue of Exception 16 of Listing Rule 7.2, because approval is being sought under item 7 of section 611 of the Corporations Act.

The fact that the Notice of Meeting, Explanatory Statement and other relevant documentation has been received by ASX and the ASIC is not to be taken as an indication of the merits of the Resolutions or the Company. The ASIC, ASX and its respective officers take no responsibility for any decision a Shareholder may make in reliance on any of that documentation.

## GLOSSARY

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In this Explanatory Statement, the following terms have the following meaning unless the context otherwise requires:

<b>Annexure</b>	annexure to this Explanatory Statement.
<b>ASIC</b>	Australian Securities and Investments Commission.
<b>Associate</b>	in the following sections has the following meanings: <ul style="list-style-type: none"><li>(i) in section 4.5, has the meaning set out in section 12 of the Corporations Act;</li><li>(ii) in the Voting Exclusion Statements of the Notice of Meeting, has the meaning set out in section 11 and sections 13 to 17 of the Corporations Act, applied in accordance with the note to Listing Rule 14.11; and</li><li>(iii) elsewhere, has the meaning the sections 11 to 17 of the Corporations Act.</li></ul>
<b>ASX</b>	ASX Limited (ABN 98 008 624 691) or the Australian Securities Exchange, as the context requires.
<b>Board</b>	board of Directors.
<b>Body Camera</b>	has the meaning given to that term in section 1.3(c).
<b>Bonarc</b>	Bonarc Pty Ltd (ACN 063 163 155).
<b>Bonarc Loan</b>	the loans under the Bonarc Loan Agreement made to the Company by Bonarc and Tyche.
<b>Bonarc Loan Agreement</b>	the loan agreement dated 16 April 2013, as amended, between Bonarc and the Company under which Bonarc and Tyche advanced \$607,053.11 to the Company.
<b>Bonarc Loan Shares</b>	the 15,000,000 Shares to be issued to Bonarc (and/or its nominee(s)) under the Proposed Transaction.
<b>Business Day</b>	has the meaning it has under the Listing Rules, being 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.
<b>Call</b>	has the meaning given in section 1.1.
<b>Call Date</b>	has the meaning given in section 1.1.
<b>Capital Raising</b>	the proposed Issue of Shares under the Prospectus, as contemplated by Resolution 5.
<b>Chairman</b>	the Chairman of the Company.
<b>Cocoon</b>	Cocoon Capital Investments Limited (company number 110640GBL2) of Vuna House, 53 Duperre Street, Quatre Bornes, Mauritius.
<b>Company</b>	Leopard Resources NL (ACN 009 076 233).
<b>Company Approvals</b>	the approvals of the Company's Shareholders required pursuant to the Corporations Act and the Listing Rules for the purpose of implementing the Proposed Transaction.
<b>Completion</b>	completion of the Share Sale Agreement.

<b>Completion Date</b>	the latest of the date that is 7 Business Days after the date on which the Conditions are satisfied; or any other date, which is agreed in writing between the parties.
<b>Connected</b>	Connected IO, Inc. (company number 46-4126179) of No. 404, 1072 South De Anza Boulevard 95129, California.
<b>Connected Note Agreements</b>	the note agreements between Connected and the Connected Noteholders.
<b>Connected Noteholders</b>	the holders of the Connected Notes.
<b>Connected Notes</b>	has the meaning given in section 1.1 of this Notice of Meeting.
<b>Connected Noteholder Shares</b>	the 50,000,000 Shares (on a post-Consolidation basis) to be issued to the Connected Noteholders under Resolutions 9 and 10.
<b>Consideration Shares</b>	the 200,000,000 Shares and 100,000,000 Class A Performance Shares and 50,000,000 Class B Performance Shares to be issued to the Vendors under the Proposed Transaction.
<b>Consolidation</b>	the consolidation of the Existing Shares of the Company on the basis of 1:60 as proposed under Resolution 2 and detailed in section 2.4.
<b>Constitution</b>	constitution of the Company.
<b>Corporations Act</b>	<i>Corporations Act 2001</i> (Cth).
<b>Class A Performance Shares</b>	the 100,000,000 fully paid Class A Performance Shares (on a post-Consolidation basis) in the capital of the Company issued on the terms provided in Annexure B.
<b>Class B Performance Shares</b>	the 50,000,000 fully paid Class B Performance Shares (on a post-Consolidation basis) in the capital of the Company issued on the terms provided in Annexure C.
<b>Director</b>	a director of the Company.
<b>Emu Router</b>	has the meaning given to that term in section 1.3(b).
<b>Existing Directors</b>	Craig Willis, Jason Ferris, Blaise Thomas and Graham Chapman.
<b>Existing Shareholders</b>	the holder of an Existing Share.
<b>Existing Shares</b>	the issued shares in the Company as at the date of this Notice of Meeting (on a pre-Consolidation basis) being 2,391,053,092 fully paid ordinary shares (on a pre-Consolidation basis), and 2,395,053,092 fully paid ordinary shares (on a pre-Consolidation basis) upon the Company's 4,000,000 Partly Paid Shares being credited as fully paid following being sold at the Public Auction.
<b>Explanatory Statement</b>	this explanatory statement accompanying the Notice of Meeting.
<b>Facilitation Shares</b>	the 20,000,000 Shares (on a post-Consolidation basis) to be issued to Trident Capital and Bonarc under Resolution 6.
<b>General Meeting</b>	the general meeting of the Company to be held on 21 December 2015 at 10am WST.

<b>G8C</b>	G8 Communications Holding Limited (company number 110642 C2/GBL of 53 Duperre Street, Quatre Bornes, Mauritius.
<b>G8I</b>	G8 International Connect, Inc. (company number 5792495) of 1675 South State Street, Suite B, City of Dover, County of Kent, Delaware.
<b>Glamour</b>	Glamour Division Pty Ltd as trustee for the Hammer Trust.
<b>Heads of Agreement</b>	the Heads of Agreement between Yakov Temov, Sid Sung, Cocoon, G8I, the Company, Connected, ICU, G8C, Innovations Investment, KGV, Bonarc and Trident dated 18 July 2015.
<b>ICU</b>	ICU Wireless Systems Limited (company number 110642 C2/GBL) of 53 Duperre Street, Quatre Bornes, Mauritius.
<b>Independent Expert</b>	BDO Corporate Finance (WA) Pty Ltd (ABN 27 124 031 045).
<b>Independent Expert's Report</b>	the report of the Independent Expert attached to Annexure 2 and forming part of the Explanatory Statement.
<b>Innovations Investment</b>	Innovations Investment holding Ltd (company number 161779) of Suite 208, Second Floor, Sham Peng Tong Plaza, Seychelles.
<b>International Machine Connect</b>	has the meaning given to that term in section 1.3(d).
<b>KGV</b>	King George V Nominees Ltd (company number 110642 C2/GBL) of 53 Duperre Street, Quatre Bornes, Mauritius as trustee for the Rhythmical Trust.
<b>KGV Loan</b>	the loan under the KGV Loan Agreement.
<b>KGV Loan Agreement</b>	the loan agreement executed between KGV and ICU under which KGV advanced \$1,100,066 to the Connected Group.
<b>KGV Loan Consideration Shares</b>	the 90,000,000 Shares to be issued to KGV (and/or its nominee(s)) under the Proposed Transaction.
<b>Leopard Note Agreements</b>	the note agreements between the Company and the Leopard Noteholders.
<b>Leopard Noteholder Shares</b>	the 50,000,000 Shares (on a post-Consolidation basis) to be issued to the Leopard Noteholders under Resolutions 11 and 12.
<b>Leopard Noteholders</b>	holders of the Leopard Notes.
<b>Leopard Notes</b>	has the meaning given in section 1.1 of this Notice of Meeting.
<b>Listing Rules</b>	the official listing rules of the ASX from time to time.
<b>Machine Connect</b>	has the meaning given to that term in section 1.3(a).
<b>Non-Related Connected Noteholders</b>	holders of the Connected Notes, other than the Related Connected Noteholders.
<b>Non-Related Leopard Noteholders</b>	holders of the Leopard Notes, other than the Related Leopard Noteholders.
<b>Notice of Meeting</b>	the notice convening the General Meeting which accompanies this Explanatory Statement.

<b>Partly Paid Shares</b>	a partly paid share in the capital of the Company.
<b>Performance Shares</b>	collectively, the Class A Performance Shares and the Class B Performance Shares.
<b>Products</b>	collectively, Machine Connect, Emu Router, Body Camera and International Machine Connect.
<b>Proposed Transaction</b>	the proposal for the acquisition of all of the issued capital in Connected and ICU by G8I, the Company's wholly owned subsidiary, pursuant to the Share Sale Agreement, as described in section 1.6.
<b>Prospectus</b>	the prospectus to be issued by the Company as referred to in Resolution 5.
<b>Public Auction</b>	has the meaning given in section 1.1.
<b>Quotation</b>	official quotation as defined in the Listing Rules.
<b>Recompliance</b>	the reinstatement of fully paid ordinary shares in the Company to Quotation (except for any shares that may be designated as "restricted securities" under the Listing Rules) if required by ASX following the Company complying with Chapters 1 and 2 of the Listing Rules to the satisfaction of ASX.
<b>Record Date</b>	30 December 2015.
<b>Regulatory Authority</b>	any government or local authority and any department, minister or agency of any government; and any other authority, agency, commission or similar entity having powers or jurisdiction under any law or regulation or the listing rules of any recognised stock or securities exchange (including ASX).
<b>Related Body Corporate</b>	has the meaning given to that term in the Corporations Act.
<b>Related Entity</b>	in relation to a corporation means: <ul style="list-style-type: none"> <li>(a) a Related Body Corporate of that corporation; and</li> <li>(b) a trustee of any unit trust in relation to which that corporation, or any corporation referred to in paragraph (a), directly or indirectly: <ul style="list-style-type: none"> <li>(i) controls the right to appoint the trustee;</li> <li>(ii) is in a position to control the casting of, more than one half of the maximum number of votes that might be cast at a meeting of holders of units in the trust; or</li> <li>(iii) holds or is in a position to control the disposal of more than one half of the issued units of the trust.</li> </ul> </li> </ul>
<b>Related Party</b>	has the meaning given to that term in the Listing Rules unless otherwise indicated.
<b>Relevant Interest</b>	the meaning given to that term in the Corporations Act.
<b>Related Connected Noteholders</b>	Cocoon.
<b>Related Leopard Noteholders</b>	Glamour Division Pty Ltd as trustee for the Hammer Trust.

<b>Resolutions</b>	the resolutions set out in the Notice of Meeting.
<b>Share and Shares</b>	fully paid ordinary share in the capital of the Company.
<b>Shareholder</b>	shareholder of the Company.
<b>Share Sale Agreement</b>	the Share Sale and Purchase Agreement entered into between Yakov Temov, Wen Sung, G8I, the Company, Connected, ICU, KGV, Bonarc and Trident dated 29 October 2015.
<b>Sid Sung</b>	Mr Sid Sung of 7098 Phyllis Avenue, San Jose, California 95129.
<b>Transaction</b>	the transactions, acts, omissions or circumstances expressly contemplated by the Share Sale Agreement, or the execution or performance of the transactions under this Agreement.
<b>Trident Capital</b>	Trident Capital Pty Ltd (ACN 100 561 733).
<b>Tyche</b>	Tyche Investments Pty Ltd (ACN 116 226 861).
<b>Vendors</b>	the existing holders of all the issued capital of Connected and ICU, details of which are set out in Annexure A.
<b>Vendor Proportions</b>	in respect of a Vendor, the number and proportion of Consideration Shares and/or Class A Performance Shares and/or Class B Performance Shares (as applicable) set out next to that Vendor's name in Schedules 1 and 7 of the Share Sale Agreement, as applicable, as reflected in Annexure A.
<b>Voting Power</b>	the meaning given to that term in the Corporations Act.
<b>Wen Sung</b>	Mrs Wen Sung of 7098 Phyllis Avenue, San Jose, California 95129.
<b>WST</b>	Western Standard Time in Australia.

## ANNEXURE A – VOTING POWER OF VENDORS AND ASSOCIATES

Vendor	Existing Shares	Consideration Shares	Additional Shares upon issue of KGV Loan Consideration Shares	Additional Shares upon conversion of Connected Notes and Leopard Notes	Additional Shares if Milestone A is achieved	Additional Shares if Milestone B is achieved	Total Shares (assuming conversion of all Performance Shares Connected Notes and Leopard Notes)	Voting Power (assuming \$3,000,000 raised under the Capital Raising and the conversion of all Performance Shares, Connected Notes and Leopard Notes) <sup>2</sup>	Voting Power (assuming \$4,500,000 raised under the Capital Raising and the conversion of all Performance Shares, Connected Notes and Leopard Notes) <sup>2</sup>
Yakov Temov	0	46,000,000	0	0	34,550,000	17,275,000	97,825,000	12.79%	11.65%
Wen Sung	0	46,000,000	0	0	19,550,000	9,775,000	75,325,000	9.85%	8.97%
KGV <sup>3</sup>	7,632,632	108,000,000	90,000,000	16,500,000	45,900,000	22,950,000	290,982,632	38.04%	34.64%
<b>TOTAL</b>	<b>7,632,532</b>	<b>200,000,000</b>	<b>90,000,000</b>	<b>16,500,000</b>	<b>100,000,000</b>	<b>50,000,000</b>	<b>464,132,632</b>	<b>60.68%</b>	<b>55.26%</b>

### Notes:

- All the share numbers are on a post-Consolidation basis.
- The Voting Power is based upon the total number of shares on issue being between approximately 764,917,551 Shares (if \$3,000,000 is raised under the Capital Raising) and approximately 839,917,551 Shares (if \$4,500,000 is raised under the Capital Raising), both on a post-Consolidation basis (and subject to any fractional Shares being rounded down). This also assumes that the 4,000,000 Partly Paid Shares will be credited as fully paid, and that the Performance Shares, Leopard Notes and Connected Notes all convert into Shares.
- The Shares which have been aggregated for KGV and its associates for the purposes of this notice of meeting include the 5,305,753 Shares (on a post-Consolidation basis) held by Willis Holdings Limited, the 2,326,879 Shares (on a post-Consolidation basis) held by Maraval Investments LLC, the 108,000,000 Consideration Shares, 45,900,000 Class A Performance Shares and 22,950,000 Class B Performance Shares to be issued to Cocoon under Resolution 4 (at the direction of KGV), the 90,000,000 KGV Loan Consideration Shares to be issued to KGV under Resolution 7 and the 16,500,000 Connected Noteholder Shares to be issued to Cocoon under Resolution 9. Willis Nominees Limited and Maraval Investments LLC do not consider that they are Associates of each other, nor of Cocoon or KGV. However, for the purposes of obtaining shareholder approval for the Proposed Transaction under item 7 of section 611 of the Corporations Act, these entities (together with the other Vendors) are being treated as Associates of each other.

## ANNEXURE B – CLASS A PERFORMANCE SHARE TERMS

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### 1. Definitions

In these terms and conditions, capitalised terms have the meaning given to them in the Share Sale Agreement and the following terms have the following meaning, unless the context otherwise requires:

- (a) "**Constitution**" means the constitution of LRR;
- (b) "**Holder**" means a holder of Class A Performance Shares;
- (c) "**Milestone A**" means LRR and its subsidiaries achieving aggregated gross revenue of \$15,000,000 in any of the financial years ending on 31 December 2016, 2017 or 2018, following recompliance with Chapters 1 and 2 of the Listing Rules;
- (d) "**LRR**" means Leopard Resources NL (ACN 009 076 233) (to be renamed G8 Communications Limited);
- (e) "**Shareholders**" means the existing shareholders of LRR;
- (f) "**Share**" means an ordinary fully paid share in the capital of LRR; and
- (g) "**Share Sale Agreement**" means the Share Sale and Purchase Agreement between Yakov Temov, Wen Sung and Cocoon Capital Investments Limited as vendor, G8 International, Inc. as purchaser and others regarding the sale of shares in Connected IO Inc and ICU Wireless Systems Limited.

### 2. Rights attaching to Performance Shares

- (a) Each Class A Performance Share shall be issued for nil cash consideration.
- (b) Each Class A Performance Share is a share in the capital of LRR.
- (c) The Class A Performance Shares shall confer on a Holder the right to receive notices of general meetings and financial reports and accounts of LRR that are circulated to Shareholders. A Holder has the right to attend general meetings of Shareholders.
- (d) A Holder is not entitled to vote on any resolutions proposed at a general meeting of LRR other than in the circumstances specifically allowed for under the Corporations Act.
- (e) The Class A Performance Shares do not entitle a Holder to any dividends.
- (f) The Class A Performance Shares do not entitle a Holder to any entitlement to a return of capital, whether upon a winding up, a reduction of capital or otherwise.
- (g) The Class A Performance Shares do not confer on a Holder any right to participate in the surplus profits or assets of LRR upon the winding up of LRR.
- (h) The Class A Performance Shares are not transferrable.
- (i) The Class A Performance Shares do not entitle the Holder to participate in new issues of Securities.
- (j) If at any time the issued capital of LRR is reorganised, the Class A Performance Shares are to be treated in the manner set out in Listing Rule 7.21 (or other applicable Listing Rules), being that the number of Performance Shares or the conversion ratio in section 3(a) or both will be reorganised so that the Holder will not receive a benefit that holders of Shares will not receive and so that the holders of Shares will not receive a benefit that the Holder does not receive.
- (k) Class A Performance Shares will not be quoted on ASX. However, upon conversion of the Class A Performance Shares into Shares pursuant to section 3, LRR must apply for the Official Quotation of the Shares arising from the conversion on ASX in accordance with the Listing Rules, and use its best endeavours to obtain Official Quotation. ASX may require that the fully paid ordinary shares arising from the conversion be escrowed and, the Holders are required to enter into any agreement necessary to effect the escrow prior to the issue of the converted shares.

- (l) The Class A Performance Shares do not confer on a Holder any right other than those expressly provided by these terms and conditions and those provided at law where such rights at law cannot be excluded by these terms and conditions.

### **3. Conversion of Class A Performance Shares to Ordinary Shares**

- (a) Subject to section 3(b), once LRR's auditors determine that Milestone A has been achieved based upon LRR's audited accounts over the period up to the time at which Milestone A is met, then, within 7 days of the release of the audited accounts in respect of the period in which Milestone A has been met, the Performance Shares will convert to Shares on the basis of one (1) fully paid ordinary share per Performance Share being converted on achievement of Milestone A. LRR agrees to instruct LRR's auditors in each of 2016, 2017 and 2018, to determine if Milestone A has been met on the basis of the audited accounts of LRR in each of the relevant periods.
- (b) If the conversion of the Class A Performance Shares would cause a contravention of section 606 of the Corporations Act, the conversion will be subject to the approval of LRR Shareholders under item 7, section 611 of the Corporations Act, and LRR must promptly convene a meeting of LRR Shareholders for that purpose and use its best endeavours to obtain that approval.
- (c) If Milestone A has not occurred on or prior to the date that is four years from the date LRR is readmitted to quotation on ASX after recompliance with Chapters 1 and 2 of the Listing Rules, every Class A Performance Share will be cancelled.

- (a) Upon:

- (i) a takeover bid under Chapter 6 of the Corporations Act having been made in respect of LRR and:
  - (A) the bidder having received acceptances for not less than 50.1% of LRR's shares on issue; and
  - (B) been declared unconditional by the bidder; or
- (ii) a Court granting orders approving a compromise or arrangement for the purposes of or in connection with a scheme of arrangement for the reconstruction of LRR or its amalgamation with any other company or companies,

then, to the extent the Class A Performance Shares have not converted due to satisfaction of Milestone A, the Class A Performance Shares automatically convert to that number of Shares which when issued together with all Shares issued under any other class of Class A Performance Shares then on issue, is equal to the lesser of one Share per Class A Performance Share and 10% of the total Shares on issue in LRR at that time Class A Performance Shares that are not converted into Shares will continue to be held by the Holder on the same terms and conditions.

- (d) The Shares issued on conversion of the Class A Performance Shares will rank pari passu in all respects with existing Shares.

### **4. Compliance with Corporations Act, ASX Listing Rules and Constitution**

- (a) Notwithstanding anything else contained in these terms and conditions, if the Listing Rules, the Corporations Act or the Constitution prohibits an act being done, that act shall not be done.
- (b) Nothing contained in these terms and conditions prevents an act being done that any of the Listing Rules, the Corporations Act or the Constitution requires to be done.
- (c) If any of the Listing Rules, the Corporations Act or the Constitution conflicts with these terms and conditions, or these terms and conditions do not comply with any of the Listing Rules, the Corporations Act or the Constitution, the Holders authorise LRR to do anything necessary to rectify such conflict or non-compliance, including but not limited to unilaterally amending these terms and conditions.

## ANNEXURE C – CLASS B PERFORMANCE SHARE TERMS

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### 1. Definitions

In these terms and conditions, capitalised terms have the meaning given to them in the Share Sale Agreement and the following terms have the following meaning, unless the context otherwise requires:

- (a) "**Constitution**" means the constitution of LRR;
- (b) "**Holder**" means a holder of Class B Performance Shares;
- (c) "**Milestone B**" means LRR and its subsidiaries achieving aggregated gross revenue of \$25,000,000 in any of the financial years ending on 31 December 2016, 2017 or 2018, following recompliance with Chapters 1 and 2 of the Listing Rules;
- (d) "**LRR**" means Leopard Resources NL (ACN 009 076 233) (to be renamed G8 Communications Limited);
- (e) "**Shareholders**" means the existing shareholders of LRR;
- (f) "**Share**" means an ordinary fully paid share in the capital of LRR; and
- (g) "**Share Sale Agreement**" means the Share Sale and Purchase Agreement between Yakov Temov, Wen Sung and Cocoon Capital Investments Limited as vendor, G8 International, Inc. as purchaser and others regarding the sale of shares in Connected IO Inc and ICU Wireless Systems Limited.

### 2. Rights attaching to Performance Shares

- (a) Each Class B Performance Share shall be issued for nil cash consideration.
- (b) Each Class B Performance Share is a share in the capital of LRR.
- (c) The Class B Performance Shares shall confer on a Holder the right to receive notices of general meetings and financial reports and accounts of LRR that are circulated to Shareholders. A Holder has the right to attend general meetings of Shareholders.
- (d) A Holder is not entitled to vote on any resolutions proposed at a general meeting of LRR other than in the circumstances specifically allowed for under the Corporations Act.
- (e) The Class B Performance Shares do not entitle a Holder to any dividends.
- (f) The Class B Performance Shares do not entitle a Holder to any entitlement to a return of capital, whether upon a winding up, a reduction of capital or otherwise.
- (g) The Class B Performance Shares do not confer on a Holder any right to participate in the surplus profits or assets of LRR upon the winding up of LRR.
- (h) The Class B Performance Shares are not transferrable.
- (i) The Class B Performance Shares do not entitle the Holder to participate in new issues of Securities.
- (j) If at any time the issued capital of LRR is reorganised, the Class B Performance Shares are to be treated in the manner set out in Listing Rule 7.21 (or other applicable Listing Rules), being that the number of Performance Shares or the conversion ratio in section 3(a) or both will be reorganised so that the Holder will not receive a benefit that holders of Shares will not receive and so that the holders of Shares will not receive a benefit that the Holder does not receive.
- (k) Class B Performance Shares will not be quoted on ASX. However, upon conversion of the Class B Performance Shares into Shares pursuant to section 3, LRR must apply for the Official Quotation of the Shares arising from the conversion on ASX in accordance with the Listing Rules, and use its best endeavours to obtain Official Quotation. ASX may require that the fully paid ordinary shares arising from the conversion be escrowed and, the Holders are required to enter into any agreement necessary to effect the escrow prior to the issue of the converted shares.

- (l) The Class B Performance Shares do not confer on a Holder any right other than those expressly provided by these terms and conditions and those provided at law where such rights at law cannot be excluded by these terms and conditions.

### **3. Conversion of Class B Performance Shares to Ordinary Shares**

- (a) Subject to section 3(b), once LRR's auditors determine that Milestone B has been achieved based upon LRR's audited accounts over the period up to the time at which Milestone B is met, then, within 7 days of the release of the audited accounts in respect of the period in which Milestone B has been met, the Performance Shares will convert to Shares on the basis of one (1) fully paid ordinary share per Performance Share being converted on achievement of Milestone B. LRR agrees to instruct LRR's auditors in each of 2016, 2017 and 2018 to determine if Milestone B has been met on the basis of the audited accounts of LRR in the aggregate of the relevant periods.
- (b) If the conversion of the Class B Performance Shares would cause a contravention of section 606 of the Corporations Act, the conversion will be subject to the approval of LRR Shareholders under item 7, section 611 of the Corporations Act, and LRR must promptly convene a meeting of LRR Shareholders for that purpose and use its best endeavours to obtain that approval.
- (c) If Milestone B has not occurred on or prior to the date that is four years from the date LRR is readmitted to quotation on ASX after recompliance with Chapters 1 and 2 of the Listing Rules, every Class B Performance Share will be cancelled.
- (d) Upon:
  - (i) a takeover bid under Chapter 6 of the Corporations Act having been made in respect of LRR and:
    - (A) the bidder having received acceptances for not less than 50.1% of LRR's shares on issue; and
    - (B) been declared unconditional by the bidder; or
  - (ii) a Court granting orders approving a compromise or arrangement for the purposes of or in connection with a scheme of arrangement for the reconstruction of LRR or its amalgamation with any other company or companies,

then, to the extent the Class B Performance Shares have not converted due to satisfaction of Milestone B, the Class B Performance Shares automatically convert to that number of Shares which when issued together with all Shares issued under any other class of Class B Performance Shares then on issue, is equal to the lesser of one Share per Class B Performance Share and 10% of the total Shares on issue in LRR at that time Class B Performance Shares that are not converted into Shares will continue to be held by the Holder on the same terms and conditions.

- (e) The Shares issued on conversion of the Class B Performance Shares will rank *pari passu* in all respects with existing Shares.

### **4. Compliance with Corporations Act, ASX Listing Rules and Constitution**

- (a) Notwithstanding anything else contained in these terms and conditions, if the Listing Rules, the Corporations Act or the Constitution prohibits an act being done, that act shall not be done.
- (b) Nothing contained in these terms and conditions prevents an act being done that any of the Listing Rules, the Corporations Act or the Constitution requires to be done.
- (c) If any of the Listing Rules, the Corporations Act or the Constitution conflicts with these terms and conditions, or these terms and conditions do not comply with any of the Listing Rules, the Corporations Act or the Constitution, the Holders authorise LRR to do anything necessary to rectify such conflict or non-compliance, including but not limited to unilaterally amending these terms and conditions.

## **ANNEXURE D – PRO FORMA STATEMENT OF FINANCIAL POSITION**

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### **NOTES TO PRO FORMA STATEMENT OF FINANCIAL POSITION**

This section contains the Pro Forma Statement of Financial Position for the Company as a merged group with G8I, Connected and ICU (**Merged Group**), reflecting the combined business of the Company, G8I, Connected and ICU. The Pro Forma Statement of Financial Position is presented to provide Shareholders with an indication of the Merged Group's consolidated financial position as if the Proposed Transaction had been implemented as at 30 June 2015.

As the Proposed Transaction, if implemented, will be effected at a future date, the actual financial position of the Merged Group post implementation of the Proposed Transaction will differ from that presented below.

References to notes in the table presented below refer to the notes to pro forma adjustments set out in this section.

#### **Basis of preparation**

The Pro Forma Statement of Financial Position is provided for illustrative purposes and is prepared in accordance with the recognition and measurement requirements of applicable Australian Accounting Standards on the assumption that the Proposed Transaction occurred on 30 June 2015.

The Pro Forma Statement of Financial Position is presented in an abbreviated form insofar as it does not contain all of the disclosures, statements or comparative information as required by Australian Accounting Standards applicable to annual financial reports usually provided in an annual report prepared in accordance with the Corporations Act.

The Company is the legal acquirer (i.e. the parent company) and will be the reporting entity of the Merged Group. The acquisition accounting has been determined under AASB 3 Business Combinations. The deferred consideration relating to the performance shares has not been recognised.

The accounting policies of the Merged Group used in the compilation of the Pro Forma Financial Information are based on those of the Company. A summary of the significant accounting policies of the Company is disclosed in the audited financial statements of the Company for the year ended 30 June 2015, available on ASX's website at [www.asx.com.au](http://www.asx.com.au) or on the "Investor Centre" section of the Company's website at [www.leopardresources.com.au](http://www.leopardresources.com.au).

Upon completion of the Proposed Transaction, the business purpose of the Company will have changed to that of the Merged Group resulting in the need to consider and/or adopt new accounting policies.

No adjustments have been made in the Pro Forma Statement of Financial Position for any expected synergies or integration costs following the completion of the Proposed Transaction. Nor have any adjustments been made in the Pro Forma Statement of Financial Position for any one-off or non-recurring costs, other than those set out in the pro forma adjustments.

The functional and presentation currency of the Company (the reporting entity) is Australian dollars.

**PROFORMA STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2015**

	Leopard Audited as at 30-Jun-15	ICU* Audited as at 31-Jul-15	Connected* Audited as at 31-Jul-15	Acquisition of ICU Adjustment 1	Acquisition of Connected Adjustment 2	Capital raising \$3m raising Adjustment 3	Capital raising \$4.5m raising Adjustment 3	Convert Notes Adjustment 4	Bonarc Loan Adjustment 5	Facilitation shares Adjustment 6	KGV loan Adjustment 7	Final Pro forma \$3m raising	Final Pro forma \$4.5m raising
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>CURRENT ASSETS</b>													
Cash and cash equivalents	6,348	26	78,041	-	-	2,670,500	4,170,500	1,000,000	(300,000)	-	-	3,454,915	4,954,915
Trade and other receivables	5,524	2,082	133,121	-	-	-	-	-	-	-	-	140,727	140,727
Inventory	-	-	265,134	-	-	-	-	-	-	-	-	265,134	265,134
<b>TOTAL CURRENT ASSETS</b>	<b>11,872</b>	<b>2,108</b>	<b>476,296</b>	<b>-</b>	<b>-</b>	<b>2,670,500</b>	<b>4,170,500</b>	<b>1,000,000</b>	<b>(300,000)</b>	<b>-</b>	<b>-</b>	<b>3,860,777</b>	<b>5,360,777</b>
<b>NON CURRENT ASSETS</b>													
Trade and other receivables	2,500	-	-	-	-	-	-	-	-	-	-	2,500	2,500
Available for sale assets	5,262	-	-	-	-	-	-	-	-	-	-	5,262	5,262
Plant and equipment	36,848	618,889	14,586	-	-	-	-	-	-	-	-	670,323	670,323
Intangible assets	-	-	-	3,808,131	2,923,561	-	-	-	-	-	-	6,731,691	6,731,691
<b>TOTAL NON CURRENT ASSETS</b>	<b>44,610</b>	<b>618,889</b>	<b>14,586</b>	<b>3,808,131</b>	<b>2,923,561</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,409,776</b>	<b>7,409,776</b>
<b>TOTAL ASSETS</b>	<b>56,482</b>	<b>620,997</b>	<b>490,882</b>	<b>3,808,131</b>	<b>2,923,561</b>	<b>2,670,500</b>	<b>4,170,500</b>	<b>1,000,000</b>	<b>(300,000)</b>	<b>-</b>	<b>-</b>	<b>11,270,552</b>	<b>12,770,552</b>
<b>CURRENT LIABILITIES</b>													
Trade and other payables	1,103,293	2,627	697,374	-	-	-	-	-	-	-	-	1,803,294	1,803,294
Borrowings	660,000	-	-	-	-	-	-	-	(600,000)	-	-	60,000	60,000
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,763,293</b>	<b>2,627</b>	<b>697,374</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(600,000)</b>	<b>-</b>	<b>-</b>	<b>1,863,294</b>	<b>1,863,294</b>
<b>NON CURRENT LIABILITIES</b>													
Advances	-	1,124,062	-	-	-	-	-	-	-	-	(1,124,062)	-	-
Deferred tax liabilities	-	-	-	1,142,439	877,068	-	-	-	-	-	-	2,019,507	2,019,507

<b>TOTAL CURRENT LIABILITIES</b>	<b>NON</b>	-	1,124,062	-	1,142,439	877,068	-	-	-	-	-	(1,124,062)	<b>2,019,507</b>	<b>2,019,507</b>
<b>TOTAL LIABILITIES</b>		1,763,293	1,126,689	697,374	1,142,439	877,068	-	-	-	(600,000)	-	(1,124,062)	<b>3,882,802</b>	<b>3,882,802</b>
<b>NET ASSETS</b>		<b>(1,706,811)</b>	<b>(505,691)</b>	<b>(206,492)</b>	<b>2,665,691</b>	<b>2,046,492</b>	<b>2,670,500</b>	<b>4,170,500</b>	<b>1,000,000</b>	<b>300,000</b>	-	<b>1,124,062</b>	<b>7,387,751</b>	<b>8,887,751</b>
<b>EQUITY</b>														
Contributed equity		50,019,941	137	27,449	2,159,863	1,812,551	2,670,500	4,170,500	1,000,000	300,000	400,000	1,124,062	<b>59,514,503</b>	<b>61,014,503</b>
Reserves		968,849	-	-	-	-	-	-	-	-	-	-	<b>968,849</b>	<b>968,849</b>
Accumulated losses		(52,695,601)	(505,829)	(233,941)	505,829	233,941	-	-	-	-	(400,000)	-	<b>(53,095,601)</b>	<b>(53,095,601)</b>
<b>TOTAL EQUITY</b>		<b>(1,706,811)</b>	<b>(505,691)</b>	<b>(206,492)</b>	<b>2,665,691</b>	<b>2,046,492</b>	<b>2,670,500</b>	<b>4,170,500</b>	<b>1,000,000</b>	<b>300,000</b>	-	<b>1,124,062</b>	<b>7,387,751</b>	<b>8,887,751</b>

\*These balances have been converted at an exchange rate of A\$1:US\$0.729

**Basis of preparation** The pro forma statement of financial position has been prepared in accordance with the recognition and measurement, but not all the disclosure requirements of the Australian equivalents to International Financial Reporting Standards ('AIFRS'), other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the Corporations Act 2001. The pro forma statement of financial position is also prepared on an accrual basis and is based on historic costs and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

**Adjustment 1** The acquisition accounting has been determined under AASB 3: Business Combinations. The fair value of the consideration paid, assets acquired and liabilities assumed by LRR have been determined for the purposes of the pro-forma adjustments based on preliminary fair value estimates as at 31 July 2015. 54% of the Consideration Shares have been issued to acquire ICU which have been valued using an underlying share price of \$0.02 per share. Therefore the total value assigned to the Consideration Shares is \$2.16 million. No value has been applied to the Class A or Class B Performance Shares as ICU has a limited trading history and the probability of achieving these milestones cannot be ascertained with a reasonable degree of certainty.

**Adjustment 2** The acquisition accounting has been determined under AASB 3: Business Combinations. The fair value of the consideration paid, assets acquired and liabilities assumed by LRR have been determined for the purposes of the pro-forma adjustments based on preliminary fair value estimates as at 31 July 2015. 46% of the Consideration Shares have been issued to acquire Connected which have been valued using an underlying share price of \$0.02 per share. Therefore the total value assigned to the Consideration Shares is \$1.84 million. No value has been applied to the Class A or Class B Performance Shares as Connected has a limited trading history and the probability of achieving these milestones cannot be ascertained with a reasonable degree of certainty.

**Adjustment 2** Completion of capital raising of \$3 million based on the minimum subscription or \$4.5 million based on the maximum subscription less proposed costs of the Offer totalling \$329,500.

**Adjustment 4** Cash raised from the issue of Convertible Notes in LRR. A total of \$1 million was raised via the issue of convertible notes which subsequently converts into 100 million ordinary shares in LRR at a conversion price of \$0.01.

**Adjustment 5** LRR has an amount of \$600,000 payable to Bonarc Pty Ltd. The Company has agreed to repay \$300,000 in cash from proceeds from the capital raising and issue 15 million shares in satisfaction of the remaining \$300,000 outstanding.

**Adjustment 6** The Company will issue 15 million shares to Trident Capital and 5 million shares to Bonarc in consideration for services performed in relation to the Proposed Transaction.

**Adjustment 7** The Company will issue 90 million shares to KGV in satisfaction of the total loan outstanding between KGV and ICU.

**PROXY FORM**

**Shareholder Details**

Name:.....

Address:.....

Contact Telephone No:.....

Contact Name (if different from above):.....

**Appointment of Proxy**

I/We being a shareholder/s of Leopard Resources NL and entitled to attend and vote hereby appoint the following proxy/proxies to attend and act on my/our behalf and to vote in accordance with my/our following directions at the General Meeting of Leopard Resources NL to be held at Trident Capital, Level 24, 44 St Georges Terrace, Perth, Western Australia on 21 December 2015 at 10.00am (WST) and at any adjournment of that meeting.

The Chairman  
of the meeting  
  
(mark with an 'X')

**IMPORTANT:**

If the Chairman of the meeting is your proxy, or if appointed your proxy by default and you do **not** wish to direct him/her how to vote on any of these resolutions, you must mark this box with an "X". By marking this box, you acknowledge that the Chairman of the meeting may exercise your proxy on those resolutions (for which you have not given a direction) even if he/she has an interest in the outcome of the resolution and that votes cast by him/her, other than as proxy holder, will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote on any of these resolutions, the Chairman of the meeting will not cast your votes on the resolutions (for which you have not given a direction) on a show of hands or on a poll. The Chairman of the meeting intends to vote undirected proxies in favour of each resolution.

**OR**

**If the person you are appointing as your proxy is someone other than the Chairman of the meeting:**

**Write the name of that person in the box below.**

 %

You must specify the % of your votes that you authorise your proxy to exercise if:

**If you hold 2 or more Shares in Leopard Resources Limited you may appoint a second proxy:**

**Write the name of your second proxy in the box below.**

 %

- (a) you have only appointed 1 proxy and do not want him/her to exercise all of your votes; or
- (b) if you have appointed 2 proxies under this proxy form.

If you do not name a proxy or your named proxy fails to attend the meeting, the Chairman of the meeting will be appointed as your proxy to attend and act on your behalf and to vote in accordance with the following directions at the General Meeting of Leopard Resources NL to be held at Trident Capital, Level 24, 44 St Georges Terrace, Perth, Western Australia on 21 December 2015 at 10.00am (WST) and at any adjournment of that meeting.

**Voting directions to your proxy-** Please mark only one of the boxes with an "X" for each resolution to indicate your directions.

Special Business		For	Against	Abstain
Resolution 1.	Conversion to a public company limited by shares, change of name, repeal of existing constitution and adoption of a new constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2.	Capital Consolidation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3.	Change in nature and scale of activities of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4.	Issue of Vendor Consideration Securities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5.	Issue of Shares pursuant to the Capital Raising	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6.	Issue of Facilitation Shares to Trident Capital and Bonarc	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7.	Issue of KGV Loan Consideration Shares to KGV	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8.	Issue of Bonarc Loan Shares to Bonarc	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9.	Issue of Connected Noteholder Shares to Related Connected Noteholders	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 10.	Issue of Connected Noteholder Shares to Non-Related Connected Noteholders	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 11.	Issue of Leopard Noteholder Shares to Related Leopard Noteholders	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 12.	Issue of Leopard Noteholder Shares to Non-Related Leopard Noteholders	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 13.	Election of Mr Yakov Temov as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 14.	Election of Mr Eric de Mori as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**If you mark the "Abstain" box with an "x" for a particular resolution, you are directing your proxy not to vote on your behalf on a show of hands or on a poll.**

**PLEASE SIGN HERE**

This section *must* be signed in accordance with the instructions overleaf to enable your directions to be implemented

**Individual or Shareholder 1**

**Sole Director and  
Sole Company Secretary**

**Shareholder 2**

**Director**

**Shareholder 3**

**Director/Company Secretary**

## How to complete this Proxy Form

### 1. Your Name and Address

Please print your name and address as it appears on your holding statement and the Company's share register. If Shares are jointly held, please ensure the name and address of each joint shareholder is indicated. Shareholders should advise the Company of any changes. Shareholders sponsored by a broker should advise their broker of any changes. **Please note, you cannot change ownership of your securities using this form.**

### 2. Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a shareholder of the Company.

### 3. Votes on Resolutions

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

### 4. Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy please write the name of that person.

To appoint a second proxy you must state (in the appropriate box) the percentage of your voting rights which are the subject of the relevant proxy. If the Proxy Form does not specify a percentage, each proxy may exercise half your votes. Fractions of votes will be disregarded.

### 5. Signing Instructions

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

- |                    |  |
|--------------------|--|
| Individual:        | where the holding is in one name, the holder must sign.  |
| Joint Holding:     | where the holding is in more than one name, all of the shareholders should sign.   |
| Power of Attorney: | to sign under Power of Attorney, you must have already lodged this document with the company's share registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.   |
| Companies:         | where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place. |

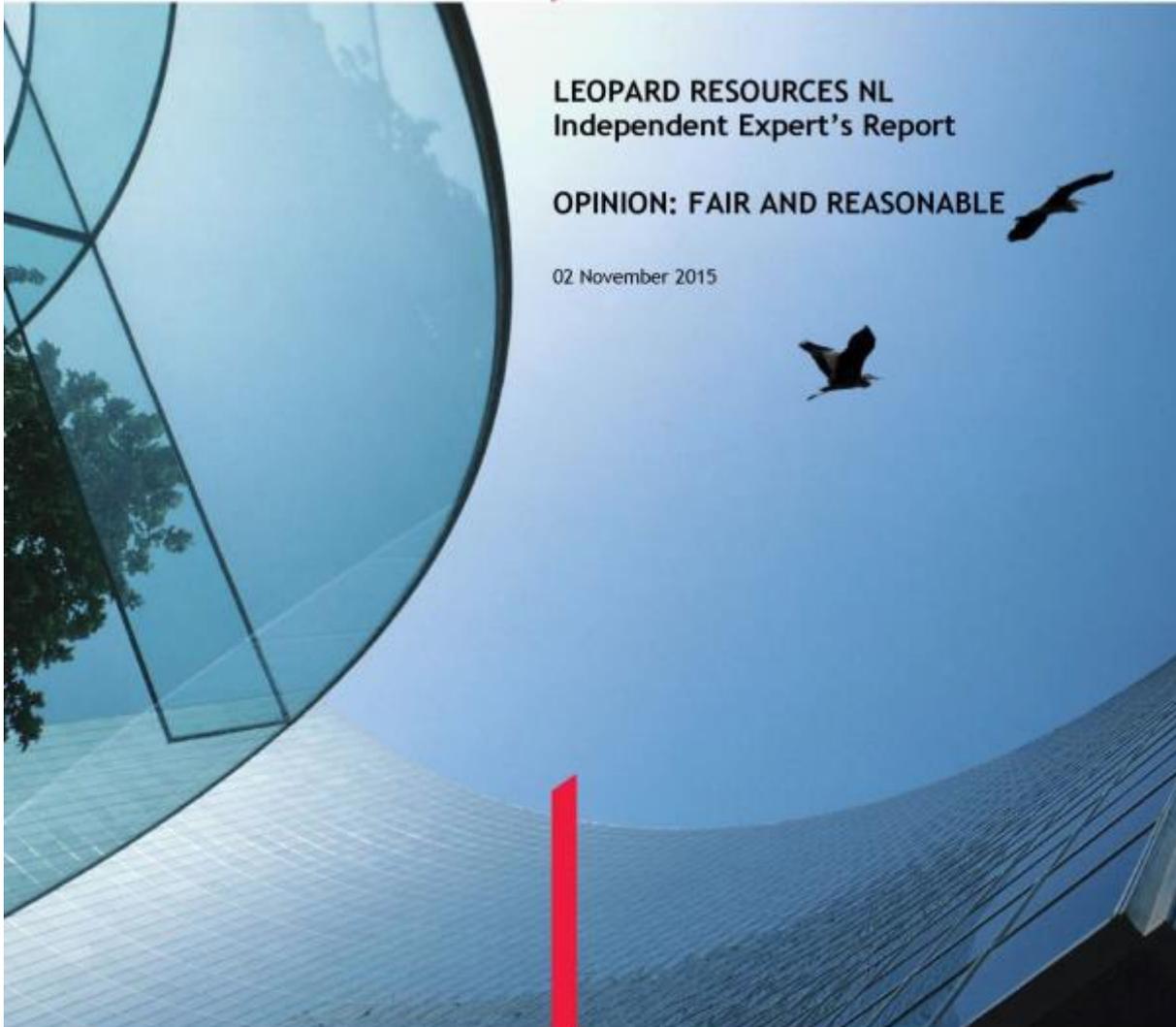
If a representative of the corporation is to attend the meeting a "Certificate of Appointment of Corporate Representative" should be produced prior to admission.

### 6. Lodgment of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at the address given below not later than 48 hours before the commencement of the meeting ie. no later than 10.00am (WST) on 19 December 2015. Any Proxy Form received after that time will not be valid for the scheduled meeting.

**This Proxy Form (and any Power of Attorney and/or second Proxy Form) may be sent or delivered to the Company's registered office at 32 Barker Road, Subiaco, Western Australia or sent by facsimile to the registered office on (08) 9381 5853.**

# ANNEXURE E – INDEPENDENT EXPERT’S REPORT



LEOPARD RESOURCES NL  
Independent Expert's Report

OPINION: FAIR AND REASONABLE

02 November 2015





## Financial Services Guide

02 November 2015

BDO Corporate Finance (WA) Pty Ltd ABN 27 124 031 045 ('we' or 'us' or 'ours' as appropriate) has been engaged by Leopard Resources NL ('LRR') to provide an independent expert's report on the proposal to acquire 100% of the issued capital of Connected IO, Inc ('Connected') and ICU Wireless Systems Limited ('ICU'), through its wholly owned subsidiary, G8 International Inc ('G8I'). You will be provided with a copy of our report as a retail client because you are a shareholder of LRR.

### 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. 316158;
- ◆ Remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- ◆ Any relevant associations or relationships we have; and
- ◆ Our internal and external complaints handling procedures and how you may access them.

### Information about us

BDO Corporate Finance (WA) Pty Ltd is a member firm of the BDO network in Australia, a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International). The financial product advice in our report is provided by BDO Corporate Finance (WA) Pty Ltd and not by BDO or its related entities. BDO and its related entities provide services primarily in the areas of audit, tax, consulting and financial advisory services.

We do not have any formal associations or relationships with any entities that are issuers of financial products. However, you should note that we and BDO (and its related entities) might from time to time provide professional services to financial product issuers in the ordinary course of business.

### Financial services we are licensed to provide

We hold an Australian Financial Services Licence that authorises us to provide general financial product advice for securities to retail and wholesale clients.

When we provide the authorised financial services we are engaged to provide expert reports in connection with the financial product of another person. Our reports indicate who has engaged us and the nature of the report we have been engaged to provide. When we provide the authorised services we are not acting for you.

### General Financial Product Advice

We only provide general financial product advice, not personal financial product advice. Our report does not take 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.

### **Fees, commissions and other benefits that we may receive**

We charge fees for providing reports, including this report. These fees are negotiated and agreed with the person who engages us to provide the report. Fees are agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. The fee payable to BDO Corporate Finance (WA) Pty Ltd for this engagement is approximately \$22,000.

Except for the fees referred to above, neither BDO, 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.

### **Remuneration or other benefits received by our employees**

All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report. We have received a fee from LRR for our professional services in providing this report. That fee is not linked in any way with our opinion as expressed in this report.

### **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.

### **Complaints resolution**

#### *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, BDO Corporate Finance (WA) Pty Ltd, PO Box 700 West Perth WA 6872.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint 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.

### **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 ('FOS'). FOS is an independent organisation that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial service industry. FOS will be able to advise you as to whether or not they can be of assistance in this matter. Our FOS Membership Number is 12561. Further details about FOS are available at the FOS website [www.fos.org.au](http://www.fos.org.au) or by contacting them directly via the details set out below.

Financial Ombudsman Service  
GPO Box 3  
Melbourne VIC 3001  
Toll free: 1300 78 08 08  
Facsimile: (03) 9613 6399  
Email: [info@fos.org.au](mailto:info@fos.org.au)

### **Contact details**

You may contact us using the details set out on page 1 of the accompanying report.



## TABLE OF CONTENTS

1.	Introduction	1
2.	Summary and Opinion	2
3.	Scope of the Report	5
4.	Outline of the Transaction	8
5.	Profile of LRR	11
6.	Profile of Connected and ICU	15
7.	Economic analysis	20
8.	Industry analysis	21
9.	Valuation approach adopted	22
10.	Valuation of LRR prior to the Transaction	25
11.	Valuation of LRR following the Transaction	31
12.	Is the Transaction fair?	35
13.	Is the Transaction reasonable?	35
14.	Conclusion	38
15.	Sources of information	38
16.	Independence	38
17.	Qualifications	39
18.	Disclaimers and consents	40

Appendix 1 - Glossary and copyright notice

Appendix 2 - Valuation Methodologies

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02 November 2015

The Directors  
Leopard Resources NL  
PO Box 8  
WEST PERTH, WA 6872

Dear Sirs

## INDEPENDENT EXPERT'S REPORT

### 1. Introduction

On 16 July 2015, Leopard Resources NL ('LRR' or 'the Company') announced that it had entered a Heads of Agreement ('the Transaction') to acquire all of the issued capital in ICU Wireless Systems Limited ('ICU') and Connected IO, Inc ('Connected') (collectively 'the Group') through its wholly owned subsidiary, G8 International Inc ('G8I'). On 30 October 2015 LRR announced the execution of the Share Sale Agreement. The Group has developed and commercialised a range of next generation wireless technology products.

The Transaction provides for the issue of the following shares to Yakov Temov and Wen Sung with regard to their shareholding in Connected and to Cocoon Capital Investments Limited ('Cocoon') as the nominee of KGV which holds the shares in ICU (Collectively referred to as 'the Vendors') on a pro rata basis to their respective shareholdings in Connected and ICU respectively:

- 200 million fully paid ordinary shares ('Consideration Shares');
- 100 million Class A Performance Shares which would convert to 100 million fully paid ordinary shares in the Company should LRR and its subsidiaries achieve \$15 million in aggregated gross revenue in any of the financial years ending on 31 December 2016, 2017 or 2018 ('Milestone 1 Consideration Shares'); and
- 50 million Class B Performance Shares which would convert to 50 million fully paid ordinary shares in the Company should LRR and its subsidiaries achieve \$25 million in aggregated gross revenue in any of the financial years ending on 31 December 2016, 2017 or 2018 ('Milestone 2 Consideration Shares').

Willis Holdings Ltd (trustee for the Nelson Family Trust) and Maraval Investments LLC (controlled by Tim Nelson) have a combined voting power of 19.15% as at the date of this Report. These entities are collectively referred to as the Substantial Shareholders ('Substantial Shareholders'). For the purposes of our report we have treated the Substantial Shareholders as if they were Associates of the Vendors.

In addition to the above Transaction, the Company is also seeking Shareholder approval for other resolutions which are related to the acquisition of the Group and are conditional on the passing of each of



the other Resolutions such that the Resolutions will not have any effect unless all the Resolutions are passed. These include:

- A capital raising through the issue of up to 200 million shares at \$0.02 per share on a post consolidation basis, to raise up to \$4.5 million with a minimum subscription of \$3 million, to meet product development, sales and marketing, corporate and administration expenses and the working capital requirements of the Company ('**Capital Raising**');
- Issue of 50 million shares on the conversion of the Leopard Notes under which the Company will have raised \$500,000;
- Issue of 50 million shares on the conversion of the Connected Notes under which Connected will have raised \$500,000;
- Issue of up to 90 million shares to KGV as consideration for the novation of the KGV Loan from the Group to the Company;
- Issue of 15 million shares and 5 million shares to Trident Capital and Bonarc Pty Ltd ('**Bonarc**') respectively as facilitation shares; and
- Issue of 15 million shares and \$300,000 in cash to Bonarc in full satisfaction of an outstanding loan.

Our Report is required under the requirements of Australian Securities Exchange ('ASX') Listing Rule 10.1 and section 611 of the Corporations Act 2001 Cth ('**Act**') for the following reasons:

- Listing Rule 10.1 as a result of the Company acquiring a substantial asset from an associate (KGV) of the Substantial Shareholders, who holds more than 10% of the Company's voting shares;
- Section 611 of the Act as a result of the Vendors and the Substantial Shareholders (collectively referred to as '**Associates**') increasing their Voting Power in the Company in excess of 20 per cent and below 90 per cent, by more than 3 per cent and in a manner which would otherwise be in breach of section 606 of the Act. The Vendors will be considered Associates of one another as a consequence of participating in the Transaction and agreeing to sell their shareholding in the Group to G8I.

## 2. Summary and Opinion

### 2.1 Purpose of the report

The directors of LRR have requested that BDO Corporate Finance (WA) Pty Ltd ('**BDO**') prepare an independent expert's report ('**our Report**') to express an opinion as to whether or not the Transaction is fair and reasonable to the non-associated shareholders of LRR ('**Shareholders**').

Our Report is prepared pursuant to the requirements of ASX Listing Rule 10.1 and section 611 of the Act and is to be included in the notice of meeting and explanatory memorandum to be sent to all Shareholders ('**Notice of Meeting**') to assist them in their decision whether to approve the Transaction.

### 2.2 Approach

Our Report has been prepared having regard to Australian Securities and Investments Commission ('**ASIC**') Regulatory Guide 111 'Content of Expert's Reports' ('**RG 111**') and Regulatory Guide 112 'Independence of Experts' ('**RG 112**').



In arriving at our opinion, we have assessed the terms of the Transaction as outlined in the body of this report. We have considered:

- how the value of the assets being acquired compares to the value of the consideration to be paid for the assets;
- how the value of a LRR share prior to the Transaction compares to the value of a LRR share following the Transaction;
- the likelihood of a superior alternative transaction being available to LRR;
- other factors which we consider to be relevant to the Shareholders in their assessment of the Transaction; and
- the position of Shareholders should the Transaction not proceed.

Under RG111.31 we are required to assess the value of a LRR share prior to the Transaction on a controlling basis and the value of a LRR share following the Transaction incorporating a minority discount.

### 2.3 Opinion

We have considered the terms of the Transaction as outlined in the body of this report and have concluded that the Transaction is fair and reasonable to Shareholders.

In our opinion, the Transaction is fair because the value of a LRR share prior to the Transaction on a controlling basis is lower than the value of a LRR share following the Transaction on a minority basis. Additionally, we consider the Transaction to be reasonable because the advantages of the Transaction to Shareholders are greater than the disadvantages. In particular, the following were the key considerations in our determination of reasonableness:

- The consideration for the Transaction primarily comprises of Consideration Shares and performance based milestone shares in LRR. Accordingly, the Company retains cash for its working capital requirements;
- The inclusion of performance based milestone payments aligns the Vendors objectives with that of the Company to achieve the revenue targets of \$15 million and/or \$25 million, thereby providing a higher yield for existing Shareholders of the Company; and
- The change in the nature of the Company's activities from a mining exploration company to a next generation wireless technology company via the acquisition of the Group could attract new investors and allow the Company to raise additional funds to meet its ongoing capital requirements.

### 2.4 Fairness

In Section 10.1 and 11.3 we determined how the value of a LRR share prior to the Transaction on a controlling basis compares to the value of a LRR share following the Transaction on a minority basis. This is set out below:

	Ref	Low \$	Preferred \$	High \$
Value of a LRR share prior to the Transaction on a controlling basis	10.1	NIL	NIL	NIL
Value of a LRR share following the Transaction on a minority basis	11.3	0.0024	0.0025	0.0040

Source: BDO analysis



The above pricing indicates that, in the absence of any other relevant information, the Transaction is fair for Shareholders.

## 2.5 Reasonableness

We have considered the analysis in section 13 of this report, in terms of both

- advantages and disadvantages of the Transaction; and
- other considerations, including the position of Shareholders if the Transaction does not proceed and the consequences of not approving the Transaction.

The respective advantages and disadvantages considered are summarised below:

ADVANTAGES AND DISADVANTAGES			
Section	Advantages	Section	Disadvantages
13.4	The Transaction is fair	13.5	Dilution of existing shareholder' interests
13.4	The Transaction will put the Company under less cash flow strain as the Consideration is in the form of shares	13.5	Risks associated with the change in nature of the business
13.4	The inclusion of performance based milestone payments aligns the Vendor's objectives with that of the Company to achieve the revenue targets thereby improving the yield for Shareholders	13.5	Risks associated with the development and commercialisation of next generation wireless technology associated with the Group
13.4	Change in the nature and scale of activities of LRR could attract new investors and improve the ability of LRR to raise additional funds	13.5	Limited trading history of the Group and ability of LRR to implement the business plan

Other key matters we have considered include:

Section	Description
13.1	Alternative Proposal
13.2	Practical level of control
13.3	Consequences on not approving the Transaction

### 3. Scope of the Report

#### 3.1 Purpose of the Report

##### ASX Listing Rule 10.1

ASX Listing Rule 10.1 requires that a listed entity must obtain shareholders' approval before it acquires or disposes of a substantial asset from an associate of a substantial shareholder (being a party holding a relevant interest in 10% or more of the voting shares in LRR), when the consideration to be paid for the asset or the value of the asset being disposed constitutes more than 5% of the equity interest of that entity at the date of the latest accounts given to the ASX under the listing rules. Based on the audited accounts as at 30 June 2015, the value of the asset being disposed is greater than 5% of the equity interest of Leopard Resources NL.

Listing Rule 10.1 applies where the vendor or acquirer of the substantial assets or their associate, is a person which holds a relevant interest in 10% or more of the voting shares in the listed entity. The Substantial Shareholders are a substantial shareholder of LRR because it holds a relevant interest in more than 10% of the total votes attaching to LRR voting securities. As at the date of this report, the Substantial Shareholders have a relevant interest of 19.15% in LRR.

Listing Rule 10.10.2 requires the Notice of Meeting for shareholders' approval to be accompanied by a report by an independent expert expressing their opinion as to whether the transaction is fair and reasonable to the shareholders whose votes are not to be disregarded in respect of the transaction (ie, the non-associated shareholders).

Accordingly, an independent experts' report is required for the Transaction. The report should provide an opinion by the expert stating whether or not the terms and conditions in relation thereto are fair and reasonable to non-associated shareholders of LRR.

##### Section 611 of the Act

Section 606 of the Corporations Act expressly prohibits the acquisition of shares by a party if that acquisition will result in that person (or someone else) holding an interest in 20% or more of the issued shares of a public company, unless a full takeover offer is made to all shareholders.

Section 611 permits such an acquisition if the shareholders of that entity have agreed to the issue of such shares. This agreement must be by resolution passed at a general meeting at which no votes are cast in favour of the resolution by any party who is associated with the party acquiring the shares, or by the party acquiring the shares. Section 611 states that shareholders of the company must be given all information that is material to the decision on how to vote at the meeting.

RG 74 states that the obligation to supply shareholders with all information that is material can be satisfied by the non-associated directors of LRR, by either:

- undertaking a detailed examination of the Transaction themselves, if they consider that they have sufficient expertise; or
- by commissioning an Independent Expert's Report.

The directors of LRR have commissioned this Independent Expert's Report to satisfy this obligation.



### 3.2 Regulatory guidance

Neither the Listing Rules nor the Corporations Act defines the meaning of 'fair and reasonable'. In determining whether the Transaction is fair and reasonable, we have had regard to the views expressed by ASIC in RG 111. This regulatory guide provides guidance as to what matters an independent expert should consider to assist security holders to make informed decisions about transactions.

This regulatory guide suggests that where the transaction is a control transaction, the expert should focus on the substance of the control transaction rather than the legal mechanism to affect it. RG 111 suggests that where a transaction is a control transaction, it should be analysed on a basis consistent with a takeover bid.

In our opinion, the Transaction is a control transaction as defined by RG 111 and we have therefore assessed the Transaction as a control transaction to consider whether, in our opinion, it is fair and reasonable to Shareholders.

### 3.3 Adopted basis of evaluation

RG 111 states that a transaction is fair if the value of the offer price or consideration is greater than the value of the securities subject of the offer. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length.

When considering the value of the securities subject of the offer in a control transaction the expert should consider this value inclusive of a control premium. Further to this, RG 111 states that a transaction is reasonable if it is fair. It might also be reasonable if despite being 'not fair' the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid.

Having regard to the above, BDO has completed this comparison in two parts:

- A comparison between the value of a LRR share prior to the Transaction on a control basis and the value of a LRR share following the Transaction on a minority interest basis (fairness - see Section 12 'Is the Transaction Fair?'); and
- An investigation into other significant factors to which Shareholders might give consideration, prior to approving the resolution, after reference to the value derived above (reasonableness - see Section 13 'Is the Transaction Reasonable?').

Under RG 111.31, we are required to assess the value of a LRR share prior to the Transaction on a controlling interest basis and the value of a LRR share following the Transaction incorporating a minority discount.

Whilst Robert Leslie Nelson and his controlled entities, which we refer to as the Substantial Shareholders, will not be obtaining 100% of LRR, RG 111 states that the expert should calculate the value of a LRR share prior to the Transaction as if 100% control was being obtained. Advantages that are typically associated with obtaining 100% control and are therefore reflected in a controlling interest valuation include:

- control over decision making and strategic direction;
- access to underlying cash flows;
- control over dividend policies; and
- access to potential tax losses.



RG 111.31 considers that Shareholders will become minority interest shareholders in LRR as the Substantial Shareholders will hold a controlling interest, meaning that their individual holding will not be considered significant enough to have an individual influence in the operations and value of that company. Therefore, as required by RG 111.31, we have adjusted our valuation of a LRR share following the Transaction to reflect a minority interest holding.

This assignment is a Valuation Engagement as defined by Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services' ('APES 225').

A Valuation Engagement is defined by APES 225 as follows:

*'an Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.'*

This Valuation Engagement has been undertaken in accordance with the requirements set out in APES 225.



## 4. Outline of the transaction

### 4.1 The Transaction

On 16 July 2015, LRR announced that it had entered into an agreement to acquire all of the issued capital of the Group, through its wholly owned subsidiary G8I. The consideration payable by LRR for the Transaction is:

- 200 million fully paid Consideration shares to the Vendors for a 100% interest in the issued share capital of the Group;
- 100 million fully paid Milestone 1 Consideration Shares subject to LRR and its subsidiaries (i.e., the Group) achieving aggregated gross revenue of \$15 million in any of the financial years ending 31 December 2016, 2017 or 2018; and
- 50 million fully paid Milestone 2 Consideration Shares subject to LRR and its subsidiaries (i.e., the Group) achieving aggregated gross revenue of \$25 million in any of the financial years ending 31 December 2016, 2017 or 2018.

#### Funding for the Transaction

LRR is seeking to raise \$500,000 through the issue of convertible notes convertible into fully paid equity shares in the Company at a rate of \$0.01 per share, subject to receiving shareholder approval. LRR is also undertaking a capital raising of up to \$4.5 million, with a minimum subscription of \$3 million, to fund ongoing operations through the issue of up to 200 million shares at \$0.02 per share.

#### Other shares issued

In addition to the above LRR is issuing:

- 90 million shares to KGV as consideration for the novation of the KGV Loan from the Group to the Company;
- 20 million facilitation shares cumulatively to Trident Capital and Bonarc;
- 15 million shares and \$300,000 in cash to Bonarc towards settlement of an outstanding loan of \$600,000; and
- 50 million shares upon conversion of convertible notes issued by Connected to raise \$500,000 for working capital.

## 4.2 Shareholding in LRR following the Transaction

The following tables show the maximum number of shares that may be issued to the Vendors and the Substantial Shareholders if the Transaction is approved.

As at the date of the report, the Associates have a 19.15% interest in the existing shares of LRR through the shareholding of the Substantial Shareholders. This will reduce to approximately 19.12% upon the 4,000,000 Partly Paid Shares being credited as fully paid upon being sold at the Public Auction on 11 November 2015 (assuming that those shares are not purchased by a Vendor or their associates). The pre consolidation shares include the 4,000,000 Partly Paid Shares.

If the Transaction is approved, the Associates will receive approximately 314.1 million shares giving them an interest of between 51.09% (assuming a minimum capital raising of \$3 million) and 45.53% (assuming a maximum capital raising of \$4.5 million). Further, if the predefined milestones are achieved, the Associates shareholding in LRR will increase to a maximum of 60.68% if \$3 million is raised or 55.26% if \$4.5 million is raised (assuming that Milestone 1 and Milestone 2 are achieved).

Shareholding following the Transaction (undiluted assuming a minimum capital raising of \$3 million)	Associates	Other Shareholders	Total
Issued shares as at the date of our Report	457,957,991	1,937,095,101	2,395,053,092
Post consolidation 60:1	7,632,633.18	32,284,918	39,917,552
% holdings at the date our Report	19.12%	80.88%	100.00%
Consideration Shares to be issued to the Vendors	200,000,000	-	200,000,000
Shares to be issued on conversion of the Convertible Notes	16,500,000	83,500,000	100,000,000
Shares to be issued on capital raising	-	150,000,000	150,000,000
Facilitation Shares to be issued	-	20,000,000	20,000,000
Shares to be issued to KGV in lieu of novation of Loan	90,000,000	-	90,000,000
Shares to be issued to Bonarc towards part settlement of loan	-	15,000,000	15,000,000
<b>Total number of shares outstanding following the Transaction</b>	<b>314,132,633</b>	<b>300,784,918</b>	<b>614,917,552</b>
<b>% holdings after completion of the Transaction (undiluted)</b>	<b>51.09%</b>	<b>48.91%</b>	<b>100.00%</b>

Shareholding following the Transaction (undiluted assuming a maximum capital raising of \$4.5 million)	Associates	Other Shareholders	Total
Issued shares as at the date of our Report	457,957,991	1,937,095,101	2,395,053,092
Post consolidation 60:1	7,632,633.18	32,284,918	39,917,552
% holdings at the date our Report	19.12%	80.88%	100.00%
Consideration Shares to be issued to the Vendors	200,000,000	-	200,000,000
Shares to be issued on conversion of the Convertible Notes	16,500,000	83,500,000	100,000,000
Shares to be issued on capital raising	-	225,000,000	225,000,000
Facilitation Shares to be issued	-	20,000,000	20,000,000
Shares to be issued to KGV in lieu of novation of Loan	90,000,000	-	90,000,000
Shares to be issued to Bonarc towards part settlement of loan	-	15,000,000	15,000,000
<b>Total number of shares outstanding following the Transaction</b>	<b>314,132,633</b>	<b>375,784,918</b>	<b>689,917,552</b>
<b>% holdings after completion of the Transaction (undiluted)</b>	<b>45.53%</b>	<b>54.47%</b>	<b>100.00%</b>



We have also considered the shareholding by the Vendors following the Transaction on a diluted basis assuming that the Milestone 1 and Milestone 2 Consideration Shares convert into 150 million shares in the Company as shown below.

Shareholding following the Transaction (diluted assuming a minimum capital raising of \$3 million)	Associates	Other Shareholders	Total
Total number of shares following the Transaction	314,132,633	300,784,918	614,917,552
Shares issued on conversion of Milestone 1 Consideration shares	50,000,000	-	50,000,000
<b>Total shares outstanding upon achievement of Milestone 1</b>	<b>364,132,633</b>	<b>300,784,918</b>	<b>664,917,552</b>
<i>% holdings following issue of Milestone 1 Consideration shares</i>	<b>54.76%</b>	<b>45.24%</b>	<b>100.00%</b>
Shares issued on conversion of Milestone 2 Consideration shares	100,000,000	-	100,000,000
Total shares outstanding upon achievement of Milestone 1	464,132,633	300,784,918	764,917,552
<i>% holdings following issue of Milestone 1 Consideration shares</i>	<b>60.68%</b>	<b>39.32%</b>	<b>100.00%</b>

Shareholding following the Transaction (diluted assuming a maximum capital raising of \$4.5 million)	Associates	Other Shareholders	Total
Total number of shares following the Transaction	314,132,633	375,784,918	689,917,552
Shares issued on conversion of Milestone 1 Consideration shares	50,000,000	-	50,000,000
<b>Total shares outstanding upon achievement of Milestone 1</b>	<b>364,132,633</b>	<b>375,784,918</b>	<b>739,917,552</b>
<i>% holdings following issue of Milestone 1 Consideration shares</i>	<b>49.21%</b>	<b>50.79%</b>	<b>100.00%</b>
Shares issued on conversion of Milestone 2 Consideration shares	100,000,000	-	100,000,000
Total shares outstanding upon achievement of Milestone 1	464,132,633	375,784,918	839,917,552
<i>% holdings following issue of Milestone 1 Consideration shares</i>	<b>55.26%</b>	<b>44.74%</b>	<b>100.00%</b>

Source: BDO Analysis; Management information



## 5. Profile of LRR

### 5.1 History

LRR, formerly trading as Acclaim Exploration NL, is a mineral exploration company that was incorporated on 21 March 2000 and first listed on the ASX on 16 April 1984. The Company subsequently changed its name to Leopard Resources NL during 2011. The Company's current board of directors are:

- My Craig Willis, Executive Director;
- Mr Jason Ferris, Non-Executive Director;
- Mr Blaise Thomas, Non-Executive Director; and
- Mr Graham Chapman, Non-Executive Director.

The Company acquired a 100% interest in Exploration Licence ('EL') E37/747, located within the Yandal Greenstone Belt in Western Australia on 13 May 2013. Since acquiring the EL, LRR has undertaken significant exploration work and spent \$1.2 million on exploration costs.

The terms of the EL expired on 17 March 2015 and on 31 March 2015, LRR announced that it had become aware of certain claims on the EL and engaged legal counsel in relation to the matter. The Company has made a submission to the Minister for Mines and Petroleum for an extension of the term on the basis of "exceptional circumstances". The outcome of the submission as at the date of the audit report dated 23 September 2015 is unknown.

As discussed in Section 1, subsequent to the financial year ended 30 June 2015, the Company entered into an agreement to acquire the Group, through its wholly owned subsidiary G8I and is seeking to change the scale and nature of its activities from a mining exploration company to a next generation wireless technology company.

## 5.2 Historical Balance Sheet

Statement of Financial Position	Audited as at 30-Jun-15 \$	Reviewed as at 31-Dec-14 \$	Audited as at 30-Jun-14 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	6,348	46,973	42,316
Trade and other receivables	5,524	17,386	-
<b>TOTAL CURRENT ASSETS</b>	<b>11,872</b>	<b>64,359</b>	<b>42,316</b>
<b>NON - CURRENT ASSETS</b>			
Trade and other receivables	2,500	2,500	2,500
Available for sale assets	5,262	4,718	20,748
Plant and equipment	36,848	37,224	40,277
Deferred exploration expenditure	-	2,214,005	2,086,488
<b>TOTAL NON - CURRENT ASSETS</b>	<b>44,610</b>	<b>2,258,447</b>	<b>2,150,013</b>
<b>TOTAL ASSETS</b>	<b>56,482</b>	<b>2,322,806</b>	<b>2,192,329</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	1,103,293	809,086	755,788
Borrowings	660,000	806,813	313,561
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,763,293</b>	<b>1,615,899</b>	<b>1,069,349</b>
<b>TOTAL LIABILITIES</b>	<b>1,763,293</b>	<b>1,615,899</b>	<b>1,069,349</b>
<b>NET ASSETS/(LIABILITIES)</b>	<b>(1,706,811)</b>	<b>706,907</b>	<b>1,122,980</b>
<b>EQUITY</b>			
Contributed equity	50,019,941	49,702,238	49,702,238
Reserves	968,849	1,039,427	1,039,427
Accumulated losses	(52,695,601)	(50,034,758)	(49,618,685)
<b>TOTAL EQUITY</b>	<b>(1,706,811)</b>	<b>706,907</b>	<b>1,122,980</b>

Source: Audited financial statements for the years ended 30 June 2015 and 30 June 2014 and the half year ended 31 December 2014

We note the following in relation to the Company's recent financial position:

- LRR's auditor, HLB Mann Judd, Chartered Accountants included an Emphasis of Matter paragraph in their audit report for the year ended 30 June 2015 which indicated that the ability of the Company to continue as a going concern is dependent upon successfully raising additional share capital. Additionally, if the Company is unable to raise additional share capital, there is a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and therefore, be unable to realise its assets and discharge its liabilities in the normal course of business.
- As discussed in section 5.1 above, the Company failed to renew its EL which expired on 17 March 2015 and thereafter, applied for a further extension of its tenure. However, due to the

uncertainty surrounding the tenure of the asset, the deferred exploration expenditure was impaired to nil as at 30 June 2015.

- The increase in the trade and other payables balance from \$755,788 as at 30 June 2014 to approximately \$1.1 million as at 30 June 2015 was primarily attributable to an increase in the amount outstanding to key management personnel by approximately \$426k.
- Borrowings primarily comprise of a loan of \$600,000 secured by a fixed and floating charge over the Company and its assets and an unsecured loan of \$50,000 bearing an interest rate of 10% per annum.
- The increase in share capital between 31 December 2014 and 30 June 2015 is attributable to the placement of 300 million shares towards repayment of loans amounting to \$300k and 17.7 million unissued shares in satisfaction of placement funds/tenement acquisition at \$0.001 per share.

### 5.3 Historical Statement of Comprehensive Income

Statement of Comprehensive Income	Audited for the year ended 30-Jun-15	Audited for the year ended 30-Jun-14	Audited for the year ended 30-Jun-13
Other revenue	-	-	10,280
Interest received	3	1,164	278
<b>Total income</b>	<b>3</b>	<b>1,164</b>	<b>10,558</b>
Administration expenditure	(626,757)	(734,490)	(676,998)
Borrowing costs	(223,467)	(240,188)	(136,097)
Exploration expenditure written off	(2,278,358)	(54,152)	(595,990)
Impairment of available-for-sale assets	55,092	(49,831)	-
Loss on disposal of plant and equipment	(2,603)	(11,706)	-
Depreciation	(826)	(7,966)	(39,440)
Loss on sale of available-for-sale assets	-	-	(444,566)
Impairment of plant and equipment	-	-	(24,005)
Impairment of loan	-	-	(51,196)
<b>Total expenses</b>	<b>(3,076,919)</b>	<b>(1,098,333)</b>	<b>(1,968,292)</b>
<b>Loss before income tax benefit/(expense)</b>	<b>(3,076,916)</b>	<b>(1,097,169)</b>	<b>(1,957,734)</b>
Income tax benefit	-	-	-
<b>Net loss for the year</b>	<b>(3,076,916)</b>	<b>(1,097,169)</b>	<b>(1,957,734)</b>
<b>Items that may be reclassified to profit or loss</b>			
Unrecognised loss on available for sale financial assets	-	(53,497)	(208,409)
<b>Items that will not be reclassified to profit or loss</b>			
Recognition of impairment of available-for-sale financial assets	(70,578)	49,831	-
<b>Total other comprehensive income</b>	<b>(70,578)</b>	<b>(3,666)</b>	<b>(208,409)</b>
<b>Total comprehensive loss for the year</b>	<b>(3,147,494)</b>	<b>(1,100,835)</b>	<b>(2,166,143)</b>

Source: Audited financial statements for the years ended 30 June 2015, 30 June 2014 and 30 June 2013.

We note the following in relation to LRR's historical operating performance:

- During the historical period, the principal activities of the Company were mineral exploration and investment and the Company had not generated any significant sources of revenue.
- Exploration expenditure written off for the year ended 30 June 2015 of \$2.3 million relates to the full impairment of the costs incurred on the Mission Cables Project due to the expiry of the grant and the uncertainty surrounding the tenure of the asset as at the balance sheet date.
- The Company's administrative and borrowing costs have remained stable during the period between 30 June 2013 and 30 June 2015.

#### 5.4 Capital Structure

The share structure of LRR as at 22 September 2015 is outlined below:

	Number
Total ordinary shares on issue	2,391,053,092
Top 20 shareholders	1,520,863,923
Top 20 shareholders - % of shares on issue	63.61%

Source: Share registry information

The range of shares held in LRR as at 31 July 2015 is as follows:

Range of Shares Held	Number of Ordinary Shareholders	Number of Ordinary Shares	Percentage of Issued Shares (%)
1 - 1,000	841	391,313	0.02%
1,001 - 5,000	1,250	3,564,979	0.15%
5,001 - 10,000	447	3,785,129	0.16%
10,001 - 100,000	837	31,776,093	1.33%
100,001 - and over	424	2,351,535,578	98.35%
<b>TOTAL</b>	<b>3,799</b>	<b>2,391,053,092</b>	<b>100.00%</b>

Source: Share registry information

The ordinary shares held by the most significant shareholders as at 22 September 2015 are detailed below:

Name	Number of Ordinary Shares Held	Percentage of Issued Shares (%)
Willis Holdings Limited	318,345,206	13.31%
CitiCorp Nominees Pty Limited	249,083,790	10.42%
Renford Consultants Limited	235,355,841	9.84%
Maraval Investments LLC	139,612,785	5.84%
Wakefield Investments LLC	100,000,000	4.18%
Subtotal	1,042,397,622	43.60%
Others	1,348,655,470	56.40%
<b>Total ordinary shares on issue</b>	<b>2,391,053,092</b>	<b>100.00%</b>

Source: Share registry information

## 6. Profile of Connected and ICU

### 6.1 History

Connected was incorporated in the United States of America on 12 November 2013 and is a next generation wireless technology business based in Silicon Valley, California. ICU was incorporated in Mauritius on 21 June 2012 and its principal activities are the development of an IP based wireless video intercom system, for sale in the residential home and apartment industry. The Group has developed a number of products with the flagship product being the Machine Connect modem, a 'Machine to Machine' ('M2M') device.

M2M is a term used to describe any technology that enables networked devices to exchange information and perform actions with no manual intervention. The Group commenced manufacture and delivered limited products to customers in the US market since 2015 and is essentially a start-up business with a limited trading history. The capital raised to date has primarily been used towards Research & Development activities, commercialisation and manufacture of products.

### 6.2 Technology and products

- a) **Machine Connect:** This is a ruggedized, single-mode LTE and 3G/4G fall back modem which uses a cloud management platform to provide a way to connect enterprise machine assets such as vending machines, ATM's, lights, household appliances, digital signage, security systems, energy management systems and drones to LTE networks. Machine Connect is a scalable end-to-end solution that enables customers to roll out M2M solutions in a timely, streamlined and cost-effective manner.
- b) **Emu Router:** The Emu Router is an open source industrial M2M router suitable for outdoor deployment and providing dual Ethernet and 3G/4G WAN ports with full redundancy.
- c) **Body Camera:** Connected's live streaming Body Camera has been designed for law enforcement with 4G connectivity and 3G fall back functions and provides live streaming via compressed video allowing for real time surveillance within an affordable data plan. Digital recording back-up ensures data capture even when cellular coverage is unavailable via secure Wi-Fi back up for affordable, automatic upload whenever secure Wi-Fi is available. The Body Camera records with a purpose designed wide angle lens and provides low light camera options. The camera is durable, slim, light and easy to operate.
- d) **International Machine Connect:** This is a purpose device which provides small and lightweight 4G connectivity solution for machines available in the market and is ideal for weight sensitive applications such as drones and various robotic devices.



### 6.3 Historical Balance Sheet of Connected

Statement of Financial Position	Audited as at 31-Jul-15 US\$	Audited as at 31-Dec-14 US\$	Audited as at 31-Dec-13 US\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	56,892	25,366	500
Trade and other receivables	97,045	42,779	13,850
Inventory	193,283	69,810	-
<b>TOTAL CURRENT ASSETS</b>	<b>347,220</b>	<b>137,955</b>	<b>14,350</b>
<b>NON - CURRENT ASSETS</b>			
Property, plant and equipment	10,633	-	-
<b>TOTAL NON - CURRENT ASSETS</b>	<b>10,633</b>	<b>-</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>357,853</b>	<b>137,955</b>	<b>14,350</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	508,386	130,834	15,163
<b>TOTAL CURRENT LIABILITIES</b>	<b>508,386</b>	<b>130,834</b>	<b>15,163</b>
<b>TOTAL LIABILITIES</b>	<b>508,386</b>	<b>130,834</b>	<b>15,163</b>
<b>NET ASSETS/(LIABILITIES)</b>	<b>(150,533)</b>	<b>7,121</b>	<b>(813)</b>
<b>EQUITY</b>			
Share capital	20,010	10	10
Accumulated losses	(170,543)	7,111	(823)
<b>TOTAL EQUITY</b>	<b>(150,533)</b>	<b>7,121</b>	<b>(813)</b>

Source: Audited financial statements for the period ended 31 July 2015 and the year ended 31 December 2014 and 31 December 2013

We note the following in relation to Connected's recent financial position:

- Property, plant and equipment comprise the software development costs of the M2M product.

#### 6.4 Historical Statement of Comprehensive Income of Connected

Consolidated Statement of Comprehensive Income	Audited for the	Audited for the	Audited for the
	period ended	year ended	year ended
	31-Jul-15	31-Dec-14	31-Dec-13
Revenue	529,046	372,057	13,500
<b>Total income</b>	<b>529,046</b>	<b>372,057</b>	<b>13,500</b>
Direct Costs	(324,240)	(162,571)	(5,270)
Administrative expenses	(382,460)	(201,552)	(9,053)
Exchange Loss	-	-	-
<b>Total expenses</b>	<b>(706,700)</b>	<b>(364,123)</b>	<b>(14,323)</b>
<b>Loss before income tax benefit/(expense)</b>	<b>(177,654)</b>	<b>7,934</b>	<b>(823)</b>
Income tax	-	-	-
<b>Total comprehensive loss for the year</b>	<b>(177,654)</b>	<b>7,934</b>	<b>(823)</b>

Source: Audited financial statements for the period ended 31 July 2015 and the year ended 31 December 2014 and 31 December 2013

We note the following in relation to Connected's historical operating performance:

- Revenue comprises income earned in the normal course of business.
- Set out below is a breakdown of administrative expenses:

Administrative expenses	31-Jul-15	31-Dec-14	31-Dec-13
Accounting fee	7,512	731	-
Advertising and marketing	250	-	-
Bank charges	155	318	30
Consultancy fee	194,469	51,463	8,055
Credit card charges	2,120	-	-
Health insurance	8,415	16,830	-
Insurance	2,665	2,378	-
Legal and professional fees	5,750	-	-
Licences and permits	25	124	-
Miscellaneous expenses	4,006	2,153	399
Printing, postage & stationery	9,598	7,131	360
Rent and lease	9,880	9,393	-
Research and development fee	38,132	45,638	-
Subcontractors	4,000	-	-
Telecommunication expenses	33,526	22,955	100
Travelling expenses	61,957	42,438	109
<b>Total</b>	<b>382,460</b>	<b>201,552</b>	<b>9,053</b>



## 6.5 Historical Balance Sheet of ICU

Statement of Financial Position	Audited as at 31-Jul-15 US\$	Audited as at 31-Dec-14 US\$	Audited as at 31-Dec-13 US\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	19	78,004	-
Trade and other receivables	1,518	857	857
<b>TOTAL CURRENT ASSETS</b>	<b>1,537</b>	<b>78,861</b>	<b>857</b>
<b>NON - CURRENT ASSETS</b>			
Product and Development Equipment	451,170	451,170	451,170
<b>TOTAL NON - CURRENT ASSETS</b>	<b>451,170</b>	<b>451,170</b>	<b>451,170</b>
<b>TOTAL ASSETS</b>	<b>452,707</b>	<b>530,031</b>	<b>452,027</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	1,915	-	9,975
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,915</b>	<b>-</b>	<b>9,975</b>
<b>NON - CURRENT LIABILITIES</b>			
Advances	819,441	794,108	463,290
<b>TOTAL NON - CURRENT LIABILITIES</b>	<b>819,441</b>	<b>794,108</b>	<b>463,290</b>
<b>TOTAL LIABILITIES</b>	<b>821,356</b>	<b>794,108</b>	<b>473,265</b>
<b>NET ASSETS/(LIABILITIES)</b>	<b>(368,649)</b>	<b>(264,077)</b>	<b>(21,238)</b>
<b>EQUITY</b>			
Stated capital	100	100	100
Retained Loss	(368,749)	(264,177)	(21,338)
<b>TOTAL EQUITY</b>	<b>(368,649)</b>	<b>(264,077)</b>	<b>(21,238)</b>

Source: Audited financial statements for the period ended 31 July 2015 and the year ended 31 December 2014 and 31 December 2013

We note the following in relation to the ICU's recent financial position:

- Product and development equipment relates to the Wireless Intercom System and includes the engineering costs, software development and hardware development costs.
- Advances relate to a loan agreement between KGV and ICU, entered on 10 July 2013, to meet the operational costs of ICU.

## 6.6 Historical Statement of Comprehensive Income of ICU

Consolidated Statement of Comprehensive Income	Audited for the period ended 31-Jul-15	Audited for the year ended 31-Dec-14	Audited for the year ended 31-Dec-13
Interest received	33	291	-
<b>Total income</b>	<b>33</b>	<b>291</b>	<b>-</b>
Accounting fees	(500)	(500)	-
Administration fees	(788)	(1,350)	(675)
Consultancy fees	(87,221)	(162,891)	(17,720)
Financial expenses	(3,307)	(13,948)	-
Legal and professional fees	(10,435)	(29,487)	-
Licence fees	(202)	(300)	(300)
Travelling and associated costs	(2,152)	(34,879)	-
Other expenses	-	225	-
<b>Total expenses</b>	<b>(104,605)</b>	<b>(243,130)</b>	<b>(18,695)</b>
<b>Loss before income tax benefit/(expense)</b>	<b>(104,572)</b>	<b>(242,839)</b>	<b>(18,695)</b>
Income tax benefit	-	-	-
<b>Total comprehensive loss for the year</b>	<b>(104,572)</b>	<b>(242,839)</b>	<b>(18,695)</b>

Source: Audited financial statements for the period ended 31 July 2015 and the year ended 31 December 2014 and 31 December 2013

## 7. Economic analysis

### United States ('US')

The US economy has been recovering slowly since the global financial crisis in 2009, supported through expansionary monetary policies and interest rates that have been held at the lower bound range.

Before the end of 2015, the US Federal Reserve is expected to raise interest rates for the first time since the 2008 financial crisis. The rate increase will coincide with improved growth prospects which will minimise the impact of financing costs on developing country trading partners.

Inflation is still below the Federal Open Market Committee ('FOMC') target range, largely due to a decline in energy prices. Oil prices have fallen by almost 60% in the past year, falling below US\$40 a barrel in August 2015 for the first time since 2009. Capacity adjustments in the US shale oil industry provided some support with rig counts down by 864 for the year, according to the Organisation of the Petroleum Exporting Countries.

Labour market conditions have improved, and employment has returned to pre-crisis levels following job gains and declining unemployment rates. Hiring gained traction during 2014 with more than 3 million jobs created. Professionals and business services added 704,000 jobs, followed by leisure and hospitality adding 482,000 jobs which has contributed to an increase in spending levels.

The US economy represents roughly 20% of total global output, with its main trading partners being Canada, China, Japan and Mexico. The US mainly exports high-value capital goods and manufactured products, including industrial machinery, airplanes, motor vehicles and chemicals.

Economic growth is being driven by ongoing innovation, research and development and capital investment. The US has a highly-developed and technologically-advanced services sector, accounting for about 80% of its output and is the world's leading exporter of services, dominated by technology, financial services, healthcare and retail. The US exported US\$ 682 billion worth of services during 2013 which represented approximately 30% of its overall exports.

### Global

Global growth remains on track to reach 2.8% in 2015, supported by continued low commodity prices, and benign financing conditions. This is despite a sharp decline in oil prices, an increase in the value of the US dollar, a slowdown in China, uncertainty in Europe, and anticipation of a shift in US monetary policy.

Recovery in high income countries is expected to gain momentum, while there appears to be a slowdown in developing economies. Further, trading activity has slowed more than anticipated in commodity exporting countries. In March 2015, the European Central Bank ('ECB') launched a €1.1 trillion quantitative easing program, extending until at least September 2016. External factors supporting growth in the Eurozone area include falling energy prices, a relaxed monetary policy due to quantitative easing programs of the ECB, and improved bank lending conditions to the private sector.

Foreign exchange markets continue to be influenced by the outlook for monetary policy in the US and other major advanced economies. A renewed decline in global commodity prices has also contributed to larger movements in exchange rates over recent months. The US dollar has appreciated against most other countries reflecting market participants' ongoing expectations that the FOMC will increase the federal funds rate later this year with other major economies maintaining their current monetary policy setting.

Source: [www.frb.org](http://www.frb.org) Statement by Glenn Stevens, Governor: Monetary Policy Decision, September 2015

## 8. Industry analysis

M2M refers to technologies that allow both wireless and wired systems to communicate with other devices. Connected devices, such as ATMs and airline check-in machines, already exist, and many are being reinvented with digital sensing, computing and communication capabilities.

The Internet of Things ('IoT') is the network of physical objects embedded with electronics, software, sensors and connectivity to enable objects to exchange data. These objects can capture, collect, and analyse data. The vision of the IoT is that individual objects of everyday life such as cars, roadways, pacemakers, smart billboards, refrigerators etc. can be equipped with sensors that can track useful information.

Data can be collected and analysed in real time so that traffic flows better, water is supplied more efficiently, and resources are used more economically. Currently, cities such as Doha, Sao Paulo, and Beijing all use sensors in pipes, pumps, and other water infrastructure to monitor conditions and manage water loss, repairing leaks or changing pressure. Asian countries are playing a leading role when it comes to wireless M2M communication with more than 50 million connections, according to the GSM Association, an association of mobile operators formed in 1995. The largest contributor is China, with more than 39 million connections.

Although business adoption of M2M services is in its early stages, a greater number of organisations are considering M2M solutions. Global mobile devices and connections in 2014 grew to 7.4 billion, up from 6.9 billion in 2013, with almost half a billion mobile devices and connections added in 2014. Smartphones accounted for 88 percent of that growth.

It is anticipated that this expansion will boost the economic impact of the IoT as consumers, businesses, governments, hospitals and many others find new ways to exploit the technology. Manufacturers will benefit from the detailed overview of their inventory, allowing them to have oversight of intake and depletion of raw materials and components at all times. In healthcare, the greatest benefit could come from improved efficiency in treating patients through sensors and remote monitoring.

There has been an increase in mergers and acquisitions activity in this area as market players compete with each other to realise the economic potential offered by the IoT. Two recent deals of sizeable value include Qualcomm's acquisition of CSR in August 2015 for \$2.5 billion, and Google's acquisition of Nest, a company focussed on thermostats and smoke alarms, in January 2014 for \$3.2 billion.

Source: Siemens Facts and Forecasts, Gartner Inc. Newsroom Announcements

## 9. Valuation approach adopted

There are a number of methodologies which can be used to value a business or the shares in a company. The principal methodologies which can be used are as follows:

- Capitalisation of future maintainable earnings ('FME')
- Discounted cash flow ('DCF')
- Quoted market price basis ('QMP')
- Net asset value ('NAV')
- Market based assessment such as a Resource Multiple

A summary of each of these methodologies is outlined in Appendix 2.

Different methodologies are appropriate in valuing particular companies, based on the individual circumstances of that company and available information.

RG 111.53 states that where a related party transaction is one component of a broader transaction, the expert should carefully consider what level of analysis of the related party aspect is required. In consideration of this, the expert should bear in mind whether the report has been sought to ensure that members are provided with sufficient information to decide whether to approve giving a financial benefit to the related party as well as the broader transaction. As such, our assessment of the fairness of the Transaction utilises the valuation methodology predicated by the requirement of our report under section 611 of the Act. We have considered how the value of a LRR share prior to the Transaction compares to the value of a LRR share following the Transaction.

Under RG 111.31, we are required to assess the value of a LRR share prior to the Transaction on a controlling interest basis and the value of a LRR share following the Transaction on a minority interest basis.

### 9.1 Value of a LRR share prior to the Transaction

In our assessment of the value of LRR shares prior to the Transaction, we have chosen to employ the following methodologies:

- NAV method, as our primary method; and
- QMP approach as our secondary approach.

We have chosen these methodologies for the following reasons:

- The NAV approach on a going concern basis is usually appropriate where the majority of the assets consist of cash, passive investments or projects with a limited life. Historically, LRR's most significant assets were its exploration assets, which were impaired to Nil as at 30 June 2015 due to the reasons discussed in Section 5. We have however considered the NAV method in our valuation of a LRR share prior to the Transaction, owing to the historical net assets position of the Company.
- The QMP basis is a relevant methodology to consider as LRR's shares are listed on the ASX. This means there is a regulated and observable market share where LRR's shares can be traded. However, in order for the QMP methodology to be considered appropriate, the Company's shares should be liquid and the market should be fully informed as to LRR's activities. We have considered these factors in section 10.2 of our Report.

- The FME approach is not considered appropriate as the Company has been operating at a loss from continuing operations for the last three financial years. As such, we do not have reasonable grounds on which to base a forecast future maintainable earnings figure.
- We have not been provided with forecast cash flows and therefore are not able to use the DCF method.

## 9.2 Value of a LRR share following the Transaction

In our assessment of the value of a LRR share following the Transaction, we have adopted the sum-of-parts approach, which estimates the market value of a company by separately valuing each asset and liability of the company. The value of each asset may be determined using different methods.

The value of a LRR share following the Transaction consists of the following component values:

- The value of LRR prior to the Transaction;
- The value of Connected;
- The value of ICU;
  - In our valuation of the Group, we have considered the NAV methodology for the following reasons:
    - The Group are privately owned companies which mean that there is no regulated and observable market where the Group's shares can be traded and hence the QMP method is not appropriate.
    - The FME approach is not considered appropriate as the Group is currently loss making and has a limited trading history, implying that we do not have reasonable grounds on which to base a forecast future maintainable earnings figure.
    - The DCF approach is the most appropriate methodology to use in valuing technology companies such as Connected and ICU. However, under RG111 and RG170, certain requirements must be met in relation to the inclusion of prospective financial information, and therefore we are unable to value the Group using this methodology, as we do not have reasonable grounds for the forecast financial information.
    - The NAV methodology has therefore, been considered as an appropriate valuation approach. However, we note that asset based methods ignore the possibility that the Group's value could exceed the realisable value of its assets as they do not recognise the value of intangible assets such as goodwill and intellectual property rights. This is particularly important in the case of the Group given its early stage of operations and growth potential.
- The number of shares on issue following the Transaction will include:
  - the issue of Consideration shares to the Vendors towards the Acquisition of the Group;
  - the issue of facilitation shares;
  - the issue of shares pursuant to the capital raising;
  - the shares issued on conversion of both tranches of Convertible Notes;
  - the issue of shares for repayment of the KGV loan; and
  - the issue of shares for repayment of the outstanding loan from Bonarc.



We have not included the Milestone shares in the number of shares on issue following the Transaction as the outcome cannot be determined with a degree of certainty at this stage as they are based on revenue targets. We have shown the maximum dilutionary impact arising out of the conversion of the Milestone Consideration Shares in section 4.2 for illustrative purposes only.

A minority discount is applied to the NAV to arrive at the value of a LRR share following the Transaction on a minority interest basis.

## 10. Valuation of LRR prior to the Transaction

### 10.1 Net Asset Valuation of LRR

The value of LRR assets on a going concern basis is reflected in our valuation below:

NAV prior to the Transaction	Note	Audited as at 30-Jun-15 \$	Low Valuation \$	Preferred Valuation \$	High Valuation \$
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	1	6,348	13,401	13,401	13,401
Trade and other receivables		5,524	5,524	5,524	5,524
<b>TOTAL CURRENT ASSETS</b>		<b>11,872</b>	<b>18,925</b>	<b>18,925</b>	<b>18,925</b>
<b>NON - CURRENT ASSETS</b>					
Trade And other receivables		2,500	2,500	2,500	2,500
Available-for-sale assets		5,262	5,262	5,262	5,262
Property, plant and equipment		36,848	36,848	36,848	36,848
<b>TOTAL NON - CURRENT ASSETS</b>		<b>44,610</b>	<b>44,610</b>	<b>44,610</b>	<b>44,610</b>
<b>TOTAL ASSETS</b>		<b>56,482</b>	<b>63,535</b>	<b>63,535</b>	<b>63,535</b>
<b>CURRENT LIABILITIES</b>					
Trade and other payables		1,103,293	1,103,293	1,103,293	1,103,293
Borrowings	2	660,000	667,053	667,053	667,053
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,763,293</b>	<b>1,770,346</b>	<b>1,770,346</b>	<b>1,770,346</b>
<b>TOTAL LIABILITIES</b>		<b>1,763,293</b>	<b>1,770,346</b>	<b>1,770,346</b>	<b>1,770,346</b>
<b>NET ASSETS/(LIABILITIES)</b>		<b>(1,706,811)</b>	<b>(1,706,811)</b>	<b>(1,706,811)</b>	<b>(1,706,811)</b>
Shares on issues (post consolidation)	3	39,917,552	39,917,552	39,917,552	39,917,552
<b>Value per Share (\$)</b>			-	-	-

Source: Audited financial statements for the year ended 30 June 2015, BDO analysis

We have been advised by Management that there has not been a significant change in the net assets of LRR since 30 June 2015. The table above indicates the net asset value of a LRR share prior to the Transaction is Nil given the net liability position as at 30 June 2015.

Additionally, it should be noted that LRR has incorporated G8I for the purposes of purchasing the entire shareholding of the Group from its current shareholders Yakov Temov and Wen Sung with respect to Connected and from Cocoon with respect to ICU. The Management of LRR has confirmed that G8I does not have any material assets/liabilities on its balance sheet (given that it was recently incorporated for the purposes of the Transaction) which we would need to consider as a part of the consolidated statement of financial position of LRR above.

The net assets position as at 30 June 2015 has been adjusted to reflect the following:



#### Note 1: Loan balance outstanding towards Bonarc

Per Management of LRR, the total loan outstanding towards Bonarc as at the date of the Report is \$607,053. As per the audited financial statements as at 30 June 2015, we note that the unsecured loan outstanding towards Bonarc amounted to \$600,000 (out of a total of \$660,000). We have accordingly increased the cash balance to reflect the revised position with a corresponding adjustment to the Borrowings forming a part of Current liabilities in the above table.

#### Note 2: Shares on issue

	Number of Shares
Issued shares as at the date of our Report	2,391,053,092
Partly Paid Shares	4,000,000
Share consolidation ratio	60:1
Total number of issued shares as at the date of our Report(post consolidation)	39,917,552

### 10.2 Quoted Market Prices for LRR Securities

To provide a comparison to the valuation of LRR in Section 10.1, we have also assessed the quoted market price for a LRR share. In order to provide a like for like comparison we have consolidated the LRR shares on a 60:1 basis, when arriving at our quoted market price.

The quoted market value of a company's shares is reflective of a minority interest. A minority interest is an interest in a company that is not significant enough for the holder to have an individual influence in the operations and value of that company.

RG 111.11 suggests that when considering the value of a company's shares for the purposes of approval under Item 7 of s611 the expert should consider a premium for control. An acquirer could be expected to pay a premium for control due to the advantages they will receive should they obtain 100% control of another company. These advantages include the following:

- control over decision making and strategic direction;
- access to underlying cash flows;
- control over dividend policies; and
- access to potential tax losses.

Whilst the Associates will not be obtaining 100% of LRR, RG 111 states that the expert should calculate the value of a target's shares as if 100% control were being obtained. RG 111.13 states that the expert can then consider an acquirer's practical level of control when considering reasonableness. Reasonableness has been considered in Section 14.

Therefore, our calculation of the quoted market price of a LRR share including a premium for control has been prepared in two parts. The first part is to calculate the quoted market price on a minority interest basis. The second part is to add a premium for control to the minority interest value to arrive at a quoted market price value that includes a premium for control.

#### Minority interest value

Our analysis of the quoted market price of a LRR share is based on the pricing prior to the announcement of the Transaction. This is because the value of an LRR share after the announcement may include the effects of any change in value as a result of the Transaction. However, we have considered the value of an LRR share following the announcement when we have considered reasonableness in Section 13.



Information on the Transaction was announced to the market on 16 July 2015. Therefore, the following chart provides a summary of the share price movement over the 12 months to 15 July 2015 which was the last trading day prior to the announcement.



Source: Bloomberg

The daily share price of LRR from 16 July 2014 to 15 July 2015 has ranged from a low of \$0.001 to a high of \$0.002. As shown in the table below, LRR has intermittently been the subject of trading halts since 28 January 2015 and there have therefore been a limited number of price sensitive announcements.

The highest single day of trading was on 16 October 2014, where 24,723,100 shares were traded. However, there were no specific reasons provided by the Company for the significant increase in the volume of shares traded.

The key announcements are set out below:

Date	Announcement	Closing Share Price Following Announcement \$ (movement)	Closing Share Price Three Days After Announcement \$ (movement)
15/09/2014	August Appendix 5B	0.002 ▲ 50.00%	0.001 ▼ 33.33%
15/08/2014	July Appendix 5B	0.001 ▶ 0.00%	0.002 ▲ 100.00%

Given that the share price has been range bound at the lower end (\$0.001-\$0.002), the share price movement reflected in the above table is not material.

To provide further analysis of the market prices for an LRR share, we have also considered the weighted average market price for 10, 30, 60 and 90 day periods to 15 July 2015.

Share Price per unit	15-Jul-15	10 Days	30 Days	60 Days	90 Days
Closing price	\$0.0010				
Volume weighted average price (VWAP)		\$0.0010	\$0.0010	\$0.0010	\$0.0010

Source: Bloomberg, BDO analysis

The above weighted average prices are prior to the date of the announcement of the Transaction, to avoid the influence of any increase in price of LRR shares that has occurred since the Transaction was announced.



An analysis of the volume of trading in LRR shares for the twelve months to 15 July 2015 is set out below:

Trading days	Share price low	Share price high	Cumulative volume traded	As a % of Issued capital
1 Day	\$0.001	\$0.001	-	0.00%
10 Days	\$0.001	\$0.001	500,000	0.02%
30 Days	\$0.001	\$0.001	2,000,000	0.08%
60 Days	\$0.001	\$0.001	2,000,000	0.08%
90 Days	\$0.001	\$0.001	3,100,000	0.13%
180 Days	\$0.001	\$0.001	4,800,000	0.20%
1 Year	\$0.001	\$0.002	111,894,538	4.68%

Source: Bloomberg, BDO analysis

This table indicates that LRR's shares display a low level of liquidity, with 4.68% of the Company's current issued capital being traded in a twelve month period. For the quoted market price methodology to be reliable there needs to be a 'deep' market in the shares. RG 111.69 indicates that a 'deep' market should reflect a liquid and active market. We consider the following characteristics to be representative of a deep market:

- Regular trading in a company's securities;
- Approximately 1% of a company's securities are traded on a weekly basis;
- The spread of a company's shares must not be so great that a single minority trade can significantly affect the market capitalisation of a company; and
- There are no significant but unexplained movements in share price.

A company's shares should meet all of the above criteria to be considered 'deep', however, failure of a company's securities to exhibit all of the above characteristics does not necessarily mean that the value of its shares cannot be considered relevant.

In the case of LRR, we do not consider there to be a 'deep' market for the Company's shares given that only 4.68% of the shares were traded over the twelve month period prior to the announcement of the Transaction.

Our assessment is that a range of values for LRR shares based on market pricing, after disregarding post announcement pricing, is between \$0.001 and \$0.002.



## Control Premium

We have reviewed the control premiums paid by acquirers of companies listed on the ASX and summarised our findings below:

Year	Number of Transactions	Average Deal Value (AU\$m)	Average Control Premium (%)
2015	13	1786.91	36.27
2014	39	532.74	34.51
2013	38	206.84	51.55
2012	50	338.57	45.62
2011	62	743.04	53.36
2010	64	842.13	42.12
2009	61	456.18	49.48
2008	39	898.77	43.07
2007	77	1056.89	25.31
	<b>Mean</b>	<b>762.45</b>	<b>42.37</b>
	<b>Median</b>	<b>743.04</b>	<b>43.07</b>

Source: Bloomberg, BDO analysis

In arriving at an appropriate control premium to apply we note that observed control premiums can vary due to the:

- Nature and magnitude of non-operating assets;
- Nature and magnitude of discretionary expenses;
- Perceived quality of existing management;
- Nature and magnitude of business opportunities not currently being exploited;
- Ability to integrate the acquiree into the acquirer's business;
- Level of pre-announcement speculation of the transaction;
- Level of liquidity in the trade of the acquiree's securities.

The table above indicates that the long term average control premium paid for ASX-listed companies is in the range of 40% to 50%. However, given that LRR has been historically loss making and the lack of liquidity for the Company's shares, an appropriate control premium is in the range of 20% to 25%.

## Quoted market price including control premium

Applying a control premium to LRR's quoted market share price results in the following quoted market price value including a premium for control:

	Low	Midpoint	High
	\$	\$	\$
Quoted market price (pre consolidation)	0.001	0.0015	0.002
Quoted market price (post consolidation)	0.06	0.09	0.12
Control premium	20%	23%	25%
<b>Quoted market price including a premium for control</b>	<b>0.072</b>	<b>0.110</b>	<b>0.150</b>

Source: BDO analysis



Therefore, our valuation of an LRR share based on the quoted market price method, on a post consolidation basis, and including a premium for control is between \$0.072 and \$0.150, with a midpoint value of \$0.110.

### 10.3 Assessment of LRR prior to the Transaction

The results of the valuation performed are summarised in the table below:

Valuation of LRR prior to the Transaction	Low	Preferred	High
	\$	\$	\$
NAV per share (Section 10.1)	-	-	-
QMP per share (Section 10.2)	0.072	0.110	0.150

Source: BDO analysis

We note that the value obtained under the NAV methodology is lower than the values obtained under the QMP methodology in our low, preferred and high scenarios. The difference between the valuation obtained under the NAV and QMP approaches can be explained by the following:

- The QMP per share reflects investors' perception of the future prospects of LRR and may have taken into account the fact that the Company is proposing to change the nature and scale of its activities from a mining exploration company to a next generation wireless technology company via the acquisition of the Group.
- Under RG111.69 (d), the QMP methodology is considered appropriate when a liquid and active market exists for the securities. From our analysis of the QMP of a LRR share in section 10.2, we note that only 4.68% of the Company's issued capital has been traded in the 12 months prior to the announcement of the Transaction, which represents a low level of liquidity over the period. As a result of the lack of liquidity, we have not relied on the QMP value in assessing the value of a LRR share prior to the Transaction.

For the reasons described above and the lack of a 'deep' market for the trading of LRR's shares, we conclude that the value obtained under the NAV approach is the most appropriate methodology and consider the value of a LRR share prior to the Transaction to be nil.



## 11. Valuation of LRR following the Transaction

### 11.1 Net asset valuation of ICU

The value of the net assets of ICU on a going concern basis is reflected below:

Net Asset Value	Note	Audited as at	Low	Preferred	High
		31-Jul-15	Valuation	Valuation	Valuation
		US\$	\$	\$	\$
<b>CURRENT ASSETS</b>					
Cash and cash equivalents		19	14	14	14
Trade and other receivables		1,518	1,107	1,107	1,107
<b>TOTAL CURRENT ASSETS</b>		<b>1,537</b>	<b>1,121</b>	<b>1,121</b>	<b>1,121</b>
<b>NON - CURRENT ASSETS</b>					
Product and Development Equipment		451,170	328,984	328,984	328,984
<b>TOTAL NON - CURRENT ASSETS</b>		<b>451,170</b>	<b>328,984</b>	<b>328,984</b>	<b>328,984</b>
<b>TOTAL ASSETS</b>		<b>452,707</b>	<b>330,105</b>	<b>330,105</b>	<b>330,105</b>
<b>CURRENT LIABILITIES</b>					
Trade and other payables		1,915	1,396	1,396	1,396
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,915</b>	<b>1,396</b>	<b>1,396</b>	<b>1,396</b>
<b>NON - CURRENT LIABILITIES</b>					
Advances	1	819,441	-	-	-
<b>TOTAL NON - CURRENT LIABILITIES</b>		<b>819,441</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>821,356</b>	<b>1,396</b>	<b>1,396</b>	<b>1,396</b>
<b>NET ASSETS/(LIABILITIES)</b>		<b>(368,649)</b>	<b>328,709</b>	<b>328,709</b>	<b>328,709</b>

Source: BDO Analysis; Management information

\*The audited financial statements of ICU as at 31 July 2015 were denominated in US Dollars. We have considered the USD/AUD exchange rate as at 31 July 2015 (USD0.72918/AUD) and converted the Net assets of ICU into Australian Dollars given that LRR's functional and reporting currency is in Australian Dollars.

We have been advised that there has not been a significant change in the net assets of ICU since 31 July 2015, with the exception of the below adjustment.

#### Note 1: Extinguishment of loan outstanding to KGV

On 10 July 2013, KGV and ICU entered into a KGV Loan Agreement, under which KGV advanced \$1,100,066 to the Group. Pursuant to the Share Sale agreement, the KGV Loan will be converted to equity in LRR in consideration for the novation of the KGV Loan from KGV to LRR. We have accordingly adjusted the Non-current liabilities in the above table to reflect the novation of the KGV Loan with a corresponding adjustment to the shares on issue following the Transaction in section 11.3 below.



## 11.2 Net asset valuation of Connected

The value of the net assets of Connected on a going concern basis is reflected below:

Net Asset Value	Audited as at 31-Jul-15 US\$	Low Valuation \$	Preferred Valuation \$	High Valuation \$
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	56,892	41,485	41,485	41,485
Trade and other receivables	97,045	70,763	70,763	70,763
Inventory	193,283	140,938	140,938	140,938
<b>TOTAL CURRENT ASSETS</b>	<b>347,220</b>	<b>253,186</b>	<b>253,186</b>	<b>253,186</b>
<b>NON - CURRENT ASSETS</b>				
Property, plant and equipment	10,633	7,753	7,753	7,753
<b>TOTAL NON - CURRENT ASSETS</b>	<b>10,633</b>	<b>7,753</b>	<b>7,753</b>	<b>7,753</b>
<b>TOTAL ASSETS</b>	<b>357,853</b>	<b>260,939</b>	<b>260,939</b>	<b>260,939</b>
<b>CURRENT LIABILITIES</b>				
Trade and other payables	508,386	370,705	370,705	370,705
<b>TOTAL CURRENT LIABILITIES</b>	<b>508,386</b>	<b>370,705</b>	<b>370,705</b>	<b>370,705</b>
<b>TOTAL LIABILITIES</b>	<b>508,386</b>	<b>370,705</b>	<b>370,705</b>	<b>370,705</b>
<b>NET ASSETS/(LIABILITIES)</b>	<b>(150,533)</b>	<b>(109,766)</b>	<b>(109,766)</b>	<b>(109,766)</b>

Source: BDO Analysis; Management information

\*The audited financial statements of Connected as at 31 July 2015 were denominated in US Dollars. We have considered the USD/AUD exchange rate as at 31 July 2015 (USD0.72918/AUD) and converted the Net assets of Connected into Australian Dollars given that LRR's functional and reporting currency is in Australian Dollars.

We have been advised that there has not been a significant change in the net assets of Connected since 31 July 2015.

### 11.3 Valuation of LRR following the Transaction

Value of LRR following the Transaction	Ref	Low Valuation \$	Preferred Valuation \$	High Valuation \$
Net assets of LRR prior to the Transaction	10.1	(1,706,811)	(1,706,811)	(1,706,811)
Value of ICU shares	11.1	328,709	328,709	328,709
Value of Connected shares	11.2	(109,766)	(109,766)	(109,766)
<b>Adjustments</b>				
Cash raised from Capital Raising	Note 1	3,000,000	3,000,000	4,500,000
Expenses of the Capital Raising	Note 2	(329,500)	(329,500)	(420,500)
Cash raised from issue of Convertible Notes	Note 3	1,000,000	1,000,000	1,000,000
Part repayment of Bonarc loan	Note 4	(300,000)	(300,000)	(300,000)
<b>Value of LRR following the Transaction (controlling interest basis)</b>		<b>1,882,632</b>	<b>1,882,632</b>	<b>3,291,632</b>
Discount for minority interest	Note 5	20%	18%	17%
<b>Value of LRR following the Transaction (minority interest basis)</b>		<b>1,506,105</b>	<b>1,536,842</b>	<b>2,743,027</b>
Number of shares on issue	Note 6	614,917,551	614,917,551	689,917,551
<b>Value per share (\$)</b>		<b>0.0024</b>	<b>0.0025</b>	<b>0.0040</b>

The table above indicates that the net asset value of a LRR share following the Transaction on a minority basis is between \$0.0024 and \$0.0040 with a preferred value of \$0.0025. In arriving at this value, the following adjustments were made to the net assets of LRR following the Transaction.

#### Note 1: Cash raised from Capital Raising

As part of the Transaction, LRR is proposing to issue up to 225 million shares at a price of \$0.02 per share to raise up to \$4.5 million, with a minimum subscription of \$3 million. We have accordingly increased the net assets of LRR by \$3 million under the low and preferred scenarios and by \$4.5 million under the high scenario in the above table.

#### Note 2: Expenses of the Capital Raising

We have considered expenses of the Capital Raising as \$329,500 for the minimum subscription of \$3 million under the low and preferred scenarios and \$420,500 for the maximum subscription of \$4.5 million under the high scenario.

#### Note 3: Cash raised from issue of Convertible Notes

As per the terms of the Leopard and Connected Note Agreements, shares in LRR will be issued following the capital consolidation and reconstruction of the Company. The Convertible Notes are being issued towards a capital raising of \$1 million which has been reflected in the above table.

#### Note 4: Part repayment of Bonarc Loan

On 16 April 2013, the Company entered into the Bonarc Loan Agreement under which it was agreed that funds would be advanced to the Company towards administrative and working capital expenses. As at the date of the Report, Bonarc has advanced a total of \$607,053 to the Company. Pursuant to the Share Sale Agreement, the Company and Bonarc have agreed that \$300,000 of the Bonarc Loan will be repaid (as reflected above) and the balance will be satisfied via the issue of 15 million Shares to Bonarc.

#### Note 5: Minority discount

The net asset value of the LRR share following the Transaction is reflective of a controlling interest. This suggests that the acquirer obtains an interest in the company which allows them to have an individual influence in the operations and value of that company. Therefore, if the Transaction is approved, the current Shareholders of LRR may become minority interest shareholders in the new Company, meaning that their individual holding will not be considered significant enough to have an individual influence in the operations and value of the Company.

Therefore, we have adjusted our valuation of LRR following the Transaction, to reflect a minority interest holding. A minority discount is the inverse of a premium for control and is calculated using the formula  $1 - (1/1 + \text{control premium})$ . As discussed in section 10.2, we consider an appropriate control premium for LRR to be in the range of 20% to 25%, giving rise to a minority interest discount in the range of 17% to 20%.

#### Note 6: Number of shares on issue

We have adjusted the number of shares on issue to include the following:

Number of shares on issue	Ref	Low	Preferred	High
Number of shares as at date of our Report (post consolidation)		39,850,885	39,850,885	39,850,885
Partly paid shares*		66,666	66,666	66,666
Shares issues to Yakov Temov		46,000,000	46,000,000	46,000,000
Shares issues to Wen Sung		46,000,000	46,000,000	46,000,000
Shares issues to Cocoon Capital Investments Limited		108,000,000	108,000,000	108,000,000
Shares issued in lieu of Principal on the Convertible Notes		100,000,000	100,000,000	100,000,000
Shares issued as part of the Capital raising		150,000,000	150,000,000	225,000,000
Facilitation shares issued to Trident Capital		15,000,000	15,000,000	15,000,000
Facilitation shares issued to Bonarc		5,000,000	5,000,000	5,000,000
Loan Consideration shares issued to KGV	a	90,000,000	90,000,000	90,000,000
Loan Consideration shares issued to Bonarc	b	15,000,000	15,000,000	15,000,000
<b>Total Number of Shares on issue following the Transaction</b>		<b>614,917,551</b>	<b>614,917,551</b>	<b>689,917,551</b>

\* Management has advised that on 11 November 2015, 4,000,000 Partly Paid shares (which are currently forfeited) will be credited as fully paid, representing 66,666 shares on a post consolidation basis.

We have not included the issue of shares on achieving Milestone 1 and Milestone 2, as the Group has a limited trading history and the probability of meeting these Milestones cannot be ascertained with a reasonable degree of certainty.

#### Note a: Loan Consideration shares issued to KGV

As discussed in Section 11.1 above, the Company will issue 90 million shares to KGV in lieu of the total loan of \$1,100,066 outstanding as of date.

#### Note b: Loan Consideration shares issued to Bonarc

As discussed in Note 4 above, the Bonarc loan is being partially settled through the issue of 15 million shares in the Company.

## 12. Is the Transaction fair?

The value of a LRR share prior to the Transaction on a control basis and the value of a LRR share following the Transaction on a minority basis is compared below:

	Ref	Low	Preferred	High
		\$	\$	\$
Value of a LRR share prior to the Transaction on a controlling basis	10.1	Nil	Nil	Nil
Value of a LRR share following the Transaction on a minority basis	11.3	0.0024	0.0025	0.0040

We note from the table above that the value of a LRR share following the Transaction on a minority basis is greater than the value of a LRR share prior to the Transaction on a controlling basis. Therefore, we consider that the Transaction is fair.

## 13. Is the Transaction reasonable?

### 13.1 Alternative Proposal

We are unaware of any alternative proposal that might offer the Shareholders of LRR a premium over the value ascribed to, resulting from the Transaction.

### 13.2 Practical Level of Control

If the Transaction is approved, then the Associates will hold a maximum interest between 51.09% (on an undiluted basis) and 60.68% (assuming the Milestone Consideration Shares are issued) of the issued capital of LRR (assuming \$3 million is raised). In addition to this, LRR will have one Board member nominated by the Group, Yakov Temov.

When shareholders are required to approve an issue that relates to a company there are two types of approval levels. These are ordinary resolutions and special resolutions. An ordinary resolution is a resolution passed by over 50% of the votes cast by members entitled to vote on the resolution and a special resolution is a resolution passed by at least 75% of the votes cast by members entitled to vote on the resolution. If the Transaction is approved and the Milestone Consideration shares are issued, then the Associates will be able to block both ordinary and special resolutions.

The Associates' control of LRR following the Transaction will be significant when compared to all other shareholders. As discussed above, the Associates would hold an interest between 45.53% on an undiluted basis and 55.26% (assuming the Milestone Consideration shares are issued) of the issued capital of LRR, assuming \$4.5 million is raised.

Therefore, in our opinion, while the Associates will be able to significantly influence the activities of LRR, it will not be able to exercise a similar level of control as if it held 100% of LRR.

### 13.3 Consequences of not Approving the Transaction

#### Retain existing operations

LRR is a mineral exploration company which has not generated revenue during the historical period. Additionally, as discussed in Section 5.1, the EL granted to the Company in relation to the Mission Cables Project expired on 17 March 2015 and the Company has since sought legal recourse to ensure that the tenement is under the control of the Company. However, as at the date of this Report, the Company does

not hold any mining tenements in its name and the auditors of LRR, HLB Mann Judd Chartered Accountants have fully impaired the value of the exploration assets, due to the uncertainty surrounding the tenure of the EL held in relation to the Mission Cables Project.

Therefore, if the Transaction is not approved, LRR would have to explore other avenues, given the loss of its EL and the low liquidity position as at 30 June 2015. As such, the Directors of LRR may need to consider alternative transactions and review alternative growth opportunities to grow the Company and provide returns to Shareholders.

#### Potential decline in share price

We have analysed movements in LRR's share price since the Transaction was announced. A graph of LRR's share price since the announcement is set out below.



Source: Bloomberg

The chart shows there has been no change in price movement in the lead up to or following the announcement. Given the above analysis it is possible that if the Transaction is not approved then LRR's share price is unlikely to decline.

### 13.4 Advantages of Approving the Transaction

We have considered the following advantages when assessing whether the Transaction is reasonable.

Advantage	Description
The Transaction is fair	As set out in section 12, the Transaction is fair. RG 111 states that an offer is reasonable if it is fair.
The Transaction will put the Company under less cash flow strain as the Consideration is primarily in the form of shares	<p>The Consideration for the Transaction is in the form of Consideration Shares and Milestone Consideration Shares should the Vendors achieve certain pre-defined milestones/targets.</p> <p>This would help the Company retain the cash raised through the capital raising and the convertible notes for meeting its working capital requirements and to assist in the commercialisation of the</p>

Advantage	Description
	technology held by the Group.
The inclusion of performance based milestones aligns the Vendors objectives with the Company	The inclusion of performance based milestones aligns the Vendor's objectives with that of the Company to achieve the revenue targets of \$15 million and/or \$25 million, thereby providing a higher yield for existing Shareholders' of LRR.
The ability of LRR to raise additional funds may increase due to the shift in the scale and nature of the Company's activities	As Connected and ICU are US based companies, the acquisition would increase the Company's ability to raise additional working capital if required. Additionally, the change in nature of the Company's activities from a mining exploration company to a next generation wireless technology company would also attract a new pool of investors.

### 13.5 Disadvantages of Approving the Transaction

If the Transaction is approved, in our opinion, the potential disadvantages to Shareholders include those listed in the table below:

Disadvantage	Description
Dilution of existing shareholders' interests	The issue of new shares as part of the Proposed Acquisition will dilute existing shareholders' interests. As set out in section 4.1, the Associates shareholding in the Company will increase from 19.15% as at the date of our Report to 45.53% (assuming a maximum capital raising of \$4.5 million) to a maximum of 51.09% (assuming a minimum capital raising of \$3 million) following the Transaction on an undiluted basis, and on a diluted basis to 55.26% (assuming a maximum capital raising of \$4.5 million and the issue of Milestone Consideration Shares) to a maximum of 60.68% (assuming a minimum capital raising of \$3 million and the issue of Milestone Consideration Shares).
Risks associated with change in the nature of the business	<p>The shift in the scale and nature of the Company's activities has certain associated risks which include:</p> <ul style="list-style-type: none"> <li>- Operating in a more competitive market;</li> <li>- Placing greater reliance on key personnel to develop new technologies and the accompanying risks associated with losing these key personnel.</li> <li>- The impact of new technology entering the market and making the existing technology developed by the Group obsolete.</li> <li>- An increase in the exposure of the Company to foreign</li> </ul>

Disadvantage	Description
	<p>exchange fluctuation, as costs and expenses will be denominated in US dollars, given the primary markets for the Group are based in the US.</p> <ul style="list-style-type: none"> <li>- The future success of the products may depend on the ability to obtain and maintain patent protection of its products, which is not currently guaranteed.</li> </ul>
Risks associated with the development and commercialisation of the technology associated with the Group	The Group are essentially in the nature of a start-up business resulting in significant risks being involved with their ability to successfully commercialise their existing technology.
Limited trading history of the Group and ability of LRR to implement the business plan	Connected was incorporated in 2013 and ICU was incorporated in 2012 indicating a limited trading history. Therefore, given that its business prospects are largely unproven, it is difficult to evaluate the growth potential of the Group and LRR's ability to achieve commercial viability through the acquisition of the Group and the implementation of the business plan.

## 14. Conclusion

We have considered the terms of the Transaction as outlined in the body of this report and have concluded that the Transaction is fair and reasonable to the Shareholders of LRR.

In our opinion, the Transaction is fair because the value of a LRR share following the Transaction on a minority basis is greater than the value of a LRR share prior to the Transaction on a controlling basis. We also consider the Transaction to be reasonable; RG 111 states that an offer is reasonable if it is fair.

## 15. Sources of information

This report has been based on the following information:

- Draft Notice of General Meeting and Explanatory Statement on or about the date of this report;
- Audited financial statements of LRR for the years ended 30 June 2015, 30 June 2014 and 30 June 2013;
- Audited financial statements of ICU and Connected for the period ended 31 July 2015 and the financial years ended 31 December 2013 and 31 December 2014 respectively;
- Share registry information;
- Information in the public domain; and
- Discussions with Directors and Management of LRR, Connected and ICU.

## 16. Independence

BDO Corporate Finance (WA) Pty Ltd is entitled to receive a fee of \$22,000 (excluding GST and reimbursement of out of pocket expenses). The fee is not contingent on the conclusion, content or future use of this Report. Except for this fee, BDO Corporate Finance (WA) Pty Ltd has not received and will not



receive any pecuniary or other benefit whether direct or indirect in connection with the preparation of this report.

BDO Corporate Finance (WA) Pty Ltd has been indemnified by LRR in respect of any claim arising from BDO Corporate Finance (WA) Pty Ltd's reliance on information provided by LRR, including the non-provision of material information, in relation to the preparation of this report.

Prior to accepting this engagement BDO Corporate Finance (WA) Pty Ltd has considered its independence with respect to LRR, G8I, Connected and ICU and any of their respective associates with reference to ASIC Regulatory Guide 112 'Independence of Experts'. In BDO Corporate Finance (WA) Pty Ltd's opinion it is independent of LRR, G8I, Connected and ICU and their respective associates.

Neither the two signatories to this report nor BDO Corporate Finance (WA) Pty Ltd, have had within the past two years any professional relationship with LRR or their associates, other than in connection with the preparation of this report.

A draft of this report was provided to LRR and its advisors for confirmation of the factual accuracy of its contents. No significant changes were made to this report as a result of this review.

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## 17. Qualifications

BDO Corporate Finance (WA) Pty Ltd has extensive experience in the provision of corporate finance advice, particularly in respect of takeovers, mergers and acquisitions.

BDO Corporate Finance (WA) Pty Ltd holds an Australian Financial Services Licence issued by the Australian Securities and Investment Commission for giving expert reports pursuant to the Listing rules of the ASX and the Corporations Act.

The persons specifically involved in preparing and reviewing this report were Sherif Andrawes and Adam Myers of BDO Corporate Finance (WA) Pty Ltd. They have significant experience in the preparation of independent expert reports, valuations and mergers and acquisitions advice across a wide range of industries in Australia and were supported by other BDO staff.

Sherif Andrawes is a Fellow of the Institute of Chartered Accountants in England & Wales and a Member of the Institute of Chartered Accountants in Australia. He has over twenty five years' experience working in the audit and corporate finance fields with BDO and its predecessor firms in London and Perth. He has been responsible for over 250 public company independent expert's reports under the Corporations Act or ASX Listing Rules and is a CA BV Specialist. These experts' reports cover a wide range of industries in Australia with a focus on companies in the natural resources sector. Sherif Andrawes is the Chairman of BDO in Western Australia, Corporate Finance Practice Group Leader of BDO in Western Australia and the Natural Resources Leader for BDO in Australia.

Adam Myers is a member of the Institute of Chartered Accountants in Australia. Adam's career spans 18 years in the Audit and Assurance and Corporate Finance areas. Adam has considerable experience in the



preparation of independent expert reports and valuations in general for companies in a wide number of industry sectors.

## 18. Disclaimers and consents

This report has been prepared at the request of LRR for inclusion in the Explanatory Memorandum which will be sent to all LRR Shareholders. LRR engaged BDO Corporate Finance (WA) Pty Ltd to prepare an independent expert's report to consider the proposal to acquire Connected and ICU from the Vendors and the issue of shares in LRR as consideration.

BDO Corporate Finance (WA) Pty Ltd hereby consents to this report accompanying the above Explanatory Memorandum. Apart from such use, 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, statement or letter without the prior written consent of BDO Corporate Finance (WA) Pty Ltd.

BDO Corporate Finance (WA) Pty Ltd takes no responsibility for the contents of the Explanatory Memorandum other than this report.

We have no reason to believe that any of the information or explanations supplied to us are false or that material information has been withheld. It is not the role of BDO Corporate Finance (WA) Pty Ltd acting as an independent expert to perform any due diligence procedures on behalf of the Company. The Directors of the Company are responsible for conducting appropriate due diligence in relation to Connected and ICU. BDO Corporate Finance (WA) Pty Ltd provides no warranty as to the adequacy, effectiveness or completeness of the due diligence process.

The opinion of BDO Corporate Finance (WA) Pty Ltd is based on the market, economic and other conditions prevailing at the date of this report. Such conditions can change significantly over short periods of time.

With respect to taxation implications it is recommended that individual Shareholders obtain their own taxation advice, in respect of the Transaction, tailored to their own particular circumstances. Furthermore, the advice provided in this report does not constitute legal or taxation advice to the Shareholders of LRR, or any other party.

The statements and opinions included in this report are given in good faith and in the belief that they are not false, misleading or incomplete.

The terms of this engagement are such that BDO Corporate Finance (WA) Pty Ltd has no obligation to update this report for events occurring subsequent to the date of this report.

Yours faithfully

**BDO CORPORATE FINANCE (WA) PTY LTD**

**Adam Myers**  
Director

**Sherif Andrawes**  
Director

## Appendix 1 - Glossary of Terms

Reference	Definition
The Act	The Corporations Act 2001 Cth
APES 225	Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services'
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
BDO	BDO Corporate Finance (WA) Pty Ltd
Bonarc	Bonarc Pty Ltd
Capital Raising	The proposed issue of 200 million shares at \$0.02 per share to raise upto \$4 million with a minimum subscription of \$4.5 million
Cocoon	Cocoon Capital Investments Limited
Connected	Connected IO Inc
Consideration Shares	200 million fully paid ordinary shares
Corporations Act	The Corporations Act 2001 Cth
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
EL	Exploration Licence
G8I	G8 International Inc
ICU	ICU Wireless Systems Limited
IoT	Internet of Things
KGV	King George V Nominees Ltd
M2M	Machine to Machine
Milestone 1 Consideration Shares	100 million Class A Performance Shares which would convert to 100 million fully paid ordinary shares in the Company should LRR and its subsidiaries achieve \$15 million in



Reference	Definition
	aggregated gross revenue in any of the financial years ending on 31 December 2016, 2017 or 2018
Milestone 2 Consideration Shares	50 million Class B Performance Shares which would convert to 50 million fully paid ordinary shares in the Company should LRR and its subsidiaries achieve \$25 million in aggregated gross revenue in any of the financial years ending on 31 December 2016, 2017 or 2018
NAV	Net Asset Value
Our Report	This Independent Expert's Report prepared by BDO
QMP	Quoted market price
Section 611	Section 611 of the Corporations Act
Shareholders	Non associated shareholders of LRR
Substantial Shareholders	Collective name of Willis Holdings Ltd and Maraval Investments LLC.
The Company/LRR	Leopard Resources NL
The Group	Connected and ICU
The Transaction	The proposal to issue shares in LRR to the vendors of Connected and ICU
Vendors	Yakov Temov, Wen Sung and KGV
VWAP	Volume Weighted Average Price

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For permission requests, write to BDO Corporate Finance (WA) Pty Ltd, at the address below:

The Directors

BDO Corporate Finance (WA) Pty Ltd

38 Station Street

SUBIACO, WA 6008

Australia

## Appendix 2 - Valuation Methodologies

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Methodologies commonly used for valuing assets and businesses are as follows:

### 1 *Net asset value ('NAV')*

Asset based methods estimate the market value of an entity's securities based on the realisable value of its identifiable net assets. Asset based methods include:

- Orderly realisation of assets method
- Liquidation of assets method
- Net assets on a going concern method

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to entity holders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the entity 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 time frame. Since wind up or liquidation of the entity may not be contemplated, these methods in their strictest form may not be appropriate. The net assets on a going concern method estimates the market values of the net assets of an entity but does not take into account any realisation costs.

Net assets on a going concern basis are usually appropriate where the majority of assets consist of cash, passive investments or projects with a limited life. All assets and liabilities of the entity are valued at market value under this alternative and this combined market value forms the basis for the entity's valuation.

Often the FME and DCF methodologies are used in valuing assets forming part of the overall Net assets on a going concern basis. This is particularly so for exploration and mining companies where investments are in finite life producing assets or prospective exploration areas.

These asset based methods ignore the possibility that the entity's value could exceed the realisable value of its assets as they do not recognise the value of intangible assets such as management, intellectual property and goodwill. Asset based methods are appropriate when an entity is not making an adequate return on its assets, a significant proportion of the entity's assets are liquid or for asset holding companies.

### 2 *Quoted Market Price Basis ('QMP')*

A valuation approach that can be used in conjunction with (or as a replacement for) other valuation methods is the quoted market price of listed securities. Where there is a ready market for securities such as the ASX, through which shares are traded, recent prices at which shares are bought and sold can be taken as the market value per share. Such market value includes all factors and influences that impact upon the ASX. The use of ASX pricing is more relevant where a security displays regular high volume trading, creating a 'deep' market in that security.

### 3 *Capitalisation of future maintainable earnings ('FME')*

This method places a value on the business by estimating the likely FME, capitalised at an appropriate rate which reflects business outlook, business risk, investor expectations, future growth prospects and other entity specific factors. This approach relies on the availability and analysis of comparable market data.



The FME approach is the most commonly applied valuation technique and is particularly applicable to profitable businesses with relatively steady growth histories and forecasts, regular capital expenditure requirements and non-finite lives.

The FME used in the valuation can be based on net profit after tax or alternatives to this such as earnings before interest and tax ('EBIT') or earnings before interest, tax, depreciation and amortisation ('EBITDA'). The capitalisation rate or 'earnings multiple' is adjusted to reflect which base is being used for FME.

#### **4 Discounted future cash flows ('DCF')**

The DCF methodology is based on the generally accepted theory that the value of an asset or business depends on its future net cash flows, discounted to their present value at an appropriate discount rate (often called the weighted average cost of capital). This discount rate represents an opportunity cost of capital reflecting the expected rate of return which investors can obtain from investments having equivalent risks.

Considerable judgement is required to estimate the future cash flows which must be able to be reliably estimated for a sufficiently long period to make this valuation methodology appropriate.

A terminal value for the asset or business is calculated at the end of the future cash flow period and this is also discounted to its present value using the appropriate discount rate.

DCF valuations are particularly applicable to businesses with limited lives, experiencing growth, that are in a start-up phase, or experience irregular cash flows.

#### **5 Market Based Assessment**

The market based approach seeks to arrive at a value for a business by reference to comparable transactions involving the sale of similar businesses. This is based on the premise that companies with similar characteristics, such as operating in similar industries, command similar values. In performing this analysis it is important to acknowledge the differences between the comparable companies being analysed and the company that is being valued and then to reflect these differences in the valuation.

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