
ASPERMONT LIMITED

ACN 000 375 048

NOTICE OF GENERAL MEETING

TIME: 4:00 pm WST

DATE: Friday, 30 September 2016

PLACE: 613-619 Wellington Street, Perth, Western Australia

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

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 6263 9100.

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IMPORTANT INFORMATION

Time and place of Meeting

Notice is given that the Meeting will be held at 4:00pm WST on 30 September 2016 at:
613-619 Wellington Street, Perth, Western Australia

Your vote is important

The business of the Meeting affects your shareholding and your vote is important.

Voting eligibility

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 5:00pm WST on 28 September 2016.

Voting in person

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

Voting by proxy

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

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

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance

with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

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

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

Further details on these changes are set out below.

Proxy vote if appointment specifies way to vote

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

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

Transfer of non-chair proxy to chair in certain circumstances

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

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

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

BUSINESS OF THE MEETING

1. RESOLUTION 1 – ACQUISITION OF RELEVANT INTEREST - MR JOHN STARK

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

“That, for the purposes of section 611 (Item 7) of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for:

- (a) the Company to issue 252,156,830 Shares to Allandale Holdings Pty Ltd (**Allandale**), an entity controlled by Mr John Stark;*
- (b) the Company to issue 25,695,253 Shares to Mr John Stark; and*
- (c) the acquisition of a relevant interest in the issued voting shares of the Company by Mr John Stark otherwise prohibited by section 606(1) of the Corporations Act by virtue of the issue of the Shares referred to in paragraphs (a) and (b) which in addition to the 108,044,917 Shares already held, will result in Mr John Stark’s voting power increasing from 9.88% to up to 28.14% in the capital of the Company,*

on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: No votes may be cast in favour of this Resolution by:

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

Accordingly, the Company will disregard any votes cast on this Resolution by Mr John Stark, Allandale Holdings Pty Ltd, Annandale Management Services, Fieldridge Pty Ltd and Allandale Real Estate Pty Ltd and any of their associates.

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

2. RESOLUTION 2 – ACQUISITION OF RELEVANT INTEREST - MEGA HILLS LIMITED

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

“That, for the purposes of section 611 (Item 7) of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for:

- (a) the Company to issue 6,000,000 Underwriting Fee Shares to Mega Hills Ltd, an entity associated with Director and CEO Mr Alex Kent (**Mega Hills**);*
- (b) the Company to issue 258,245,641 Shares to Mega Hills on conversion of the MH Convertible Note Facility;*
- (c) the Company to issue 258,245,641 free attaching unlisted Options with a 3 cent strike and 9 year duration, to Mega Hills; and*

- (d) *the acquisition of a relevant interest in the issued voting shares of the Company by Mega Hills and Mr Alex Kent otherwise prohibited by section 606(1) of the Corporations Act by virtue of the issue of the Shares referred to in paragraphs (a) and (b) and the potential issue of Shares upon the exercise of the Options issued in (c), which in addition to the 803,605 Shares already held, will result in Mr Alex Kent's voting power increasing from 0.08% to a maximum interest of 32.39% in the capital of the Company,*

on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: No votes may be cast in favour of this Resolution by:

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

Accordingly, the Company will disregard any votes cast on this Resolution by Mr Alex Kent, Mega Hills Ltd and any of their associates.

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

3. RESOLUTION 3 – ISSUE OF SHARES AND OPTIONS TO RHODERIC WHYTE

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

"That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for:

- (a) *the Company to issue 2,945,686 Shares to Rhoderic Whyte;*
(b) *the Company to issue 2,945,686 free attaching unlisted Options with a 3 cent strike and 9 year duration, to Rhoderic Whyte,*

on the terms and conditions set out in the Explanatory Statement."

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

Voting Prohibition Statement:

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

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

However, the above prohibition does not apply if:

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

4. RESOLUTION 4 – RATIFICATION OF PRIOR ISSUE - CONVERTIBLE NOTES

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

“That for the purposes of Article 2 of the Company’s Constitution, ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of Convertible Notes to raise up to \$286,500 on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

5. RESOLUTION 5 – RATIFICATION OF PRIOR ISSUE – SHARES

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

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 66,400,000 Shares on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

6. RESOLUTION 6 – PLACEMENT – SHARES

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

“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 133,600,000 Shares on the terms and conditions set out in the Explanatory Statement.”

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

7. RESOLUTION 7 – ISSUE OF SHARES TO GEOFFREY ALLAN DONOHUE

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

“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 20,000,000 Shares to Geoffrey Allan Donohue (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

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

Dated: 24 August 2016

By order of the Board



David Straface
Company Secretary

EXPLANATORY STATEMENT

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

1. RESOLUTION 1 – ACQUISITION OF RELEVANT INTEREST - MR JOHN STARK

1.1 Background

At June 2013, Aspermont Limited (**Company**) was provided an unsecured loan of AUD \$2,340,634 by Allandale Holdings Pty Ltd (ACN 000 383 335) (**Allandale**), an entity controlled by Mr John Stark. At July 2013, the Company was provided an unsecured loan of \$227,310 by Mr John Stark. On 30 September 2016, the agreed conversion date, the total amounts owing to Allandale and Mr John Stark will be \$2,521,568.29 and \$256,952.53 respectively, being a total amount of \$2,778,520.82 owing to Mr John Stark (**Loans**). The Loans each accrue interest on a day to day basis at a rate set at 9.5% per annum.

Mr John Stark and the Company have agreed that the Loans will, at the election of the Company, be converted into fully paid ordinary shares in the capital of the Company (**Shares**) at a conversion rate of AUD\$0.01 per Share (**Loan Conversion**), with \$2,778,520.82 to be converted into Shares, equating to 277,852,083 Shares (**Stark Shares**), in the manner set out in this Notice. The Shares will be issued to Mr John Stark and to Allandale.

1.2 General

Resolution 1 seeks Shareholder approval:

- (a) to allow the Company to issue up to 252,156,830 Shares to Allandale;
- (b) to allow the Company to issue up to 25,695,253 Shares to Allandale and Mr John Stark; and
- (c) for the purpose of Item 7 of Section 611 of the Corporations Act to permit Mr John Stark's (and Allandale's) voting power in the Company to increase from 9.88% to up to 28.14% by virtue of the issue of Shares on conversion of the Loans referred to in section 1.1 above.

1.3 Chapter 2E of the Corporations Act

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

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

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

The issue of the Stark Shares constitutes giving a financial benefit and Mr John Stark is a related party of the Company by virtue of being a Director. Allandale is

a related party of the Company by virtue of being an entity controlled by a Director.

The Directors (other than Mr John Stark who has a material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of the Stark Shares because the agreement to convert the Loans into Shares was negotiated on an arms length basis.

1.4 ASX Listing Rule 10.11

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

As the issue of the Stark Shares to Mr John Stark involves the issue of securities to a related party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

1.5 Item 7 of Section 611 of the Corporations Act

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

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

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

(Prohibition).

(b) Voting Power

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

(c) Associates

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

- (i) (pursuant to Section 12(2) of the Corporations Act) the first person is a body corporate and the second person is:
 - (A) a body corporate the first person controls;

- (B) a body corporate that controls the first person; or
 - (C) a body corporate that is controlled by an entity that controls the person;
- (ii) the second person has entered or proposes to enter into a relevant agreement with the first person for the purpose of controlling or influencing the composition of the company's board or the conduct of the company's affairs; or
 - (iii) the second person is a person with whom the first person is acting or proposes to act, in concert in relation to the company's affairs.

A relevant agreement includes an agreement, arrangement or understanding, whether written or oral, formal or informal and whether or not having legal or equitable force.

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

An entity controls another entity if it has the capacity to determine the outcome of decisions about that other entity's financial and operating policies.

The associates of Mr John Stark in accordance with this definition are Allandale Real Estate Pty Ltd, Annandale Mangement Services, Fieldridge Pty Ltd and Allandale, each by virtue of being entities controlled by Mr John Stark.

(d) **Relevant Interests**

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

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

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

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

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

Mr John Stark's current shareholding consists of direct and indirect holdings held by Mr John Stark and his associates, as listed in the table below.

Party	Holding as at the date of this Notice of Meeting	Relevant Interest after the issue of the Stark Shares
Allandale Real Estate Pty Ltd	79,042,917	79,042,917
Annandale Management Services	1,870,000	1,870,000
Fieldridge Pty Ltd	1,275,000	1,275,000
Allandale Holdings Pty Ltd	0	252,156,830
Mr John Stark	25,857,000	51,552,254
Total	108,044,917	385,897,001

1.6 Reason Section 611 Approval is required

Item 7 of Section 611 of the Corporations Act provides an exception to the Prohibition, whereby a person may acquire a relevant interest in a company's voting shares with shareholder approval.

Following the issue of the Stark Shares, Mr John Stark and his associates will have a relevant interest in 385,897,001 Shares in the Company, representing 28.14% voting power in the Company. This assumes that no other Shares are issued or Options are exercised.

Accordingly, Resolution 1 seeks Shareholder approval for the purpose of Item 7 of Section 611 and all other purposes to permit Mr Stark's voting power in the Company to increase to up to 28.14% as a result of the issue of up to 277,852,083 Stark Shares upon conversion of the Loans.

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

The following information is required to be provided to Shareholders under the Corporations Act and ASIC Regulatory Guide 74 in respect of obtaining approval for Item 7 of Section 611 of the Corporations Act. Shareholders are also referred to the Independent Expert's Report prepared by Greenwich & Co Financial Group Pty Ltd annexed to this Explanatory Statement.

(a) Identity of the Acquirer and its Associates

The acquirer is Mr John Stark, a Director.

As set out in section 1.6 above, Allandale Real Estate Pty Ltd, Annandale Management Services, Fieldridge Pty Ltd and Allandale Holdings Pty Ltd are deemed to be associates of Mr John Stark for the purposes of the Corporations Act.

(b) Relevant Interest and Voting Power

The relevant interests of Mr John Stark in voting shares in the capital of the Company and voting power of Mr John Stark (both current, and

following the issue of the Stark Shares to Allandale and Mr John Stark as contemplated by this Notice) are set out in the table below:

Party	Relevant Interest as at the date of this Notice of Meeting	Voting power as at the date of this Notice of Meeting	Relevant Interest after the issue of the Stark Shares	Voting power after the issue of the Stark Shares
Mr John Stark	25,857,000	9.88%	51,552,254	28.14%
Annandale Management Services	1,870,000	9.88%	1,870,000	28.14%
Allandale Real Estate Pty Ltd	79,042,917	9.88%	79,042,917	28.14%
Fieldridge Pty Ltd	1,275,000	9.88%	1,275,000	28.14%
Allandale Holdings Pty Ltd	0	9.88%	277,852,083	28.14%

Voting power that Mr John Stark will hold after the issue of the Shares is 385,897,001 Shares, being a maximum voting power of 28.14%. This represents a maximum increase in voting power of 18.26%.

(c) **Assumptions**

Note that the following assumptions have been made in calculating the above:

- (i) the Company has 1,093,318,007 Shares on issue as at the date of this Notice of Meeting;
- (ii) the Company does not issue any additional Shares, including the currently open entitlement issue; and
- (iii) no Options are exercised.

In the event that Shares are issued under Resolutions 2, 3, 4, 5 and 6 of the Notice, Mr John Stark's fully diluted voting power will be diluted to 19.39%. Further details on the voting power of Mr John Stark are set out in the Independent Expert's Report prepared by Greenwich & Co Financial Group Pty Ltd .

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

As set out in Section 1.1 of this Explanatory Statement, the reason for the issue of the Stark Shares to Mr John Stark is to satisfy the Loans.

(e) **Date of proposed issue of securities**

The Stark Shares will be issued on a date after the Meeting to be determined by the Company and Mr John Stark within 1 month of the Meeting.

(f) **Material terms of proposed issue of securities**

As set out in section 1.1 of this Explanatory Statement the Company is proposing to issue 277,852,083 Shares for nil cash consideration, to satisfy \$2,778,520.82 outstanding on the Loans.

(g) **Mr John Stark's intentions**

Other than as disclosed elsewhere in this Explanatory Statement, the Company understands that Mr John Stark:

- (i) has no present intention of making any significant changes to the business of the Company;
- (ii) has no present intention to inject further capital into the Company other than to take up his entitlement under the Entitlement Issue;
- (iii) has no present intention of making changes regarding the future employment of the present employees of the Company;
- (iv) does not intend to redeploy any fixed assets of the Company;
- (v) does not intend to transfer any property between the Company and Mr John Stark; and
- (vi) has no intention to change the Company's existing policies in relation to financial matters or dividends.

These intentions are based on information concerning the Company, its business and the business environment which is known to Mr John Stark at the date of this document.

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

(h) **Changes to the Board**

Mr John Stark will not nominate a director to the Board of the Company.

(i) **Interests and Recommendations of Directors**

- (i) the Directors (other than Mr John Stark who has a material personal interest in Resolution 1) do not have any material personal interests in the outcome of Resolution 1 and unanimously recommend that Shareholders vote in favour of Resolution 1. The Director's recommendations are based on the reasons outlined in section 1.8 below.
- (ii) The Directors are not aware of any other information other than as set out in this Notice of Meeting that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 1.

(j) **Capital Structure**

A table showing the Company's current capital structure and the possible capital structure on completion of the issue of the Stark Shares is set out in Schedule 2.

1.8 Advantages of the issue of Stark Shares – Resolution 1

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 proposed Resolution 1:

- (a) the issue of the Shares to Mr John Stark, if approved by Shareholders, will mean the Company does not have to repay the Loans, which would decrease the Company's cash position;
- (a) the conversion will remove a significant creditor and high ranking security over the assets of the Company;
- (b) the issue of Shares to Mr John Stark will complete the Company's obligations pursuant to the agreement to convert the Loans and will not require renegotiation of its terms; and
- (c) Greenwich & Co Financial Group Pty Ltd has concluded that the issue of the Stark Shares is not fair but reasonable to the non-associated Shareholders.

1.9 Disadvantages of the issue of Stark Shares – Resolution 1

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 proposed Resolution 1:

- (a) the issue of the Stark Shares to Mr John Stark will increase the voting power of Mr John Stark from 9.88% to 28.14%, reducing the voting power of non-associated Shareholders in aggregate from 90.12% to 71.86%.
- (b) existing Shareholders may have their current Shareholdings diluted by up to 10.50%, meaning existing Shareholders will receive less distribution of the Company's profits; and
- (c) there is no guarantee that the Company's Shares will not fall in value as a result of the issue of the Stark Shares.

1.10 Independent Expert's Report – Resolution 1

The Independent Expert's Report prepared by Greenwich & Co Financial Group Pty Ltd (a copy of which is attached as Annexure 1 to this Explanatory Statement) assesses whether the transactions contemplated by Resolution 1 are not fair but reasonable to the non-associated Shareholders of the Company.

The Independent Expert's Report concludes that the transactions contemplated by Resolution 1 are not fair but reasonable to the non-associated Shareholders of the Company.

The Independent Expert's Report also contains an assessment of the advantages and disadvantages of the proposed issue of the Shares the subject of Resolution

1. This assessment is designed to assist all Shareholders in reaching their voting decision.

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

1.11 Technical Information required by ASX Listing Rule 10.13

A summary of ASX Listing Rule 10.11 is set out in Section 1.4 above.

The effect of Resolution 1 will be to allow the Directors to issue the Stark Shares during the period of 1 month after the Meeting (or a longer period, if allowed by ASX) to a related party of the Company and without using the Company's 15% annual placement capacity.

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to Resolution 1:

- (a) the Stark Shares will be issued to Mr John Stark and Allandale (or their nominees);
- (b) the maximum number of Stark Shares to be issued is 277,852,083 , being:
 - (i) 252,156,830 Shares to Allandale (or its nominee);
 - (ii) 25,695,253 Shares to Mr John Stark (or his nominee);
- (c) the Stark Shares will be issued for nil cash consideration in satisfaction of the Loans;
- (d) the Stark Shares will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Stark Shares will occur on the same date;
- (e) the Stark Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) the Stark Shares will be issued for nil cash consideration as conversion of the Loans, accordingly no funds will be raised.

Approval pursuant to ASX Listing Rule 7.1 is not required for the issue of the Stark Shares as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of the Stark Shares to Mr John Stark (or his nominee) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

1.12 Pro forma balance sheet and capital table

A pro forma balance sheet of the Company post the completion of the issue is set out in Schedule 1.

A pro forma issued capital table demonstrating the impact of the Entitlement Issue, and all of the Resolutions contemplated in this Explanatory Memorandum is set out in Schedule 2 below.

2. GENERAL INFORMATION FOR RESOLUTIONS 2,3 AND 4

2.1 Background

In July and August of 2015, the Company raised a total of \$2,056,500.00 under the issue of Convertible Notes to related and unrelated parties, as further detailed below (**Convertible Note Capital Raising**).

By an agreement between the Mega Hills and the Company dated 4 April 2015 (**Underwriting Agreement**), the Underwriter agreed to partially underwrite the Convertible Note Capital Raising for up to an amount of \$1,500,000 (**Underwritten Amount**).

Pursuant to the Underwriting Agreement, the Company has agreed to pay the Underwriter an underwriting fee of 6% of the Underwritten Amount, to be paid by:

- (a) the issue of 6,000,000 Shares at a deemed issue price of \$0.01 per Share (**Underwriting Fee Shares**); and
- (b) a cash payment of \$30,000.

Mega Hills is an entity controlled by Mr Alex Kent.

2.2 July 2015 Capital Raising

On 28 July 2015 the Company entered into convertible note facility with Mega Hills for a total value of up to \$1,750,000 due to expire 5 years from the date of the facility (unless previously purchased, cancelled, redeemed or converted) (**MH Convertible Note Facility**).

The Company has subsequently raised an amount of \$1,750,000.00 from the issue of convertible notes from the MH Convertible Note Facility.

The convertible notes carry a coupon rate of 10% per annum and are convertible into Shares at a conversion price equal to the repayment sum divided by the lower of \$0.0175 per Share or the issue price per Share for any capital raising made before the date of maturity or conversion of the convertible notes (**Convertible Notes**). Upon conversion of each Convertible Note, each Share will be issued with a free attaching Option on the terms and conditions set out in Schedule 3. In the event that the noteholder elects to convert to Shares, interest accrued on the face value of the Convertible Notes will be satisfied through either the issue of Shares, with the interest capitalised into the amount outstanding on the Convertible Note, or the issue of a new Convertible Note with a face value of the aggregate of all interest accrued.

On 2 June 2016, the independent members of the Board of the Company (being Mr Colm O'Brien and Mr John Stark) agreed to make an offer to all Convertible Note holders to extinguish their Convertible Notes by converting all of their capital and future interest to maturity.

Mega Hills has agreed to convert its Convertible Notes, with a total amount outstanding of \$2,582,456.36 on these terms pending shareholder approval.

The Convertible Notes issued to Mega Hills include a term that the notes could only be converted 180 days after the date of the MH Convertible Note Facility, and a term that Shareholder approval will be obtained for the conversion of the

Convertible Notes into Shares and Options, such approval being the subject of Resolution 2.

2.3 August 2015 Capital Raising

As announced on 20 August 2015, the Company offered additional Convertible Notes up to a total value of \$500,000 on the same terms and conditions as those offered under the MH Convertible Note Facility, as set out above (**August Convertible Note Facility**).

The Company issued Convertible Notes to unrelated parties and Rhoderic Whyte for a total value of \$306,500 under the August Convertible Note Facility. The Convertible Notes issued included a term that the notes could only be converted 180 days after the date of the relevant Convertible Note deed.

The Convertible Notes issued to Rhoderic Whyte include a term that Shareholder approval will be obtained for the conversion of the Convertible Notes into Shares and Options, such approval being the subject of Resolution 3.

Resolution 4 seeks Shareholder approval for the ratification of the Convertible Notes issued to unrelated parties.

2.4 Summary

A summary of the Resolutions is as follows:

- (a) the issue of:
 - (i) 258,245,641 Shares and 258,245,641 Options to Mega Hills upon the conversion of the MH Convertible Note Facility to a total value of \$2,582,456.36; and
 - (ii) 6,000,000 Shares to Mega Hills in consideration for underwriting services provided by Mega Hills,under item 7 section 611 of the Corporations Act (Resolution 2);
- (b) the issue of Shares and Options to Rhoderic Whyte upon the conversion of Convertible Notes to a total value of \$29,456.83 under ASX Listing Rule 10.11 (Resolution 3); and
- (c) the ratification of the issue of Convertible Notes for a total value of \$286,500 to unrelated parties under ASX Listing Rule 7.4 (Resolution 4).

3. RESOLUTION 2 – ACQUISITION OF RELEVANT INTEREST - MEGA HILLS

3.1 Background

As set out in section 2 above, Mr Alex Kent and the Company have agreed that the Convertible Notes will, at the election of the Company, be converted into Shares at a conversion price of \$0.01 per Share, with \$2,582,456.36 to be converted into:

- (a) 258,245,641 Shares (**MH Shares**); and
- (b) 258,245,641 free attaching unlisted 3 cent Options, to expire nine (9) years from the date of issue (**MH Options**),

in the manner set out in this Notice.

The Company and Mega Hills, an entity associated with Alex Kent, entered into the Underwriting Agreement pursuant to which Mega Hills agreed to partially underwrite the Convertible Note Capital Raising.

Pursuant to the Underwriting Agreement, the Company has agreed to pay the Underwriter an underwriting fee of 6% of the Underwritten Amount, to be paid by the issue of 6,000,000 Underwriting Fee Shares and a cash payment of \$30,000.

The Shares and Options will be issued to Mega Hills an entity controlled by Mr Alex Kent.

3.2 General

Resolution 2 seeks Shareholder approval:

- (a) to allow the Company to issue 258,245,641 MH Shares to Mega Hills upon conversion of the MH Convertible Note Facility;
- (b) to allow the Company to issue 258,245,641 MH Options to Mega Hills;
- (c) to allow the Company to issue 6,000,000 Underwriting Fee Shares to Mega Hills; and
- (d) for the purpose of Item 7 of Section 611 of the Corporations Act, to permit Mr Alex Kent's (and Mega Hill's) voting power to increase from 0.08% to a maximum of 32.39% by virtue of the issue of the Underwriting Fee Shares, the issue of the MH Shares and the potential exercise of the MH Options.

3.3 Chapter 2E of the Corporations Act and ASX Listing Rule 10.11

A summary of Chapter 2E of the Corporations Act and ASX Listing Rule 10.11 is set out in sections 1.3 and 1.4 above.

The issue of Shares constitutes giving a financial benefit and Mr Alex Kent is a related party of the Company by virtue of being a Director.

The Directors (other than Mr Alex Kent who has a material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of Shares because the Underwriting Agreement and the agreement to convert the Convertible Notes issued to Mega Hills into Shares and Options was negotiated on an arms length basis.

As the issue of Shares to Mr Alex Kent involves the issue of securities to a related party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

3.4 Item 7 of Section 611 of the Corporations Act

A summary of item 7 of section 611 of the Corporations Act is set out in sections 1.5(a) and 1.5(b) above.

(a) Associates

A summary of the definition of "associates" under the Corporations Act is set out in section 1.5(c) above.

There are no persons who are associates of Mr Alex Kent in accordance with this definition.

Mr Alex Kent's father, Mr Andrew Kent, is the major shareholder and Chairman of the Company. Mr Alex Kent has confirmed that he and Mr Andrew Kent do not act in concert in relation to the Company's affairs, with each party acting independently to the other in forming decisions in relation to the Company's business. The parties are therefore not associates as defined in the Corporations Act, and Mr Andrew Kent's shareholding will not be included in calculations relating to the shareholding of Mr Alex Kent.

(b) Relevant Interests

A summary of the definition of "relevant interests" under the Corporations Act is set out in section 1.5(d) above.

Mr Alex Kent's current shareholding consists of direct and indirect holdings held by Mr Alex Kent and Mega Hills Limited an entity associated with Mr Alex Kent and have the current holdings as set out below.

Party	Holding as at the date of this Notice of Meeting	Relevant Interest after the issue of the Underwriting Fee Shares	Relevant Interest after the issue of the MH Shares	Fully Diluted Relevant Interest after the exercise of the MH Options
Mega Hills Limited	752,604	6,752,604	264,998,245	523,243,886
Mr Alex Kent	51,000	51,000	51,000	51,000
Total	803,604	6,567,250	265,049,245	523,294,886

3.5 Reason Section 611 Approval is required

Item 7 of Section 611 of the Corporations Act provides an exception to the Prohibition, whereby a person may acquire a relevant interest in a company's voting shares with shareholder approval.

Following the issue of the MH Shares and the Underwriting Fee Shares, Mr Alex Kent will have a relevant interest of 265,049,245 Shares in the Company, representing 20.53% voting power in the Company. In addition, Mr Alex Kent will receive 258,245,641 Options with a strike of \$0.03 and a 9 year expiry, giving him a fully diluted relevant interest of 523,294,886 Shares in the Company, representing 32.39% voting power in the Company.

This assumes that no other Shares are issued or Options are exercised.

Accordingly, Resolution 2 seeks Shareholder approval for the purpose of Section 611 Item 7 and all other purposes to enable the Company to issue the Underwriting Fee Options, the MH Shares and the MH Options to Mega Hills.

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

The following information is required to be provided to Shareholders under the Corporations Act and ASIC Regulatory Guide 74 in respect of obtaining approval for Item 7 of Section 611 of the Corporations Act. Shareholders are also referred to the Independent Expert's Report prepared by Greenwich & Co Financial Group Pty Ltd annexed to this Explanatory Statement.

(a) Identity of the Acquirer and its Associates

The acquirer is Mega Hills Limited, an entity controlled by Mr Alex Kent.

There are no other associates of Mr Alex Kent for the purposes of determining its voting power under the Corporations Act.

(b) Relevant Interest and Voting Power

The relevant interests of Mega Hills and Mr Alex Kent in voting shares in the capital of the Company and voting power of Mega Hills and Mr Alex Kent (both current, and following the issue of the MH Shares and the Underwriting Fee Shares to Mega Hills as contemplated by this Notice and following the potential exercise of the MH Options) are set out in the table below:

Party	Relevant Interest as at the date of this Notice of Meeting	Voting power as at the date of this Notice of Meeting	Relevant Interest after the issue of the Underwriting Fee Shares	Voting power after the issue of the Underwriting Fee Shares	Relevant Interest after the issue of the Underwriting Fee Shares and the MH Shares	Voting power after the issue of the Underwriting Fee Shares, the MH Shares & MH Options	Relevant Interest after the issue of the MH Shares & exercise of the MH Options	Voting power after the issue of the Underwriting Fee Shares, the MH Shares & exercise of MH Options
Mr Alex Kent	51,000	0.08%	51,000		51,000	19.52%	51,000	32.39%
Mega Hills Limited	752,604	0.08%	6,752,604	0.90%	258,245,641	19.52%	523,294,886	32.39%

The maximum voting power that Mr Alex Kent will hold after the issue of the Underwriting Fee Shares, the MH Shares and the exercise of the MH Options is 523,294,886 Shares, being a maximum voting power of 32.39%.

(c) Assumptions

Note that the following assumptions have been made in calculating the above:

- (i) the Company has 1,093,318,007 Shares on issue as at the date of this Notice of Meeting;
- (ii) the Company does not issue any additional Shares, including the currently open Entitlement Issue; and

(iii) no Options are exercised.

In the event that Shares are issued under Resolutions 1, 3, 4, 5 and 6 of the Notice, Mr Alex Kent's fully diluted voting power will be diluted to 27.19%.

Further details on the voting power of Mr Alex Kent are set out in the Independent Expert's Report prepared by Greenwich & Co Financial Group Pty Ltd.

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

As set out in Section 3.1 of this Explanatory Statement, the reason for the issue of the MH Shares to Mega Hills is to extinguish the Convertible Notes. The Underwriting Fee Shares will be issued to Mega Hills in consideration for underwriting services provided by Mega Hills.

(e) **Date of proposed issue of securities**

The Shares the subject of Resolution 2 will be issued on a date after the Meeting to be determined by the Company and Mega Hillswithin 1 month of the Meeting.

(f) **Material terms of proposed issue of securities**

As set out in section 1.1 of this Explanatory Statement the Company is proposing to issue:

- (i) 6,000,000 Underwriting Fee Shares in consideration for the Underwriting; and
- (ii) 258,245,641 MH Shares and 258,245,641 MH Options attaching 3 cent / 9 Year Options for nil cash consideration, to extinguish \$2,582,456.36 in forward matured Convertible Notes.

(g) **Mega Hills' Intentions**

Other than as disclosed elsewhere in this Explanatory Statement, the Company understands that Mega Hills:

- (i) has no present intention of making any significant changes to the business of the Company;
- (ii) has no present intention to inject further capital into the Company other than to take up his entitlement under the Entitlement Issue;
- (iii) has no present intention of making changes regarding the future employment of the present employees of the Company;
- (iv) does not intend to redeploy any fixed assets of the Company;
- (v) does not intend to transfer any property between the Company and Mega Hills; and
- (vi) has no intention to change the Company's existing policies in relation to financial matters or dividends.

These intentions are based on information concerning the Company, its business and the business environment which is known to Mr Alex Kent at the date of this document.

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

(h) **Changes to the Board**

Mr Alex Kent will not nominate a director to the Board of the Company.

(i) **Interests and Recommendations of Directors**

(i) the Directors (other than Mr Alex Kent who has a material personal interest in Resolution 2) do not have any material personal interests in the outcome of Resolution 2 and unanimously recommend that Shareholders vote in favour of Resolution 2. The Director's recommendations are based on the reasons outlined in section 3.7 below.

(ii) The Directors are not aware of any other information other than as set out in this Notice of Meeting that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 2.

(j) **Capital Structure**

A table showing the Company's current capital structure and the possible capital structure on completion of the issue of the Underwriting Fee Shares, the MH Shares and the MH Options is set out in Schedule 2.

3.7 Advantages of the Issue – Resolution 2

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 proposed Resolution 2:

- (a) the issue of the Shares to Mega Hills, if approved by Shareholders, will mean the Company does not have to repay the Convertible Notes, which would decrease the Company's cash position;
- (b) the conversion will remove a significant creditor and high ranking security over the assets of the Company;
- (c) the issue of MH Shares and MH Options to Mr Alex Kent will complete the Company's obligations pursuant to the agreement to convert the Convertible Notes and will not require renegotiation of its terms; and
- (d) Greenwich & Co Financial Group Pty Ltd has concluded that the issue of the MH Shares and MH Options is not fair but reasonable to the non-associated shareholders.

3.8 Disadvantages of the Issue – Resolution 2

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 proposed Resolution 2:

- (a) the issue of the MH Shares and the Underwriting Fee Shares to Mega Hills will increase the voting power of Mr Alex Kent from 0.08% to 32.39% reducing the voting power of non-associated Shareholders in aggregate from 99.92% to 67.61%;
- (b) existing Shareholders may have their current Shareholdings diluted by up to 16.76% (assuming exercise of the MH Options), meaning existing Shareholders will receive less distribution of the Company's profits; and
- (c) there is no guarantee that the Company's Shares will not fall in value as a result of the Issue.

3.9 Independent Expert's Report – Resolution 2

The Independent Expert's Report prepared by Greenwich & Co Financial Group Pty Ltd (a copy of which is attached as Annexure 1 to this Explanatory Statement) assesses whether the transactions contemplated by Resolution 2 are not fair but reasonable to the non-associated Shareholders of the Company.

The Independent Expert's Report concludes that the transactions contemplated Resolution 2 are not fair but reasonable to the non-associated Shareholders of the Company.

The Independent Expert's Report also contains an assessment of the advantages and disadvantages of the proposed issue of the Shares the subject of Resolution 2. This assessment is designed to assist all Shareholders in reaching their voting decision.

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

3.10 Technical Information required by ASX Listing Rule 10.13

A summary of ASX Listing Rule 10.11 is set out in Section 1.4 above.

The effect of Resolution 2 will be to allow the Directors to issue the Underwriting Fee Shares, the MH Shares and the MH Options during the period of 1 month after the Meeting (or a longer period, if allowed by ASX) to a related party of the Company and without using the Company's 15% annual placement capacity.

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to Resolution 2:

- (a) the maximum number of securities to be issued is:
 - (i) 6,000,000 Underwriting Fee Shares to Mega Hills (or its nominee);
 - (ii) 258,245,641 MH Shares to Mega Hills (or its nominee); and
 - (iii) 258,245,641 unlisted 3 cent / 9 year MH Options to Mega Hills (or its nominee);

- (b) the Underwriting Fee Shares, the MH Shares and the MH Options will be issued to Mega Hills, who is a related party of the Company by virtue of being an entity controlled by Mr Alex Kent, a Director;
- (c) the Underwriting Fee Shares, the MH Shares and the MH Options will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Underwriting Fee Shares, the MH Shares and the MH Options will occur on the same date;
- (d) the MH Shares and the Underwriting Fee 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
- (e) the MH Options issued will be fully paid unlisted Options over ordinary shares in the capital of the Company, issued with a 3 cent strike price and 9 year expiry from the date of issue on the terms and conditions set out in Schedule 3; and
- (f) the Underwriting Fee Shares will be issued for nil cash consideration in satisfaction of underwriting services provided by Mega Hills, accordingly no funds will be raised; and
- (g) the MH Shares and MH Options will be issued for nil cash consideration upon the conversion of the Convertible Notes issued to Mega Hills, accordingly no funds will be raised.

Approval pursuant to ASX Listing Rule 7.1 is not required for the issue of the Shares as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of the Shares to Mega Hills Limited (or its nominee) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

3.11 Pro forma balance sheet and capital table

A pro forma balance sheet of the Company post the completion of the issue is set out in Schedule 1.

A pro forma issued capital table demonstrating the impact of the Entitlement Issue, and all of the Resolutions contemplated in this Explanatory Memorandum is set out in Schedule 2 below.

4. RESOLUTION 3 – ISSUE OF SHARES AND OPTIONS TO RELATED PARTY

4.1 Background

As set out in section 2 above, Mr Rhoderic Whyte and the Company have agreed that the Convertible Notes will, at the election of the Company, be converted into Shares at a conversion rate of \$0.01 per Share, being the issue price of Shares under the Company's last capital raising, with \$29,456.83 to be converted into:

- (a) 2,945,686 Shares; and
- (b) 2,945,686 free attaching unlisted 3 cent Options, to expire nine (9) years from the date of issue,

in the manner set out in this Notice.

Resolution 3 seeks Shareholder approval for the issue of up to 2,945,686 Shares and up to 2,945,686 Options to Mr Rhoderic Whyte (or his nominee) upon conversion of the Convertible Notes issued to Mr Rhoderic Whyte.

4.2 Chapter 2E of the Corporations Act and ASX Listing Rule 10.11

A summary of Chapter 2E of the Corporations Act and ASX Listing Rule 10.11 is set out in sections 1.3 and 1.4 above respectively.

The issue of Shares and Options constitutes giving a financial benefit and Mr Rhoderic Whyte is a related party of the Company by virtue of being a Director.

The Directors (other than Mr Rhoderic Whyte who has a material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of Shares and Options because the Securities will be issued to Mr Rhoderic Whyte on the same terms as Securities issued to non-related party participants in the Convertible Note Facilities and as such the giving of the financial benefit is on arm's length terms.

As the issue of Shares and Options involves the issue of securities to a related party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

4.3 Technical Information required by ASX Listing Rule 10.13

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to Resolution 3:

- (a) the Shares and Options will be issued to Mr Rhoderic Whyte (or his nominee);
- (b) the maximum number of Shares to be issued is 2,945,686 at a conversion price of \$0.01. The maximum number calculation assumes the capitalisation of all accrued interest on the Convertible Notes to the maturity date of the Convertible Notes;
- (c) the maximum number of free attaching unlisted 3 cent / 9 year Options to be issued is 2,945,686 ;
- (d) the Shares and Options will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Shares and the Options will occur on the same date;
- (e) the conversion price is \$0.01 per Share, being the issue price per Share for the Company's last capital raising and nil per Option as the Options will be issued free attaching with the Shares on a 1:1 basis.
- (f) the Shares and Options will be issued for nil cash consideration, accordingly no funds will be raised;
- (g) 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

- (h) the Options issued will be unlisted Options issued with a 3 cent strike price and 9 year expiry from the date of issue on the terms and conditions set out in Schedule 3.

Approval pursuant to ASX Listing Rule 7.1 is not required for the issue of the Shares and the Options as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of the Shares and the Options to Rhoderic Whyte (or his nominee) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

5. RESOLUTION 4 – RATIFICATION OF PRIOR ISSUE - CONVERTIBLE NOTES

5.1 General

As set out in section 2, the Company issued Convertible Notes to unrelated parties for a total value of \$286,500 under the August Convertible Note Facility.

Resolution 4 seeks Shareholder approval for the ratification of Convertible Notes issued to unrelated parties to raise \$286,500.

On 2 June 2016, the independent members of the Board (being Mr Colm O'Brien and Mr John Stark) agreed to make an offer to all Convertible Note holders to extinguish their Convertible Notes by converting all of their capital and future interest to maturity. For the non-related party Convertible Note holders this would total \$455,718.53 and be satisfied by the issue of Shares at \$0.01 with a 1 for 1 attaching unlisted option with a strike price of \$0.03 and an expiry date nine (9) years from the date of issue. If all non-related party Convertible Note holders accept the offer, the Company will issue a total of 45,571,857 Shares and 45,571,857 \$0.03 / 9 year Options.

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

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

5.2 Technical information required by ASX Listing Rule 7.4

The following information in relation to the ratification of the issue of the Convertible Notes is provided to Shareholders under ASX Listing Rules 7.5:

- (a) The Company issued that number of Convertible Notes to raise up to \$286,500. Upon conversion of the Convertible Notes, the maximum number of Shares to be issued is 45,571,857 at a conversion price of \$0.01 and the maximum number of free attaching Options to be issued is 45,571,857. The maximum number calculation assumes the capitalisation of all accrued interest on the Convertible Notes to the maturity date of the Convertible Notes.

- (b) The Company issued Convertible Notes with varying face values to raise up to \$286,500. The conversion price of the Convertible Notes is \$0.01 per Share, being the issue price of Shares under the last capital raising, and nil per Option as the Options will be issued free attaching with the Shares on a 1:1 basis.
- (c) 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. The Options will be issued on the terms and conditions set out in Schedule 3.
- (d) The Convertible Notes were issued to the parties set out below, none of whom are related parties of the Company:
- | | |
|-----------------------------|------------------|
| Mighty River International | \$90,000 |
| Zin Lai Pty Ltd | \$10,000 |
| Dale Fusco Pty Ltd | \$15,000 |
| Stephen Cockburn Ltd | \$51,500 |
| Yarandi Investments Pty Ltd | \$100,000 |
| <u>DCL Pty Ltd</u> | <u>\$20,000</u> |
| | \$286,500 |
- (e) The proceeds of the Convertible Notes were used to pay for development of the business of the Company and to provide working capital for the business.

6. RESOLUTION 5 – RATIFICATION OF PRIOR ISSUE – SHARES

6.1 General

On 23 August 2016, the Company issued 66,400,000 Shares at an issue price of \$0.01 per Share to raise \$664,000.

Resolution 5 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Shares (**Ratification**).

A summary of ASX Listing Rules 7.1 and 7.4 is set out in section 5.1 above.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

6.2 Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Ratification:

- (a) 66,400,000 Shares were issued;
- (b) the issue price was \$0.01 per Share;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares were issued to sophisticated and professional investors. None of these subscribers are related parties of the Company; and

- (e) the funds raised from this issue will be used to raise additional capital to further invest in its technology platforms, fund new product initiatives and restructure the Company's balance sheet.

7. RESOLUTION 6 – PLACEMENT – SHARES

7.1 General

Resolution 6 seeks Shareholder approval for the issue of up to 133,600,000 Shares at an issue price of \$0.01 per Share to raise up to \$1,336,000 (**Placement**).

A summary of ASX Listing Rules 7.1 is set out in section 5.1 above.

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

7.2 Technical information required by ASX Listing Rule 7.1

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

- (a) the maximum number of Shares to be issued is 133,600,000;
- (b) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Shares will occur on the same date;
- (c) the issue price will be \$0.01 per Share;
- (d) the Shares will be issued to sophisticated and professional investors. The Directors will determine to whom the Shares will be issued but these persons will not be related parties of the Company;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) the Company intends to use the funds raised from the Placement to raise additional capital to further invest in its technology platforms, fund new product initiatives and restructure the Company's balance sheet.

8. RESOLUTION 7 – ISSUE OF SHARES TO RELATED PARTY

8.1 Background

The Company has, as at the date of this Notice, invited Mr Geoffrey Allan Donohue to join the Board as a Director and he has accepted the invitation.

Pursuant to Resolution 6 the Company is seeking Shareholder approval for the issue of up to 133,600,000 Shares at an issue price of \$0.01 per Share to raise up to \$1,336,000 (**Placement**).

Mr Donohue wishes to participate in the Placement.

Resolution 7 seeks Shareholder approval for the issue of up to 20,000,000 Shares Mr Geoffrey Allan Donohue (or his nominee) arising from the participation by Mr Geoffrey Allan Donohue in the Placement (**Participation**).

8.2 Chapter 2E of the Corporations Act and ASX Listing Rule 10.11

A summary of Chapter 2E of the Corporations Act and ASX Listing Rule 10.11 is set out in sections 1.3 and 1.4 above respectively.

The Participation will result in the issue of Shares which constitutes giving a financial benefit and Mr Geoffrey Donohue is a related party of the Company by virtue of being a Director.

The Directors (other than Mr Geoffrey Donohue who has a material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the Participation because the Shares will be issued to Mr Geoffrey Donohue on the same terms as Shares issued to non-related party participants in the Placement and as such the giving of the financial benefit is on arm's length terms.

As the Placement involves the issue of Shares to a related party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

8.3 Technical Information required by ASX Listing Rule 10.13

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

- (a) the Shares will be issued to Mr Geoffrey Donohue (or his nominee);
- (b) the maximum number of Shares to be issued is 20,000,000;
- (c) the Shares will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- (d) the issue price will be \$0.01 per Share, being the same as all other Shares issued under the Placement;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) the funds raised will be used for the same purposes as all other funds raised under the Placement as set out in section 7.2(f) of this Explanatory Statement.

Approval pursuant to ASX Listing Rule 7.1 is not required for the Participation as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Shares Mr Geoffrey Donohue (or his nominee) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

GLOSSARY

\$ means Australian dollars.

Allandale means Allandale Holdings Pty Ltd.

ASIC means the Australian Securities & Investments Commission.

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

ASX Listing Rules means the Listing Rules of ASX.

August Convertible Note Facility has the meaning set out in section 2.1.

Board means the current board of directors of the Company.

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

Chair means the chair of the Meeting.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

Company means Aspermont Limited (ACN 000 375 048).

Constitution means the Company's constitution.

Convertible Note Capital Raising means the Company's capital raising of \$2,110,581.06 under the issue of Convertible Notes to related and unrelated parties.

Convertible Note Facilities means the MH Convertible Note Facility and the August Convertible Note Facility.

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

Directors means the current directors of the Company.

Entitlement Issue means the entitlement issue undertaken by the Company under the offer document released to the market on 20 May 2016.

Explanatory Statement means the explanatory statement accompanying the Notice.

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

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

Mega Hills means Mega Hills Limited, a company incorporated in Hong Kong (1132391).

MH Convertible Note Facility has the meaning set out in section 2.1.

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

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Proxy Form means the proxy form accompanying the Notice.

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

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

Shareholder means a registered holder of a Share.

Underwriting Agreement means the agreement between the Company and Mega Hills to underwrite the Convertible Note Capital Raising up to a maximum amount of \$1,500,000.

Underwritten Amount means the amount of \$1,500,000 underwritten by Mega Hills pursuant to the Underwriting Agreement.

Underwriting Fee Shares means the 6,000,000 Shares to be paid to Mega Hills in consideration for underwriting the Convertible Note Capital Raising.

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

SCHEDULE 1 – PRO FORMA BALANCE SHEET OF COMPANY

The pro-forma balance sheet has been prepared assuming all debt conversions are approved by the shareholders.

	31 December 2015 000's	PROFORMA 31 Dec. 2015 After conversion of John Stark related party debt 000's	PROFORMA 31 Dec. 2015 After conversion of Mega Hills Ltd related party debt 000's	PROFORMA 31 Dec. 2015 After conversion of Rhoderic Whyte related party debt 000's	PROFORMA 31 Dec. 2015 After \$750,000 placement 000's	PROFORMA 31 Dec. 2015 After \$1.25 million placement 000's	PROFORMA 31 Dec. 2015 After Non- Related Party Convertible 000's
CURRENT ASSETS							
Cash ¹	\$875	\$875	\$875	\$875	\$1,625	\$2,875	\$2,875
Other current assets	3,456	3,456	3,456	3,456	3,456	3,456	3,456
TOTAL CURRENT ASSETS	\$4,331	\$4,331	\$4,331	\$4,331	\$5,081	\$6,331	\$6,331
NON-CURRENT ASSETS							
Property, plant and equipment	\$194	\$194	\$194	\$194	\$194	\$194	\$194
Intangible and other non-current assets	22,543	22,543	22,543	22,543	22,543	22,543	22,543
TOTAL NON-CURRENT ASSETS	\$22,737	\$22,737	\$22,737	\$22,737	\$22,737	\$22,737	\$22,737
TOTAL ASSETS	\$27,068	\$27,068	\$27,068	\$27,068	\$27,818	\$29,068	\$29,068

CURRENT LIABILITIES													
Creditors and payables	\$12,454	\$12,454	\$12,454	\$12,454	\$12,454	\$12,454	\$12,454	\$12,454	\$12,454	\$12,454	\$12,454	\$12,454	\$12,454
Borrowings	6,796	3,749	2,173	2,153	2,153	2,153	2,153	2,153	2,153	2,153	1,846		
TOTAL CURRENT LIABILITIES	\$19,250	\$16,203	\$14,627	\$14,607	\$14,607	\$14,607	\$14,607	\$14,607	\$14,607	\$14,607	\$14,300		
Borrowings	297	297	297	297	297	297	297	297	297	297	297		
Other non-current liabilities	3,357	3,357	3,357	3,357	3,357	3,357	3,357	3,357	3,357	3,357	3,357		
TOTAL NON-CURRENT LIABILITIES	\$3,654	\$3,654	\$3,654	\$3,654	\$3,654	\$3,654	\$3,654	\$3,654	\$3,654	\$3,654	\$3,654		
TOTAL LIABILITIES	\$22,904	\$19,857	\$18,281	\$18,261	\$18,261	\$18,261	\$18,261	\$18,261	\$18,261	\$18,261	\$17,954		
NET ASSETS	\$4,164	\$7,211	\$8,787	\$8,807	\$9,557	\$10,807	\$11,114	\$11,114	\$11,114	\$11,114	\$11,114		
EQUITY	\$4,164	\$7,211	\$8,787	\$8,807	\$9,557	\$10,807	\$11,114	\$11,114	\$11,114	\$11,114	\$11,114		

The pro-forma balance sheet has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

SCHEDULE 2 – IMPACT (AND DILUTIVE EFFECTIVE) OF RESOLUTIONS ON ISSUED CAPITAL

A pro forma issued capital table demonstrating the impact of all of the Resolutions contemplated in the accompanying Notice is set out below.

Securities Event	Shares (Number)	Shares (Cumulative)	% (at issue)	% (After issue of all Shares)	Options (Number)	Options (Cumulative)	% (at issue)	% (Fully diluted)
Current (as at the date of this Notice)	1,093,318,007	1,093,318,007	100.0%	58.0%	5,000,000	5,000,000	1.6%	50%
Resolution 1: John Stark Loan Conversion	277,852,083	1,371,170,090	20.3%	14.7%	Nil	5,000,000	0.0%	13%
Resolution 2: Mega Hills Convertible Conversion	264,245,641	1,635,415,731	16.2%	14.0%	258,245,641	263,245,641	82.8%	24%
Resolution 3: Rhoderic Whyte Convertible Conversion	2,945,686	1,638,361,417	0.2%	0.2%	2,945,686	266,191,327	0.9%	0%
Resolution 4: Non-Related Party Convertible Notes	45,571,857	1,683,933,274	2.7%	2.4%	45,571,857	311,763,184	14.6%	4%
Resolution 5 & 6: Placement Capacity + Existing Capacity	200,000,000	1,883,933,274	10.6%	10.6%	Nil	311,763,184	0.0%	9%

Note: **Resolution 7 – Issue of Shares to Mr Geoffrey Allan Donohue**, allows Mr Donohue to participate in the Placement of shares under Resolution's 5 & 6. There is no impact on the issued capital as a result of Resolution 7.

SCHEDULE 3 – TERMS AND CONDITIONS OF OPTIONS

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph (j), the amount payable upon exercise of each Option will be \$0.03 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on the date which is 9 years from the date of issue (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 15 Business Days after the Exercise Date, the Company will:

- (i) allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) **Quotation of Shares issued on exercise**

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.

(j) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(k) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(l) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(m) **Unquoted**

The Company will not apply for quotation of the Options on ASX.

(n) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

ANNEXURE 1 – INDEPENDENT EXPERT’S REPORT

ASPERMONT LIMITED

Independent Expert's Report and Financial
Services Guide

24 August 2016

Greenwich & Co Financial Group Pty Ltd ACN 600 860 615

Financial Services Guide

About us

Greenwich & Co Financial Group Pty Ltd (**Greenwich & Co, G&C or we or us or our**) (Australian Financial Services Licence 465368) has been engaged by Aspermont Limited (**Aspermont or the Company**) to provide general financial product advice in the form of an independent expert's report (**Report**) in connection with the proposed Transaction. Our Report sets out our opinion as to whether the Transaction is fair and reasonable and our reasons for forming those conclusions.

The Corporations Act 2001 (Cth) requires us to provide this Financial Services Guide (**FSG**) in connection with the attached Report prepared for Aspermont. You are not the party who engaged us to prepare this Report and we are not acting for any person other than Aspermont. This FSG provides important information designed to assist Shareholders in forming their views of the Transaction and in understanding any general financial advice provided by G&C in this Report. Our Report is not intended to comprise personal retail financial product advice to retail investors or market-related advice to retail investors. This FSG contains information about our engagement by the directors of Aspermont to prepare this Report in connection with the Transaction (Engagement), the financial services we are authorised to provide, the remuneration we (and any other relevant parties) may receive in connection with the Engagement, and details of our internal and external dispute resolution systems and how these may be accessed.

Financial services we are authorised to provide

Our Australian Financial Services Licence authorises us to provide the following services to both retail and wholesale clients, financial product advice in relation to securities, and government debentures, stocks and bonds, and dealing in a financial product by arranging for another person to apply for, acquire, vary or dispose of the abovementioned financial products.

General financial product advice

This Report contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs. Where the advice relates to the application for or acquisition of a financial product, you should also obtain and read carefully the relevant Transaction document or explanatory memorandum provided by the issuer or seller of the financial product before making a decision regarding the application for or acquisition of the financial product.

Remuneration, commissions and other benefits

G&C charges fees for its services, and will receive a fee of \$15,000 (excluding GST) for its work on this Report. These fees have been agreed on, and will be paid solely by Aspermont, which has engaged our services for the purpose of providing this Report. G&C may seek reimbursement of any out of pocket expenses incurred in providing these services. Our advisers are directors and employees of G&C who are paid salaries and dividends by G&C, and may also receive bonuses and other benefits from G&C . Our advisers may alternatively be paid by means of commission determined by a percentage of revenue written by the adviser.

Associations and relationships

Greenwich & Co has not previously performed any other work for Aspermont. Other than as set out in this FSG or this Report, G&C has no association or relationship with any person who might reasonably be expected to be capable of influencing them in providing advice under the Engagement. G&C, its officers and employees and other related parties have not and will not receive, whether directly or indirectly, any commission, fees, or benefits, except for the fees to be paid to G&C for services rendered in producing this Report. G&C, its directors and executives do not have an interest in securities, directly or indirectly, which are the subject of this Report. G&C may perform paid services in the ordinary course of business for entities, which are the subject of this Report.

Risks associated with our advice

This FSG is provided in connection with the attached Report relating to the Transaction. The Report comprises general product advice and does not comprise personal retail financial product advice to retail investors or market-related advice to retail investors. The Report is an expression of G&C's opinion as to whether the Transaction is fair and reasonable. However, G&C's opinion should not be construed as a recommendation as to whether or not to approve the Transaction. Approval of the Transaction is a matter for individual shareholders based on their own circumstances, including risk profile, liquidity preference, investment strategy, portfolio structure and tax position. Shareholders who are in any doubt as to the action they should take in relation to the Transaction should consult their own independent professional advisers. Further information on the risks, assumptions and qualifications associated with the advice is contained within the Report.

Compensation arrangements

The law requires G&C to have arrangements in place to compensate certain persons for loss or damage they suffer from certain breaches of the Corporations Act by G&C or its representatives. G&C has internal compensation arrangements as well as professional indemnity insurance that satisfy these requirements.

Complaints

As an Australian Financial Services Licence holder, we are required to have an internal complaints-handling mechanism. All complaints must be addressed to us in writing at Level 2, 35 Outram Street, West Perth, WA, 6005. You may contact us on P: 08 6555 9500, F: 08 6555 9555, E: info@greenwichco.com. If we are not able to resolve your complaint to your satisfaction within 45 days of first lodging it with us, you are entitled to have your matter referred to the Financial Ombudsman Service (FOS). You will not be charged for using the FOS service.

To contact the FOS:

GPO Box 3
MELBOURNE, VIC 3001
Tel: 1300 780 808
Fax: (03) 9613 6399

Privacy & use of information. We do not collect personal information on individual clients and are bound by the G&C Privacy Policy in the way that it governs personal information collected on clients. If you have any questions on privacy please contact us on the details above.

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24 August 2016

The Directors
Aspermont Limited
613-619 Wellington Street
Perth WA 6000

Dear Directors

1. Introduction

This Independent Expert's Report (the "**Report**" or "**IER**") has been prepared to accompany the Notice of General Meeting and Explanatory Statement ("**NOM**") to shareholders for the upcoming General Meeting of Aspermont Limited ("**Aspermont**" or "**the Company**"), at which shareholder approval will be sought for three resolutions relating to the issue of shares to related parties in satisfaction of related party debt.

The resolutions relevant to the satisfaction of related party debt, under consideration for shareholder approval are set out in the NOM and are listed below:

Resolution One – The approval of issue of shares to Mr John Stark

Mr Stark and his controlled entities have advanced an amount of \$2,778,520.82 to the Company in the form of loans. This resolution seeks Shareholder approval to issue 277,852,083 Shares in the Company to Mr Stark at a conversion rate of AUD \$0.01 per Share. Successful passage of only this resolution will result in Mr Stark's voting power within the Company increasing to 28.14%.

Resolution Two – The approval of issue of shares and options to Mr Alex Kent

Mr Kent and his controlled entity (Mega Hills Limited) hold AUD \$2,582,456.36 of Convertible Notes in the Company (and associated interest). This resolution seeks Shareholder approval to issue 258,245,641 Shares and 258,245,641 Options in the Company to Mr Kent at a conversion rate (for shares) of AUD \$0.01 per Share. This resolution also seeks Shareholder approval to issue a further 6,000,000 Shares in the Company to Mr Alex Kent, valued at AUD \$0.01 per Share, in settlement of fees payable to Mega Hills for partially underwriting previous capital raisings for the Company, in July and August 2015. Presuming only Resolution Two passes, Mr Kent would have a shareholding in the Company of 19.52% (32.39% on a fully diluted basis).

Resolution Three – The approval of issue of shares and options to Mr Rhoderic Whyte

Mr Whyte holds AUD \$29,456.83 of Convertible Notes in the Company (and associated interest). This resolution seeks Shareholder approval to issue 2,945,686 Shares and 2,945,686 Options in the Company to Mr Whyte at a conversion rate (for shares) of AUD \$0.01 per Share.

The first two of these resolutions (share issues to Mr Stark and Mr Kent, each of whom could be holding in excess of 20% of the Company subsequently) will result in the issue of 542,097,724 Shares in settlement of outstanding debts and fees ("**Conversion and Underwriting Fee Shares**"), accompanied by 258,245,641 Options ("**Conversion Options**"; collectively the "**Conversion and Underwriting Fee Transaction**").

The Directors of Aspermont have requested Greenwich & Co Financial Group Pty Ltd ("**Greenwich & Co**"), being independent and qualified for the purpose, to express an opinion as to whether the Conversion and Underwriting Fee Transaction is fair and reasonable to Aspermont shareholders not associated with the Conversion and Underwriting Fee Transaction ("**the Non-Associated Shareholders**" or "**Shareholders**"). We have had regard to Regulatory Guide 111 Content of Expert Reports ("**RG 111**"), in our assessment of the fairness and reasonableness of the Conversion and Underwriting Fee Transaction.

2. Executive Summary

2.1 Approach

Our Report has been prepared having consideration of Australian Securities and Investments Commission (“ASIC”) Regulatory Guide 111 (“RG 111”), ‘Content of Expert’s Reports’ and Regulatory Guide 112 (“RG 112”) ‘Independence of Experts’.

In arriving at our opinion, we have assessed the terms of issue of the Conversion and Underwriting Fee Shares as outlined in the body of this report. We have considered:

- how the value of an Aspermont share prior to the issue of the Conversion and Underwriting Fee Shares compares to the value of the consideration per share offered via the Conversion and Underwriting Fees Transaction;
- other factors which we consider to be relevant to the Shareholders in their assessment of the issue of the Conversion and Underwriting Fee Shares; and
- the position of Shareholders should the issue of the Conversion and Underwriting Fee Shares not proceed.

2.2 Opinion

We have considered the terms of the issue of the Conversion and Underwriting Fees Shares as outlined in the body of this report.

We have concluded that the issue of the Conversion and Underwriting Fees Shares is not fair, but is reasonable to Shareholders.

- In our opinion, the issue of the Conversion and Underwriting Fee Shares is not fair because the value of an Aspermont share prior to the issue of the Conversion and Underwriting Fee Shares, for a short period before the date of dispatch of this Report, has been higher than the consideration per share to be received by Aspermont for the issue of the Conversion and Underwriting Fee Shares.
- In our opinion, the issue of the Conversion and Underwriting Fee Shares is reasonable because the advantages of approving the issue of the Conversion and Underwriting Fee Shares outweigh the disadvantages of approving the issue of the Conversion and Underwriting Fee Shares, as set out in Section 8.

2.3 Fairness

In Section 7 we identify the value of an Aspermont share prior to the issue of the Conversion and Underwriting Fee Shares compared to the value per share offered via the Conversion and Underwriting Fee Transaction, as set out below:

Table 1

		Low	Preferred	High
	Ref	\$	\$	\$
Value of an Aspermont share preceding this NOM regarding the issue of the Conversion and Underwriting Fee Shares	7.4	\$0.0106	\$0.0146	\$0.0186
Attributed value per share via the Conversion Transaction	3.1	\$0.01	\$0.01	\$0.01

The value of an Aspermont share prior to the issue of the Conversion and Underwriting Fee Shares, after adjustment for a premium for control, is more than the attributed value per share offered in the Conversion and Underwriting Fee Transaction, when the impact of the recent rights issue on Aspermont’s share price is taken into account. Therefore, we consider that the issue of the Conversion and Underwriting Fee Shares is not fair.

2.4 Reasonableness

We have considered the analysis in Section 8 of this report, in terms of both:

- advantages and disadvantages of the issue of the Conversion and Underwriting Fee Shares; and
- alternatives, including the position of Shareholders if the issue of the Conversion and Underwriting Fee Shares does not proceed.

In our opinion, the position of Shareholders if the Conversion and Underwriting Fee Transaction is approved is more advantageous than the position if the Conversion and Underwriting Fee Transaction is not approved. Accordingly, in the absence of any other relevant information we believe that the issue of the Conversion and Underwriting Fee Shares is reasonable for Shareholders.

The respective advantages and disadvantages considered are summarised below:

Table 2

ADVANTAGES AND DISADVANTAGES			
Section	Advantages	Section	Disadvantages
8.2.4	Stronger financial position	8.2.5	Reduced share trading and liquidity
8.2.4	Frees up cashflow	8.2.5	Dilution
8.2.4	Eliminates interest charges	8.2.5	Increased control of related parties (refer table 3)
8.2.4	Attractive for future capital raising		

Based on our analysis of the above, in our opinion, the Conversion and Underwriting Fee Transaction is considered reasonable for Non-Associated Shareholders, because:

- a) After review, the advantages of the Conversion and Underwriting Fee Transaction outweigh the disadvantages of approving it, for Non-Associated Shareholders; and
- b) After review, the disadvantages of rejecting the Conversion and Underwriting Fee Transaction outweigh any advantages of rejecting it, for Non-Associated Shareholders.

2.5 Other Matters

Greenwich & Co Financial Group Pty Ltd holds the appropriate Australian Financial Services License to issue this report.

In forming our opinion and conclusions, we have evaluated the interests of Aspermont shareholders as a collective group. Therefore, the advice provided does not consider any individual Aspermont shareholder directly: their financial situation, objectives or needs. It is not possible, nor is it practical, to assess the implications of the Conversion and Underwriting Fee Transaction on individual shareholders as their specific financial circumstances are unknown.

The decision as to whether or not to approve the Conversion and Underwriting Fee Transaction is a matter for each individual Aspermont shareholder to consider based on, their risk appetite, desire for portfolio liquidity, investment strategy, and tax position. Each individual shareholder is therefore advised to consider the appropriateness of our opinion in the context of their circumstances, before making a decision regarding the Conversion and Underwriting Fee Transaction.

As any shareholder's decision to vote for or against this resolution may be affected by their aforementioned personal circumstances, we advise that each individual shareholder seeks their own independent professional advice.

Our report has been prepared in accordance with the *Corporations Act 2001* ("the Act") and other relevant Australian regulatory requirements. This report has been prepared solely for the purpose of assisting Aspermont shareholders in evaluating the Conversion and Underwriting Fee Transaction. We do not assume any responsibility or liability to any other party as a result of reliance on this report for any other purpose.

3. Details of the Transactions

3.1 Terms from the Notice of Meeting

On 11 May 2016, the Company announced its intention to raise additional capital to further invest in its technology platform, fund new projects initiatives and restructure its balance sheet. The rights issue component from the original announcement was completed on 5 August 2016, raising approximately \$3 million (before costs). Part of the private placement announced 11 May 2016 was completed on 23 August 2016, raising approximately \$664,000 (before costs). The Company expects to raise a further \$6.46 million through:

- A private placement of \$1.46 million at AUD \$0.01 per share to sophisticated investors (Placement), subject to shareholder approval being obtained in a general meeting;
- The conversion of approximately \$5.4 million of outstanding related party debt to equity, in the form of fully paid ordinary shares at an attributed price of AUD \$0.01 per Share. Debts relating to Convertible Notes only (the amount payable to Mr Stark is from a loan, not a Convertible Note) will also receive 1 option per share issued during the Conversion and Underwriting Fee Transaction, subject to shareholder approval being obtained in a general meeting. These options can be exercised at a price of AUD \$0.03 and have a nine year duration from the date of issue (at the current share price, these options are out of the money); and
- The settlement of \$60,000 payable to Mr Alex Kent in respect of underwriting fees, via the issue of 6,000,000 shares at a price of AUD \$0.01.

3.2 Effect of the Conversion and Underwriting Fee Transaction on the capital structure of the Company

The table below summarises the capital structure of the Company prior to, and immediately following the Conversion and Underwriting Fee Transaction.

Table 3 - Aspermont share structure prior to and immediately after the Conversion and Underwriting Fee Transaction

	Shares Held By:			Total
	Mr John Stark – Resolution 1	Mr Alex Kent – Resolution 2	Non-Associated Shareholders – Resolutions 3-7	
Issued Shares as at the date of this Report (refer table 6)	108,044,917	803,604	984,469,486	1,093,318,007
% holdings as at the date of this Report	9.88%	0.07%	90.05%	100.00%
Conversion and Underwriting Fee Shares to be issued	277,852,083	258,245,641	48,517,543	584,615,267
Underwriting Fee Shares to be issued	-	6,000,000	-	6,000,000
Private Placement	-	-	133,600,000	133,600,000
Issued Shares after Conversion and Underwriting Fee Shares issued	385,897,000	265,049,245	1,166,587,029	1,817,533,274
% holdings assuming passage of only each individual's Resolution	28.14% ¹	19.52% ²	91.47% ³	-
% holdings assuming passage of all Resolutions included in NOM	21.23%	14.58%	64.19%	100.00%
Shares issued on exercise of Conversion Options ^{4,5}	-	258,245,641	48,517,543	306,763,184
Fully Diluted Shares position	385,897,000	523,294,886	1,215,104,572	2,124,296,458
Fully diluted % holdings assuming passage of only each individual's Resolution included in NOM and exercise of associated Conversion Options	28.14% ¹	32.39% ⁶	92.96% ⁷	-
Fully diluted % holdings assuming passage of all Resolutions included in NOM and exercise of Conversion Options	18.17%	24.63%	57.20%	100.00%

Source: Management of Aspermont

¹ Percentage shareholding for Mr Stark assuming only Resolution 1 is passed (his maximum potential shareholding)

² Percentage shareholding for Mr Kent assuming only Resolution 2 is passed (his maximum potential shareholding, before exercise of the Conversion Options))

³ Percentage shareholding for Non-Associated Shareholders assuming only Resolutions 3-7 are passed (the maximum shareholding for non-associated shareholders, before exercise of the Conversion Options))

⁴ Assumes options are exercised immediately. Options may not be exercised immediately and share capital may differ at the time of exercise.

⁵ Only Convertible Note debt held by Mr Alex Kent and Non-Associated Shareholders will receive options as part of the Convertible Transaction. Mr Stark provided a loan to the Company.

⁶ Percentage shareholding for Mr Kent assuming on Resolution 2 is passed and he exercises all Conversion Options received (his fully diluted, maximum shareholding)

⁷ Percentage shareholding for Non-Associated Shareholders assuming only Resolutions 3-7 are passed and they exercise all Conversion Options (the fully diluted, maximum shareholding for non-associated shareholders)

4. Composition of this Report

4.1 Purpose of this Report

Section 606(1) of the Corporations Act states that, subject to certain specified exemptions, a person must not acquire a “relevant interest” in issued voting shares in a public company if, as a result of the acquisition, any person’s voting power in the company would:

- a) Increase from below 20%, to more than 20%, or
- b) From a starting point above 20% and below 90%, increase.

In broad terms, a person has a “relevant interest” if that person holds shares or has the power to control the right to vote or dispose of shares. A person’s voting power in a company is the number of voting shares in which the person (and its associates) holds, compared with the total number of voting shares in the company.

As can be seen from Table 3, the passage of only Resolution One would give Mr Stark a 28.14% shareholding in the Company. By comparison, the passage of only Resolution Two would give Mr Kent a 19.52% shareholding in the Company (32.39% on a fully diluted basis).

Therefore, in both instances, the Company will be in breach of Section 606(1) of the Act in the absence of an applicable exemption.

Section 611, Item 7 of the Corporations Act provides an exemption to the rule noted in Section 606(1), above. Section 611, Item 7 allows a party (and its affiliates) to acquire a relevant interest in shares that would otherwise be prohibited under Section 606(1) of the Act if the proposed acquisition is approved in advance by a resolution passed at a general meeting of the Company; and:

1. no votes are cast in favour of the resolution by the proposed acquirers or respective associates (they must abstain from the vote); and
2. there was full disclosure of all information that was known to the persons proposed to make the acquisition or their associates or known to the Company that was material to a decision on how to vote on the resolution (in addition to this report, please refer to the Explanatory Memorandum as accompanied with the Notice of Meeting).

Section 611 states that shareholders must be given all information that is material to the decision on how to vote at the meeting. RG 111 advises the commissioning of an IER in such circumstances and provides guidance on the content.

4.2 Scope of this Report

For the purposes of assisting the Directors to satisfy the requirements of Section 611, Item 7 and RG 74, the independent Directors requested Greenwich & Co to prepare this Report expressing G&C’s opinion as to whether the Conversion and Underwriting Fee Transaction is “fair and reasonable” for the Non-Associated Shareholders. G&C’s work has been limited to those procedures we believed were required in order to form our opinion. G&C’s procedures, in the preparation of this Report, do not include verification work nor constitute an audit or assurance engagement in accordance with Australian Auditing and Assurance Standards issued by the Australian Auditing and Assurance Standards Board (**AUASB**) or its predecessors. The Report has been prepared in accordance with APES 225 Valuation Services.

The assessment of whether the Transaction is “fair and reasonable” will necessarily involve determining the “fair market value” of various securities, assets and interests.

For the purposes of our opinion, the term “fair market value” is defined as the price that would be negotiated in an open and unrestricted market between a knowledgeable, willing, but not anxious purchaser and a knowledgeable, willing, but not anxious vendor, acting at arm’s length.

By its very nature, the formulation of a valuation assessment necessarily contains significant uncertainties and the conclusions arrived at in many cases will be subjective and dependent on the exercise of individual judgement. There is therefore no indisputable value, and we normally express our opinion as falling within a likely range.

We have not considered the effect of the Transaction on the particular circumstances of individual Shareholders. Some individual Shareholders may place a different emphasis on various aspects of the Transaction from the one adopted in this Report. Accordingly, individual Shareholders may reach different conclusions on whether or not the Transaction is fair and reasonable to them.

G&C understands that this Report will accompany the Notice of Meeting to be sent to Aspermont's Shareholders by Aspermont. The sole purpose of this Report is to provide the Directors and Shareholders with an expression of G&C's opinion as to whether the Conversion and Underwriting Fee Transaction is fair and reasonable for the non-Associated Shareholders.

G&C's opinion should not be construed as a recommendation as to whether or not the Independent Directors should recommend the Transaction. The substance of any such recommendation is a matter for each individual Director.

4.3 Basis of Evaluation

In determining whether the Conversion and Underwriting Fee Transaction is "fair and reasonable" we have given regard to the views expressed by ASIC in RG 111.

RG 111 provides ASIC's views on how an expert can help security holders make informed decisions about transactions. Specifically, it gives guidance to experts on how to evaluate whether or not a Conversion and Underwriting Fee Transaction is fair and reasonable.

RG 111 states that the expert report should focus on:

- the issues facing the security holders for whom the report is being prepared; and
- the substance of the transaction rather than the legal and/or contractual mechanism used to achieve it.

Where an issue of shares by a company otherwise prohibited under section 606 is approved under item 7 of section 611 and the effect on the company's shareholding is comparable to a takeover bid, RG 111 states that the transaction should be analysed as if it was a takeover bid.

RG 111 applies the "fair and reasonable" test as two distinct criteria in the circumstance of a takeover bid, stating:

- a takeover offer is considered "fair" if the value of the offer price or consideration is equal to or greater than the value of the securities that are the subject of the offer; and
- a takeover offer is considered "reasonable" if it is fair or, where the offer is "not fair", it may still be "reasonable" if the expert believes that there are sufficient reasons for security holders to accept the offer

Consistent with the guidelines in RG 111, in determining whether the Conversion and Underwriting Fee Transaction is "fair and reasonable" to the Non-Associated Shareholders, the analysis undertaken is as follows:

- a comparison of the fair value of an ordinary share in Aspermont prior to and immediately following the Conversion and Underwriting Fee Transaction, being the 'consideration' for Non-Associated Shareholders in the assessment of fairness; and
- a review of other significant factors which Non-Associated Shareholders might consider prior to approving the Conversion and Underwriting Fee Transaction in the assessment of reasonableness.

In particular, we have considered the advantages and disadvantages of the Conversion and Underwriting Fee Transaction in the event that the Conversion and Underwriting Fee Transaction proceeds or does not proceed including:

- the future prospects of the Company if the Conversion and Underwriting Fee Transaction does not proceed; and
- any other commercial advantages and disadvantages to the Non-Associated Shareholders as a consequence of the Conversion and Underwriting Fee Transaction proceeding.

Our assessment of the Conversion and Underwriting Fee Transaction is based on economic, market and other conditions prevailing at the date of this Report.

5. Profile of Aspermont

5.1 Company's nature and corporate structure

Aspermont ("ASP") is an Australian ASX listed media and events company. The Company's current strategic objective is to move away from traditional paper and print publishing toward digital media as well as expanding its events business both in Australia and internationally.

The Company has offices in Perth, Hong Kong and London.

The current directors of the Company are as set out below:

- Andrew Leslie Kent
- John Stark
- Colm O'Brien
- Alex Kent
- Rhoderic Whyte

Aspermont is the ultimate controlling party of a group of companies, which comprises the following controlled entities:

- Resourceful Events Pty Ltd;
- Corporate Intelligence & Communication Pty Ltd
- Kondinin Information Services Pty Ltd
- Aspermont Media Limited
- Aspermont (Hong Kong) Ltd
- Aspermont Brazil Ltd
- Beacon Events Limited (HK)
- Resourceful Events Ltd (BVI)
- Resourceful Events Ltd (HK)
- Resourceful Events Ltd (UK)
- Resourceful Australia Pty Ltd
- Ethical Beacon Ltd (BVI)
- Ethical Beacon Ltd (HKI)
- Aspermont Beacon Live Events Limited
- Aspermont UK Limited
- Mines and Money Events
- Beacon Conference & Exhibition Services (Beijing) Ltd

5.2 Company's Financial Position

The table below sets out the financial position of the Company as at 31 December 2015, 30 June 2015 and 30 June 2014.

Table 4

	Reviewed Half year ended 31 December 2015 \$'000	Audited 30 June 2015 \$'000	Audited 30 June 2014 \$'000
Current Assets			
Cash and cash equivalents	875	1,645	1,416
Trade and other receivables	3,453	4,303	5,681
Financial assets	3	3	7
Total Current Assets	4,331	5,951	7,104
Non-Current Assets			
Financial assets	98	68	120
Property, plant and equipment	194	171	248
Deferred tax assets	2,961	2,850	2,468
Intangible assets and goodwill	19,484	25,808	31,201
Total Non-Current Assets	22,737	28,897	34,037
Total Assets	27,068	34,848	41,141
Current Liabilities			
Trade and other payables	7,747	6,706	6,115
Income in advance	4,568	5,554	7,194
Borrowings	6,796	7,067	8,425
Income tax payable	139	257	343
Provisions	-	-	159
Total Current Liabilities	19,250	19,584	22,236
Non- Current Liabilities			
Income in advance	-	-	267
Borrowings	297	-	-
Deferred tax liabilities	2,966	3,019	3,207
Provisions	66	196	237
Other liabilities	325	4,087	5,000
Total Non-Current Liabilities	3,654	7,302	8,711
Total Liabilities	22,904	26,886	30,947
Net Assets	4,164	7,962	10,194
Equity			
Issued Capital	54,158	54,158	49,292
Reserves	(7,986)	(6,862)	(10,168)
Accumulated losses	(41,602)	(38,649)	(28,091)
Parent entity interest	4,570	8,647	11,033
Non-controlling interest	(406)	(685)	(839)
Total Equity	4,164	7,962	10,194

Source: Reviewed financial statements for the 6 months to 31 December 2015, audited financial reports for the years ended 30 June 2015 and 30 June 2014

- Aspermont disclosed net assets of \$4.164 million at 31 December 2015 compared to \$7.962 million at 30 June 2015. The reduction was due to the loss incurred for the period to 31 December 2015 of \$3.7 million;
- At 31 December 2015 the company had current liabilities of \$19.2 million compared to \$19.5 million at 30 June 2015, with net current liabilities of \$14.9 million at 31 December 2015 compared to \$13.6 million at 30 June 2015.

- At 31 December 2015, the Company disclosed total non current assets of \$22.7m compared to \$28.9 million as at 30 June 2015. Goodwill and purchased mastheads represented 82% of total non current assets at 31 December 2015 (30 June 2015: 86%)
- At 31 December 2015 current liabilities amounted to \$19.2 million, comprising Trade and other payables \$7.7 million, income received in advance \$4.5 million and borrows of \$6.8 million.

5.3 Company's Financial Performance

Table 5

	Reviewed Half year ended 31 December 2015 \$'000	Audited 30 June 2015 \$'000	Audited 30 June 2014 \$'000
Revenue from continuing operations	14,258	30,258	36,455
Cost of sales	(7,659)	(15,351)	(17,583)
Gross Profit	6,599	14,907	18,872
Distribution expenses	(571)	(1,225)	(1,435)
Marketing expenses	(1,649)	(3,255)	(3,771)
Occupancy expenses	(958)	(1,888)	(1,928)
Corporate and administration	(3,140)	(7,933)	(8,162)
Finance costs	(349)	(860)	(1,122)
Other expenses	(1,423)	(3,604)	(5,149)
Total expenses	(8,090)	(18,765)	(21,567)
	(1,491)	(3,858)	(2,695)
Change in fair value of investments	-	(72)	28
Re-estimation of Beacon put option	3,769	1,339	2,533
Other income	133	279	122
Impairment of loan receivable	(41)	(118)	(1,213)
Impairment of intangible assets	(6,165)	(8,456)	-
Impairment of investment in associates	-	-	(177)
Profit/(loss) before income tax expense	(3,795)	(10,886)	(1,342)
Income tax benefit/(expense) relating to continuing operations	75	1,082	925
Profit/(loss) for the year from continuing operations	(3,720)	(9,804)	(417)

Source: Reviewed financial statements for the 6 months to 31 December 2015, audited financial reports for the years ended 30 June 2015 and 30 June 2014

- The company disclosed a loss of \$3.7 million for the six months to 31 December 2015, compared to a loss of \$9.8 million for the year to 30 June 2015;
- Revenue for the six months to 31 December 2015 amounted to \$14.2 million, compared to \$30.3 million for the year to 30 June 2015;
- Gross margin for the six months to 31 December 2015 amounted to \$6.6 million (46%), compared to \$14.9 million for the year to 30 June 2015 (49%).
- Total expenses for the six months to 31 December 2015 amounted to \$8 million, compared to \$18.8 million for the year to 30 June 2015;
- During the six months to 31 December 2015 a charge of \$6.2 million was made for impairment of intangible assets, compared to \$8.5 million for the year to 30 June 2015.

5.4 Company's Capital Structure

At the date of this report the company has 1,093,318,007 ordinary shares on issue. The top 20 shares account for 80.47% of the total shares on issue. Set out in the table below are the top 20 shareholders, the number of shares held and the percentage of the total.

Table 6

Shareholder	No. of shares	%
DRYSDALE INVESTMENTS LIMITED	325,329,709	29.75618
ILEVETER PTY LTD	146,224,275	13.37436
BLUE SEA INVESTMENT HOLDINGS	81,458,334	7.45056
ALLAN DALE REAL ESTATE PTY LTD	71,959,584	6.58176
MYRA NOMINEES PTY LIMITED	32,017,743	2.92849
BLACKCOURT (NSW) PTY LIMITED	27,006,667	2.47016
MR JOHN STARK &	25,857,000	2.365
GINGA PTY LTD	24,083,334	2.20277
LEVEL 1 PTY LTD	20,189,960	1.84667
GLACIER MEDIA INC	17,274,634	1.58002
GONDWANA SECURITIES PTY LTD	16,554,275	1.51413
YARANDI INVESTMENTS PTY LTD	15,846,316	1.44938
ANNIS TRADING LIMITED	13,546,875	1.23906
DEBUSCEY PTY LTD	11,739,368	1.07374
CITICORP NOMINEES PTY LIMITED	10,917,512	0.99857
UCAN NOMINEES PTY LTD	10,067,712	0.92084
JRG TRADING PTY LTD	8,000,000	0.73172
NPV (WA) SECURITIES PTY LTD	7,675,100	0.702
ALLAN DALE REAL ESTATE PTY LTD	7,083,333	0.64787
A & C GAL INVESTMENTS PTY	7,007,225	0.64091
	879,838,956	80.47
Other shareholders	213,479,051	19.53
Total	1,093,318,007	100%

Source: Management of Aspermont

The range of shares held in Aspermont as at 23 August 2016 is as follows:

Table 7

Range of shares held	Number of Ordinary Shareholders	Number of Ordinary Shares	Percentage of Issued Shares (%)
1 – 1,000	47	14,291	0.001%
1,001 – 5,000	17	54,942	0.005%
5,001 – 10,000	9	514,261	0.047%
10,001 – 100,000	101	3,839,543	0.35%
100,001 and over	167	1,088,894,970	99.60%
TOTAL	389	1,093,318,007	100.00%

Source: Management of Aspermont

5.5 Company's Related Party Transactions

Outside of the debts that are the subject of the Conversion and Underwriting Fee Transaction, the only other related party transaction with Mr John Stark and Mr Alex Kent is the payment of directors' remuneration, which is in accordance with their terms of employment agreed with the Company.

Mr Stark's loan was provided several years ago, to assist the Company with some equity restructuring. It incurs interest at 9.5% per annum. Mr Kent provided funds via a convertible note, to assist the Company with its ongoing operations & cashflow management. The convertible note incurs interest at 10% per annum.

6. Valuation Methodologies

6.1 Methods

In assessing the value of an Aspermont share before and immediately following the Conversion and Underwriting Fee Transaction, we have evaluated a range of valuation methodologies. RG 111 advises that it is generally appropriate for an expert to consider the methods set out below to value a company and its shares:

- the discounted cash flow ("DCF") method and the estimated realisable value of any surplus assets;
- the application of earnings multiples to the estimated future maintainable earnings or cash flows added to the estimated realisable value of any surplus assets;
- the amount which would be available for distribution on an orderly realisation of assets;
- the quoted price for listed securities; and
- any recent genuine offers received.

The valuation methodologies proposed by RG 111 can be split into three specific groupings, as follows:

- Market Based Methods;
- Income Based Methods; and
- Asset Based Methods.

6.2 Market Based Methods

Market based methods provide an estimated calculation of the fair market value by considering the market value of a company's securities or the market value of comparable companies. Market based methods include:

- the quoted price for listed securities; and
- industry specific methods.

In the Quoted Price method, the recent price history for a publicly listed security provides evidence of the fair market value of a company's securities where they are publicly traded in an informed and liquid market.

Industry specific methods typically involve the use of industry "rules of thumb" to estimate the fair market value of a company and its securities. Normally, rules of thumb provide less definitive evidence of the fair market value of a company than other market based valuation methods, because they may not take account of certain company-specific factors which affect their risk profile relative to industry competitors.

6.3 Income Based Methods

Income based methods estimate value by calculating the discounted present value of a company's estimated future stream of earnings or cash flows. Income based methods include:

- discounted cash flow ("DCF") methods; and
- capitalisation of future maintainable earnings ("FME").

The DCF technique has an established foundation in published literature, calculating the price of a company based on the net present value of its future cash flows. It requires a breakdown of future cash flows, the capital structure and costs of capital and an assessment of the residual value or the terminal value of the company's cash flows at the end of the period under consideration. This method of valuation is appropriate when valuing companies where future cash flows can be predicted with a reasonable degree of confidence.

The capitalization of future maintainable earnings methodology is generally considered an abbreviated form of DCF, where an estimation of the Future Maintainable Earnings ("FME") of the business, rather than a stream of cash flows, is capitalised based on a chosen capitalisation multiple. Multiples are derived from the analysis of market transactions for companies in the same sector, and the trading multiples of comparable companies.

6.4 Asset Based Methods

Asset based methods estimate the fair market value of a company based on the realisable value of its identifiable net assets. Asset based methods include:

- orderly realisation of assets method;
- liquidation of assets method; and
- net tangible assets on a going concern basis.

The value achievable in an orderly realisation of assets is estimated by calculating the fair market value of the assets of a company which would be distributed to security holders after payment of all liabilities, including costs of realization and taxation charges that arise, assuming the company is wound up in an orderly manner. This technique is particularly appropriate for businesses with relatively high asset values compared to earnings and cash flows.

The liquidation of assets method is similar to the orderly realisation of assets method except the liquidation method assumes that the assets are sold much faster, reflecting a distressed liquidation value. The liquidation of assets method will result in a value that is lower than the orderly realisation of assets method, and is appropriate for companies in financial distress or when a company is not valued on a going concern basis.

The net tangible assets in a going concern method estimate the market values of the net tangible assets of a company but, unlike the orderly realisation of assets method, it does not take into account realisation costs. Asset based methods are appropriate when companies are not profitable, a significant proportion of the company's assets are liquid, or for asset holding purposes.

6.5 Selection of Valuation Methodologies

After careful evaluation of the Company's specific circumstances, we have selected the Quoted Market Price as our primary model, with consideration of Net Tangible Assets, on a going concern basis, as our secondary model, to provide a cross-check on the pricing calculation. The Quoted Market Price method is appropriate for the following reasons:

- The company is a going concern based on assertions from management
- The market price is reflective of the price that all shareholders can currently achieve in an open and fair market
- The market data is readily available and is an active market
- It offers a standardized, comparable price point for the Company and its securities, suitable to evaluate the Conversion and Underwriting Fee Transaction

The main reason we did not select any Income Based Method for use in pricing these shares is that the Company is presently undergoing a restructure, away from print and paper advertising, toward digital media advertising; such a switch represents a paradigm shift in sector, with many aspects of the digital sector's operation completely different from the print sector. This change has introduced new revenue streams, of which the size and certainty of any are not yet established, hence any measure based on the expected continuing future revenues is unsuitable as those revenue streams cannot be reliably estimated.

As such, we do not believe that it is possible or realistic to acquire an Income Based Method as representative of the Company’s current share price. Further, the FME model is dependent on the Company having made profits in the recent past, a criteria which Aspermont does not fit, again defining Income Based Methods as inappropriate.

In considering market based models, we did not employ industry specific models as we believe Aspermont’s present structure and business model are idiosyncratic, which makes comparison to other companies within the industry inappropriate. As such, we have utilized the Quoted Market Price (“QMP”) method which, given Aspermont is publicly listed, appears a most suitable option.

Prices at which a company’s shares have been traded on the ASX can, in the absence of low liquidity or unusual circumstances, provide an objective measure of the value of the company, excluding a premium for control. Notwithstanding the low liquidity of Aspermont’s traded shares, we have considered the QMP by considering the historical Volume Weighted Average Price (VWAP) of an Aspermont share and the volatility of the share price prior to the announcement of the Conversion and Underwriting Fee Transaction.

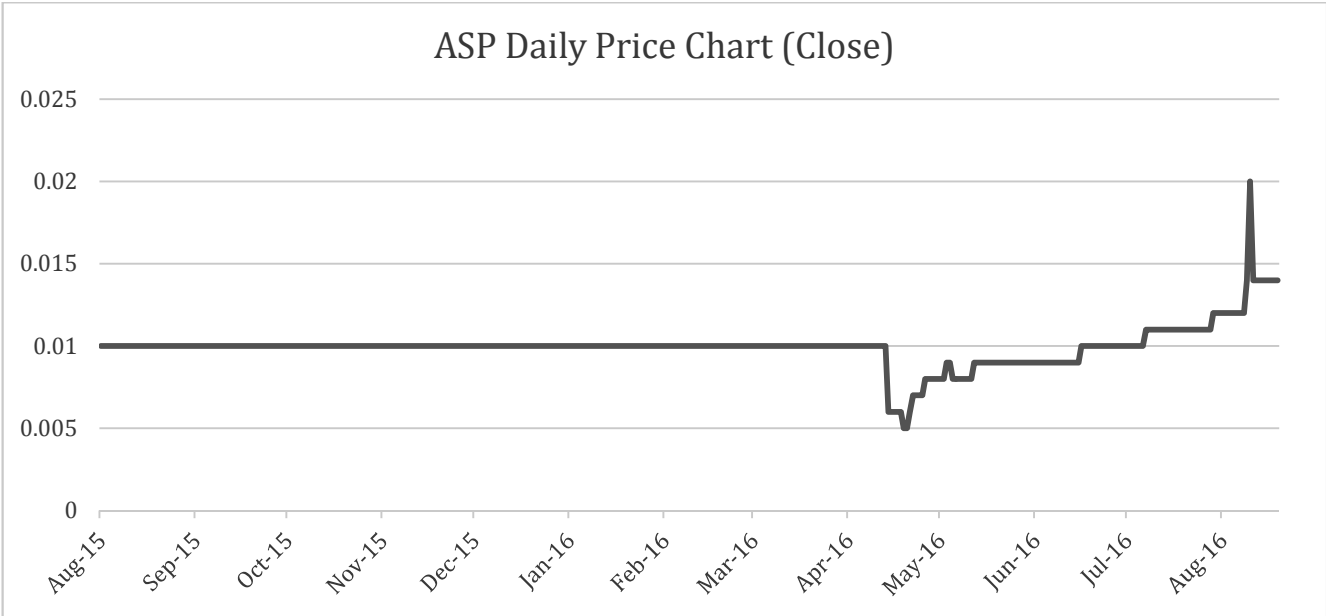
As a secondary check to ensure the QMP method is appropriate, we will also employ the net assets model under going concern assumptions, adjusted for the pro-forma terms of the Conversion and Underwriting Fee Transaction set out in Section 7.5. The reason for the going concern variation of the model is that the Company is committed to continuing forward with existing operations – it is not considering liquidation or sale of assets. As such, the market values of the Company’s assets and liabilities going forward are considered the best indicator of the Company’s present value.

7. Valuation of Aspermont Shares

7.1 Valuation of Aspermont prior to the Conversion and Underwriting Fee Transaction

Set out below is a graph illustrating the movements in Aspermont’s share price in the year to 23 August 2016.

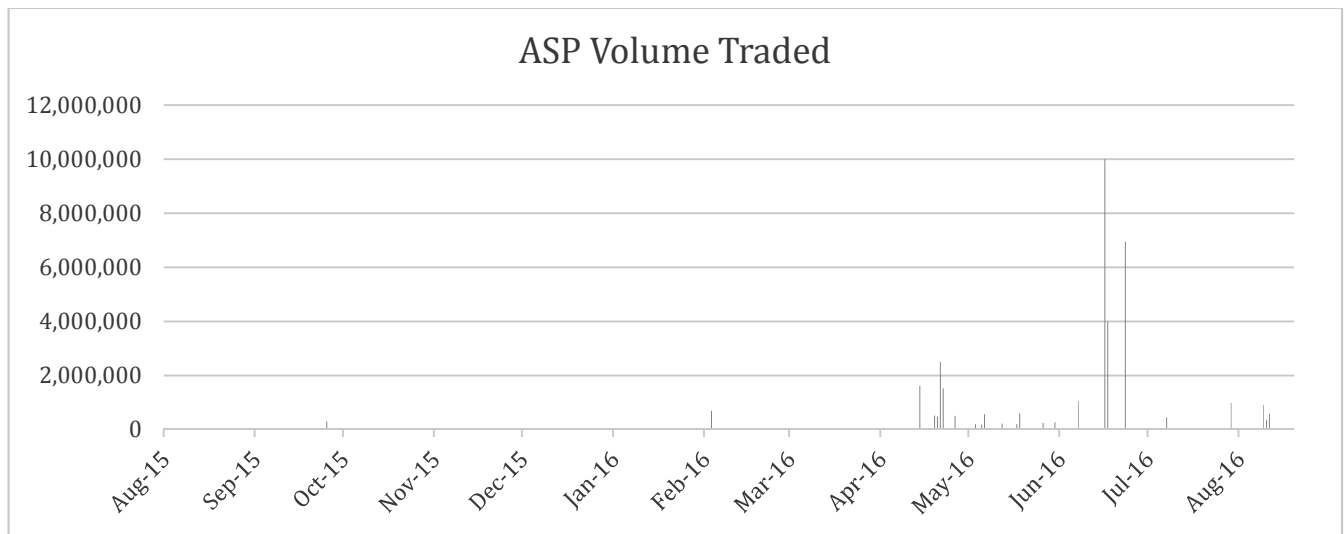
Graph 1



Source: ASX, Greenwich & Co analysis

Set out below is a chart showing the volumes of Aspermont shares traded, on a daily basis, in the year to 23 August 2016.

Graph 2



Source: ASX, Greenwich & Co analysis

7.2 Quoted Market Price

Our analysis of the quoted market price of an Aspermont share is based on the pricing prior to the issue of the Conversion and Underwriting Fee Shares. It is typical to consider the pricing of shares only prior to the announcement – before the announcement had any impact on the share price – however, for Aspermont, given the passage of time since the original announcement was made, and the price sensitive rights issue completed in the interim, we have considered pricing information up to the date of this report.

The key announcements made to the ASX in the period up to 23 August 2016 and their price effect are set out below:

Table 8

Date	Announcement	Closing Share Price Following Announcement \$(movement)	Closing Share Price Three days after Announcement \$ (movement)
23-08-16	Appendix 3B – Private Placement	0.014	-
05-08-16	Close of Rights Issue and Appendix 3B	0.012	0.02
27-06-16	Non-Renounceable Issue – Notice of Under Subscriptions	0.010	0.010
20-05-16	Appendix 3B – Rights Issue	0.009	0.009
20-05-16	Cleansing Notice – Rights Issue	0.009	0.009
11-05-16	Aspermont to raise \$5M and Convert \$5M Related Party Debt	0.008	0.009
01-03-16	Half Year Report and Accounts	0.010	0.010
25-02-16	Aspermont Confirms Mining Magazine Crosses the Paywall	0.010	0.010
18-01-16	Aspermont Proceeds to Arbitration Against Gainwealth	0.010	0.010
04-11-15	Lapse of Options Under Executive Option Plan – 21,250,000	0.010	0.010
04-11-15	Aspermont Announces mining News Relaunch plus Upgrade	0.010	0.010
03-11-15	Aspermont Reports Management Change at Beacon Events	0.010	0.010
19-10-15	Director Appointment/Resignation – Mr Lewis Cross Retirement from the Board	0.010	0.010

To provide further analysis of the market prices for an Aspermont share, we have also considered the volume weighted average market price for 10, 30, 60 and 90 day periods to 23 August 2016 (the last trading day prior to the release of this report & associated NOM).

Table 9

	23 Aug 2016	10 days	30 days	60 days	90 days
Closing Price	\$0.014				
Volume Weighted Average		\$0.0169	\$0.0142	\$0.0105	\$0.0097

The above volume weighted average prices have been calculated up to 23 August 2016, in order to capture the effects of the most recent price sensitive announcements on the share price (the rights issue and private placement completed since the original announcement of the Conversion and Underwriting Fee Transaction).

An analysis of the volume of trading in Aspermont shares for the six months to 23 August 2016 is set out below:

Table 10

	Share price low (\$)	Share price high (\$)	Cumulative Volume Traded	As a % of Issued Capital
1 day	\$0.014	\$0.014		
10 days	\$0.014	\$0.020	945,200	0.09%
30 days	\$0.011	\$0.020	2,835,500	0.26%
60 days	\$0.009	\$0.020	25,315,800	2.32%
90 days	\$0.005	\$0.020	32,787,800	3.00%
180 days	\$0.005	\$0.020	35,662,400	3.26%

This table indicates that Aspermont's shares display a low level of liquidity, with only 3.26% of the Company's current issued capital being traded in a six 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.

Clearly the volume traded would suggest that the market for Aspermont is "shallow", with very few trades over a 180 day period. 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, and given the discussion in Section 8 of this Report, it would appear no other methodology is appropriate.

Aspermont's Quoted Market Price results in the following valuation range, using previously calculated VWAP (Table 9):

Table 11

	Low (\$)	Midpoint (\$)	High (\$)
Quoted Market Price value ¹	\$0.0097	\$0.0133	\$0.0169

¹This has been extracted from the VWAP for the Company on between 10 and 90 days, taking the high point and low point as the range for pricing the Company's shares.

Our assessment is that a range of values for an Aspermont share based on market pricing is between \$0.0097 and \$0.0169, with a midpoint value of \$0.0133, based on historical volume weighted average price calculations.

7.3 Control Premium

The concept of a premium for control reflects the additional value that attaches to a controlling interest. In arriving at an appropriate control premium to apply we noted that observed control premium 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;
- Level of controlling interest acquired;
- Ability to integrate the acquiree into the acquirer's business;
- Level of pre-announcement speculation of the transaction; and

In determining whether including a control premium is appropriate for Aspermont, we have evaluated the shareholdings of both the related parties under review as part of this Report, and other significant shareholdings.

In attributing a control premium to a transaction, the potential to gain control of the Company, and/or holding the ability to influence the Company, would be indicators that a control premium would be appropriate. For Aspermont, there is another shareholder who, before the Conversion and Underwriting Fee Transaction holds 55% of the Company's share capital, and subsequent to the Conversion and Underwriting Fee Transaction remains the largest individual shareholder in the Company, even on a fully diluted basis. As such, we have discounted the importance of a control premium for the shares to be issued via the Conversion and Underwriting Fee Transaction because, after the transaction has completed, while each of three parties will be significant shareholders in the Company, none will individually wield control over Aspermont.

Market research conducted by us evaluating recent takeovers of companies listed on the ASX has indicated a range for takeover premiums of between 0% and 20%. Given the aforementioned context of multiple shareholders holding more than 20% of the Company, which diminishes the importance of a control premium, we have chosen 10% as the control premium for Aspermont.

7.4 Quoted Market Price (including control premium)

Applying a control premium to Aspermont's quoted market share price results in the following quoted market price value including a premium for control:

Table 12

	Low	Midpoint	High
	\$	\$	\$
Quoted Market Price value	\$0.0097	\$0.0133	\$0.0169
Control Premium	10%	10%	10%
Quoted Market Price valuation including a premium for control	\$0.0106	\$0.0146	\$0.0186

The above is calculated by increasing the Quoted Market Price value (taken from VWAP) by the percentage for control, to give the estimated price, taking control into account.

7.5 Net Assets Valuation Method

As a secondary valuation method, we have applied the net assets method, under the presumption of going concern. To give full consideration to this issue, we have evaluated the position of the Company before the Conversion and Underwriting Fee Transaction, and afterward, to give attention to the effect of the Conversion and Underwriting Fee Transaction on the value per share in Aspermont.

Method

The methodology applied here is to reflect all transactions contemplated in the Notice of Meeting and their effects. The effect of these transactions is shown in Table 13, below. The first adjustment column shows the effect of the Conversion and Underwriting Fee Shares, while the second shows the combined effect of the private placement proposed, and the rights issue, to give a pro-forma figure which contemplates the position of the Company after the completion of the transactions expected to occur (assuming no other adjustment from the 31 December 2015 financial figures).

An extension has also been applied to the table to show the potential effect if the Conversion Options were exercised immediately. Given these options are out of the money (they have a three cent strike price compared to current share price of AUD \$0.014), this position has been presented for completeness only.

Our calculation to price the Company's shares is presented in Table 14, using data from Table 13 – for the expected case only, not including the Conversion Options, given they are out of the money.

Table 13 - Pro-Forma movement in Net Assets

	Reviewed Half year ended 31 December 2015 \$'000	Adjustment for the rights issue and initial private placement (completed August 2016) \$'000	Adjustment for the Conversion and Underwriting Fee Shares \$'000	Adjustment for the private placement \$'000	Pro-forma position after expected adjustments \$'000	Adjustment for the Conversion Options ¹ \$'000	Pro-forma after all potential adjustments \$'000
Current Assets							
Cash and cash equivalents	875	3,684	-	1,336	5,895	9,203	15,098
Trade and other receivables	3,453	-	-	-	3,453	-	3,453
Financial assets	3	-	-	-	3	-	3
Total Current Assets	4,331	3,684	-	1,336	9,351	9,203	18,554
Non-Current Assets							
Financial assets	98	-	-	-	98	-	98
Property, plant and equipment	194	-	-	-	194	-	194
Deferred tax assets	2,961	-	-	-	2,961	-	2,961
Intangible assets and goodwill	19,484	-	-	-	19,484	-	19,484
Total Non-Current Assets	22,737	-	-	-	22,737	-	22,737
Total Assets	27,068	3,684	-	1,336	32,088	9,203	41,291
Current Liabilities							
Trade and other payables	7,747	-	-	-	7,747	-	7,747
Income in advance	4,568	-	-	-	4,568	-	4,568
Borrowings	6,796	-	(5,906)	-	890	-	890
Income tax payable	139	-	-	-	139	-	139
Provisions	-	-	-	-	-	-	-
Total Current Liabilities	19,250	-	(5,906)	-	13,344	-	13,344
Non-Current Liabilities							
Income in advance	-	-	-	-	-	-	-
Borrowings	297	-	-	-	297	-	297
Deferred tax liabilities	2,966	-	-	-	2,966	-	2,966
Provisions	66	-	-	-	66	-	66
Other liabilities	325	-	-	-	325	-	325
Total Non-Current Liabilities	3,654	-	-	-	3,654	-	3,654
Total Liabilities	22,904	-	(5,906)	-	16,998	-	16,998
Net Assets	4,164	3,684	5,906	1,336	15,090	9,203	24,293
Equity							
Issued Capital	54,158	3,684	5,906	1,336	65,084	9,203	74,287
Reserves	(7,986)	-	-	-	(7,986)	-	(7,986)
Accumulated losses	(41,602)	-	-	-	(41,602)	-	(41,602)
Parent entity interest	4,570	3,684	5,906	1,336	15,496	9,203	24,699
Non-controlling interest	(406)	-	-	-	(406)	-	(406)
Total Equity	4,164	3,684	5,906	1,336	15,090	9,203	24,293

¹ This extension to the pro-forma has been prepared on the basis that the Conversion Options issued would convert immediately. The options have a 3 cent strike price and are currently out of the money, hence their exercise is unlikely.

Table 14

	Figure per 31 December 2015 Accounts	Adjustment for Rights Issue and Initial Private Placement (completed by 23 August 2016)	Adjustment for Conversion and Underwriting Fee Transaction	Adjustment for other share issue transactions	Expected Pro- Forma Figure
Net Assets	\$4,164,000	\$3,684,000	\$5,906,153	\$1,336,000	\$15,090,153
Shares in issue	724,918,019	368,399,988	590,615,267	133,600,000	1,817,533,274
Value per Share	0.0057	0.01	0.01	0.01	0.0083

Analysis

It is notable that the above calculated figures are broadly similar to the Quoted Market Price obtained from the previous model, which reinforces those findings regarding the value per share.

8. Is the Conversion and Underwriting Fee Transaction Fair and Reasonable?

8.1 Is the issue of the Conversion and Underwriting Fee Shares fair?

The value of an Aspermont share prior to the issue of the Conversion and Underwriting Fee Shares compared to the consideration per share offered in the Conversion and Underwriting Fee Transaction is shown in the table below:

Table 15

	Ref	Low	Midpoint	High
		\$	\$	\$
Value of an Aspermont Share prior to the issue	7.4	\$0.0106	\$0.0146	\$0.0186
Value of consideration per share via the Conversion and Underwriting Fee Transaction	3.1	\$0.01	\$0.01	\$0.01

We note from the table above that the value of an Aspermont share prior to the issue of the Conversion and Underwriting Fee Shares is greater than the consideration of \$0.01 per share offered by the Conversion and Underwriting Fee Transaction. Therefore, we consider that the issue of the Conversion and Underwriting Fee Shares is not fair.

8.2 Is the issue of the Conversion and Underwriting Fee Shares reasonable?

We have considered the following factors in forming an opinion as to whether the issue of the Conversion and Underwriting Fee Shares is reasonable and where it is reasonably practicable to do so with sufficient precision, we have quantified these factors.

8.2.1 Alternative Proposal

We are unaware of any alternative proposal that might offer the Shareholders of Aspermont a premium over the value ascribed to that resulting from the issue of the Conversion and Underwriting Fee Shares.

8.2.2 Practical Level of Control

When shareholders are required to approve an issue that relates to a company, there are two types of approval levels. These are general resolutions and special resolutions. A general resolution requires 50% of shares to be voted in favor to approve a matter and a special resolution requires 75% of shares on issue to be voted in favor to approve a matter. On that basis and given their respective shareholdings, neither party will be able to pass, or block, either type of resolution.

If only Resolution One is passed, then Mr Stark could hold a maximum shareholding of 28.14%. If only Resolution Two is passed, then Mr Kent could hold a fully diluted, maximum shareholding of 32.39%. Either of these options would give the respective party the option to block a special resolution, but not a general resolution.

In the event that all Resolutions are passed, including the completion of the Conversion and Underwriting Fee Transaction, neither Mr Alex Kent, nor Mr John Stark, will rise to hold more than 25% of the Company's share capital, as indicated in Table 3, even in the event of exercise of all the Conversion Options. Mr Stark would hold a maximum of 21.23% of the Company's share capital, while Mr Kent (pending exercise of the Conversion Options) would hold a maximum of 24.63% of the Company's share capital. This particular circumstance would mean neither party could block any form of resolution individually.

It is also of note that, presuming all Resolutions are passed, neither party will be the largest individual shareholder – that will remain Mr Andrew Kent, who would hold 31.17% of the Company's shares following the Conversion and Underwriting Fee Transaction (26.7% on a fully diluted basis). As disclosed in the Notice of Meeting, Mr Andrew Kent and Mr Alex Kent are not operating in concert with regard to their interests in the Company.

The spread of shareholdings between the three parties decreases the potential for any one party to individually exert control over the Company.

8.2.3 Consequences of not Approving the issue of Conversion and Underwriting Fee Shares

Potential decline in share price

We have analyzed movements in Aspermont's share price since the issue of the Conversion and Underwriting Fee Shares was announced. The original announcement comprised three components, a rights issue, a private placement, and the issue of the Conversion and Underwriting Fee Shares. In the intervening period between the original announcement and the date of this report, the share price has risen from a low of \$0.008 to a high of \$0.02 (following the completion of the rights issue on 5 August 2016).

Were the issue of the Conversion and Underwriting Fee Shares not approved, all the monies raised via the rights issue and private placement may be spent on debt settlement and debt service, which could then erase the share price gains associated with those cash inflows to the Company.

8.2.4 Advantages of Approving the issue of the Conversion and Underwriting Fee Shares

We have considered the following advantages when assessing whether the issue of the Conversion and Underwriting Fee Shares is reasonable.

Table 16

Advantage	Description
Stronger financial position	The Conversion and Underwriting Fee Transaction will remove circa \$5.4m of related party debt from the balance sheet, strengthening the net assets position from c. \$4.2m (as at 31 December 2015) to c. \$9.6m (assuming no other changes).
Frees up cashflow	The conversion of \$5.8m in liabilities frees up a potential \$5.8m in cash to be utilized for the Company's future benefit.
Eliminates interest charges	The conversion of these various debts into equity alleviates the Company from the burden of interest payments.
Attractive for future capital raising	The restructuring of the balance sheet makes Aspermont a more attractive proposition for future capital raisings.

8.2.5 Disadvantages of Approving the issue of the Conversion and Underwriting Fee Shares

If the issue of the Conversion and Underwriting Fee Shares is approved, in our opinion, the potential disadvantages to Shareholders include those listed in the table below:

Table 17

Disadvantage	Description
Reduced share trading	The increased concentration of shareholdings is likely to reduce the trading volumes of Aspermont shares
Dilution	Existing shareholders will be diluted by the Conversion and Underwriting Fee Transaction
Increased control of related parties	Following this transaction, the related parties in question are expected to hold approximately 43% of the Company's shares, which collectively gives increased control over the Company. However, considering each party individually (and assuming independent of one another), neither will be the largest shareholder following the transaction, hence they will not be in a position to exert control unilaterally.

9. Conclusion

We have considered the terms of the issue of the Conversion and Underwriting Fee Shares as outlined in the body of this report and have concluded that **the issue of the Conversion and Underwriting Fee Shares is not fair, but is reasonable to the Shareholders of Aspermont.**

Yours faithfully

GREENWICH & CO FINANCIAL GROUP PTY LTD

A handwritten signature in black ink, appearing to read 'S Ledger', written in a cursive style.

STEVE LEDGER
Director

A handwritten signature in black ink, appearing to read 'M Bower', written in a cursive style with a large initial 'M'.

MICHAEL BOWER
Director

Appendix 1 – 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 Aspermont for the years ended 30 June 2015 and 30 June 2014;
- Reviewed financial statements of Aspermont for the half year ended 31 December 2015;
- Share registry information;
- Information in the public domain; and
- Discussions with Directors and Management of Aspermont.

Appendix 2 – Declarations and Disclosures

Independence

Greenwich & Co Financial Group Pty Ltd is entitled to receive a fee of \$15,000 (excluding GST and reimbursement of out of pocket expenses). Except for this fee, Greenwich & Co Financial Group 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.

Greenwich & Co Financial Group Pty Ltd has been indemnified by Aspermont in respect of any claim arising from Greenwich & Co Financial Group Pty Ltd's reliance on information provided by the Aspermont, including the non provision of material information, in relation to the preparation of this report.

Prior to accepting this engagement Greenwich & Co Financial Group Pty Ltd has considered its independence with respect to Aspermont and any of its respective associates with reference to ASIC Regulatory Guide 112 "Independence of Experts". In Greenwich & Co Financial Group Pty Ltd's opinion it is independent of Aspermont and the related parties under review in this Report.

Neither the signatory to this report, nor Greenwich & Co Financial Group Pty Ltd, have had within the past two years any professional relationship with Aspermont, or their associates, other than in connection with the preparation of this report.

A draft of this report was provided to Aspermont 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.

Qualifications

Greenwich & Co Financial Group Pty Ltd has extensive experience in the provision of corporate finance advice, particularly in respect of takeovers, mergers and acquisitions.

Greenwich & Co Financial Group 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 person specifically involved in preparing and reviewing this report was Mr Steve Ledger of Greenwich & Co Financial Group Pty Ltd.

Steve has significant experience in the preparation of independent expert reports, valuations and mergers and acquisitions advice across a wide range of industries in Australia and he was supported by other Greenwich & Co Group staff.

Disclaimers and consents

This report has been prepared at the request of Aspermont for inclusion in the Notice of Meeting which will be sent to all Aspermont Shareholders. Aspermont engaged Greenwich & Co Financial Group Pty Ltd to prepare an independent expert's report to consider the proposal for Aspermont to issue related parties of the Company approximately \$5 million in shares, in settlement of debts outstanding, at an issue price of \$0.01 per share.

Greenwich & Co Financial Group Pty Ltd hereby consents to this report accompanying the above Notice of Meeting. 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 Greenwich & Co Financial Group Pty Ltd.

Greenwich & Co Financial Group Pty Ltd takes no responsibility for the contents of the Notice of Meeting other than this report.

Greenwich & Co Financial Group Pty Ltd has not independently verified the information and explanations supplied to us, nor has it conducted anything in the nature of an audit or review of Aspermont in accordance with standards issued by the Auditing and Assurance Standards Board. However, we have no reason to believe that any of the information or explanations so supplied are false or that material information has been withheld. It is not the role of Greenwich & Co Financial Group Pty Ltd acting as an independent expert to perform any due diligence procedures on behalf of the Company. Greenwich & Co Financial Group Pty Ltd provides no warranty as to the adequacy, effectiveness or completeness of the due diligence process.

The opinion of Greenwich & Co Financial Group 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 transactions, tailored to their own particular circumstances. Furthermore, the advice provided in this report does not constitute legal or taxation advice to the Shareholders of Aspermont, or any other party.

Greenwich & Co Financial Group Pty Ltd has also considered and relied upon independent property valuations for properties held by Aspermont.

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 Greenwich & Co Financial Group Pty Ltd has no obligation to update this report for events occurring subsequent to the date of this report.

Appendix 3 – Glossary of Terms

Reference	Definition
ASIC	Australian Securities and Investments Commission
Aspermont	Aspermont Limited
AUASB	Australian Auditing and Assurance Standards Board
ASX	Australian Securities Exchange
Control	The power to alter the strategic and operational direction of a business
Conversion Options	Options issued as part of the Conversion and Underwriting Fee Transaction
Conversion and Underwriting Fee Shares	Shares issued as part of the Conversion and Underwriting Fee Transaction
Conversion and Underwriting Fee Transaction	Resolutions 1 & 2, as set out in the NOM
DCF	Discounted Future Cash Flows
EBIT	Earnings before interest and tax
FME	Future Maintainable Earnings
FOS	Financial Ombudsmen Service
FSG	Financial Services Guide
Going concern	A continuing business operation
Greenwich & Co or G&C	Greenwich & Co Financial Group Pty Ltd
NAV	Net Asset Value
NOM	Notice of Meeting
Our Report	This Independent Expert's Report prepared by Greenwich & Co
RG111	Content of expert reports (March 2011)
RG112	Independence of experts (March 2011)
Rights issue	A Rights Issue whereby existing shareholders of the Company will have the right to subscribe for 1 new share for every 2.4 shares they hold at the record date at a price of \$0.01 per share.
Shareholders	Shareholders of Aspermont not associated with the Conversion and Underwriting Fee Transaction
The Act	The <i>Corporations Act 2001</i>
The Company	Aspermont Limited
VWAP	Volume Weighted Average Price

Appendix 4 – Valuation Methodologies

Methodologies commonly used for valuing assets and businesses are as follows:

Net asset value ("NAV")

Asset based methods estimate the market value of an entity's securities based on the realizable value of its identifiable net assets. Asset based methods include:

- Orderly realization of assets method
- Liquidation of assets method
- Net assets on a going concern method

The orderly realization of assets method estimates fair market value by determining the amount that would be distributed to entity holders, after payment of all liabilities including realization costs and taxation charges that arise, assuming the entity is wound up in an orderly manner.

The liquidation method is similar to the orderly realization 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 realization 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 realizable value of its assets as they do not recognize 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.

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.

Capitalization of future maintainable earnings ("FME")

This method places a value on the business by estimating the likely FME, capitalized 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 amortization ("EBITDA"). The capitalization rate or "earnings multiple" is adjusted to reflect which base is being used for FME.

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 startup phase, or experience irregular cash flows.

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 analyzed and the company that is being valued and then to reflect these differences in the valuation.

APPOINTMENT OF PROXY FORM

ASPERMONT LIMITED
ACN 000 375 048

GENERAL MEETING

I/We

of:

being a Shareholder entitled to attend and vote at the Meeting, hereby appoint:

Name:

OR:

the Chair of the Meeting as my/our proxy.

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Meeting to be held at 4:00pm WST, on 30 September 2016 at 613-619 Wellington Street, Perth, WA, and at any adjournment thereof.

CHAIR'S VOTING INTENTION IN RELATION TO UNDIRECTED PROXIES

The Chair intends to vote undirected proxies in favour of all Resolutions. In exceptional circumstances the Chair may change his/her voting intention on any Resolution. In the event this occurs an ASX announcement will be made immediately disclosing the reasons for the change.

Voting on business of the Meeting

		FOR	AGAINST	ABSTAIN
Resolution 1	Acquisition of Relevant Interest - Mr John Stark	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Acquisition of Relevant Interest - Mega Hills Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Issue of Shares and Options to Mr Rhoderic Whyte	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Ratification of prior issue – Convertible Notes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Ratification of prior issue – Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Placement – Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Issue of Shares to Mr Geoffrey Allan Donohue	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

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

Signature of Shareholder(s):

Individual or Shareholder 1

Sole Director/Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Date:

Contact name:

Contact ph (daytime):

E-mail address:

Consent for contact by e-mail:

YES NO

Instructions for Completing 'Appointment of Proxy' Form

1. **(Appointing a proxy):** A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.
2. **(Direction to vote):** A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing instructions):**
 - **(Individual):** Where the holding is in one name, the Shareholder must sign.
 - **(Joint holding):** Where the holding is in more than one name, all of the Shareholders should sign.
 - **(Power of attorney):** If you have not already provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
 - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to Section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
 - (a) post to Aspermont Limited, PO Box 78 Leederville, Western Australia 6902; or
 - (b) facsimile to the Company on facsimile number +61 8 is 6263-9148; or
 - (c) email to the Company at **david.straface@aspermont.com**,

so that it is received not less than 48 hours prior to commencement of the Meeting.

Proxy Forms received later than this time will be invalid.