



ASX Announcement

17 June 2016

ACQUISITION OF LEADING 'SAAS' ASSET MANAGEMENT TECHNOLOGY AMENDED CAPITAL STRUCTURE

Highlights:

- Pursuant to changes in ASX Guidance Note and Listing Rule policy, the transaction terms for the proposed acquisition of the Enterprise Asset Management Technology from K2fly have been amended
 - Prospectus capital raising will be undertaken at 20 cents per share (as opposed to 4 cents per share as previously advised)
 - Consolidation of Power share capital to be undertaken on a 1:9.4 basis (as opposed to a 1:1.9 basis as previously advised)
 - Amended terms of the acquisition will alter the capital structure of the Company upon completion
 - Power Resources to change its name to K2fly Limited upon completion
 - Market Capitalisation upon completion to be approximately \$8.8 million with an Enterprise Value of \$5.8 million (assuming minimum subscription of \$3 million)
 - Total shares on issue upon completion of approximately 44 million shares (assuming minimum subscription of \$3 million) with up to 2 million unlisted options (25 cent strike price / 4 year term)
 - ASX Code **K2F** has been reserved
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Power Resources Limited (ASX: PWW) ("**Power**" or the "**Company**") refers to the ASX Announcement dated 16 May 2016 titled "Acquisition of Leading SAAS Asset Management Technology" in which it was announced that Power had entered into a binding sale of asset agreement ("**Sale Agreement**") in relation to the acquisition of 100% of the asset management and asset maintenance technology assets owned by K2fly NL ("**K2fly**"). The execution of this definitive Sale Agreement followed an extensive period of due diligence completed by Power on the technology assets owned by K2fly (the "**Transaction**").

On 14 June 2016, the Company and K2fly entered into an Amended and Restated Sale of Asset Agreement which dealt with changes to the consolidation of the share capital of Power as well as the changes to the deemed issue price of shares pursuant to the Transaction.

Pursuant to changes in ASX Guidance Note and Listing Rule policy, the transaction terms for the proposed acquisition of the Enterprise Asset Management Technology from K2fly have been amended.

As a result of the changes to the Listing Rule and Guidance Note policy, Power will be unable to apply to the ASX for a waiver which would have allowed the Company to raise funds at not less than 2 cents per share, commonly referred to as the "2 cent waiver".

In light of these changes, funds will now be raised pursuant to a Prospectus at an issue price 20 cents per share, as opposed to 4 cents per share as previously advised.

In addition to the change in the issue price pursuant to the capital raising, Power will also be amending the consolidation ratio of its share capital. The consolidation of Power share capital will now be undertaken on a 1:9.4 basis as opposed to a 1:1.9 basis as previously advised.

It is important to note that whilst the number of shares will be changing as a result of the adjustment to the consolidation ratio, the ultimate value of the total shareholdings remains unchanged.

Commenting on the amended transaction terms, Chairman of Power, Michael Scivolo stated:

"The recent changes in the ASX policy simply means that Power has had to re-visit parts of the acquisition structure relating mainly to the consolidation of capital ratio and the price per share at which new funds are raised under the prospectus. This acquisition continues to signify a significant transition for Power into the asset management and asset maintenance industry and we look forward to building on the exciting growth story of K2fly."

Chairman of K2fly, Mr Brian Miller, stated:

"The operations of K2fly continue to excel beyond our expectations. We have now signed with a trusted distribution partner with a formidable market presence in Europe and we continue to sign new clients across Australia building our brand profile and reputation."

The terms of the Acquisition provide a strong platform for shareholder value creation, with K2fly (on a post completion basis) having an Enterprise Value of \$5.8 million, assuming a minimum capital raising of \$3 million is completed.

K2fly is being advised on the Acquisition by LinQ Corporate Pty Ltd.

Power, in consultation with K2fly, will be seeking to distribute in the next two weeks a notice of meeting for shareholders to approve the Acquisition and the lodgement of a Prospectus with the ASIC and the ASX to raise a minimum of \$3 million at 20 cents per share with over-subscriptions of a further \$2 million.

K S Capital Pty Ltd is the Lead Manager to the Prospectus capital raising.

Shareholder Approvals

A notice of meeting seeking shareholder approval for the resolutions required to give effect to the Acquisition will be sent to Power shareholders in the next two weeks with the meeting to be held indicatively on 11 August 2016. Subject to Power shareholder approval being obtained, the securities of Power will remain suspended until re-compliance and the Acquisition have completed.

Indicative Timetable

An indicative timetable for completion of the Acquisition is set out below:

Event	Date
Announce Amended Transaction	17 June 2016
Lodge Notice of Meeting with ASX	27 June 2016
Dispatch Notice of General Meeting	11 July 2016
Lodge Prospectus with ASIC and ASX	1 July 2016
Hold General Meeting	11 August 2016
Close Prospectus Offer	16 August 2016
Completion of Acquisition and issue of Shares	22 August 2016
Power to re-list as "K2fly Limited"	31 August 2016

Please note that this timetable is indicative only and the directors of Power reserves the right to amend the timetable as required with the approval of K2fly.

Pro Forma Capital Structure

The indicative share capital structure of Power post-acquisition of K2fly (on a post-consolidated basis, based on completion of the Acquisition and following the proposed capital raising) will be:

	Shares	Implied Share Price / Value	Shareholding %
Current Shares on Issue	47,187,501	\$0.021	0.0%
Post Consolidation Issued Capital	5,019,947	\$0.20	11.4%
K2fly Consideration Shares	16,000,000	\$0.20	36.2%
K2 Technology Vendor Shares	1,500,000	\$0.20	3.4%
Upfront Share Consideration (KMM - Fee)	4,500,000	\$0.20	10.2%
Advisory and Lead Manager Fee (Unallocated)	1,250,000	\$0.20	2.8%
Convertible Note Shares	937,500	\$0.20	2.1%
Prospectus Capital Raising	15,000,000	\$0.20	33.9%
Total - Post RTO and Capital Raising	44,207,447		100%

In addition, up to 2 million Broker Options may also be issued, each with an exercise price of 25 cents per share and a term to expiry of 4 years from the date of issue.

Convertible Note Offering

K2fly is pleased to announce that it has raised an additional \$150,000 through the issue of convertible notes to sophisticated and professional investors. The funds raised pursuant to the convertible note offering will be applied to working capital of K2fly to allow for the accelerated development plans and strategy to be implemented.

Convertible notes are unsecured and convert into fully paid ordinary shares of Power upon the completion of the Acquisition at a deemed issue price equal to a 20% discount to the IPO price (i.e. a deemed issue price of 16 cents per share).

This will result in the issue of an additional 937,500 shares.

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