

Waratah Resources Limited
ACN 125 688 940
(to be renamed Mobecom Limited)

Notice of General Meeting
and
Explanatory Statement
and
Independent Expert's Report
and
Proxy Form

General Meeting of Waratah Resources Limited to be held at
Boardroom Pty Limited
Level 12, 225 George St
Sydney NSW 2000

On 1 May 2017 commencing at 11am (Sydney time).

The Independent Expert has determined that the increase in voting power, the subject of Resolution 4 in this Notice of Meeting, is fair and reasonable to the non-associated Shareholders.

This Notice of General Meeting, Explanatory Statement and Independent Expert's Report should be read in its entirety.

If Shareholders are in any doubt as how to vote, they should seek advice from their own independent financial, taxation or legal adviser without delay.

Waratah Resources Limited ACN 125 688 940

General information

This notice of meeting (**Notice**) relates to a general meeting (**Meeting**) of the shareholders of the Company (**Shareholders**).

The Meeting will take place at Boardroom Pty Limited, Level 12, 225 George St, Sydney NSW 2000 on 1 May 2017 commencing at 11am (Sydney time).

The purpose of the Meeting is to:

- inform Shareholders of the Company's intentions to acquire 100% of the issued shares in CSB Engage Pte Ltd (**Proposed Transaction**);
- obtain Shareholder approval for the various components of the Proposed Transaction as required under the ASX Listing Rules (**Listing Rules**) and the *Corporations Act 2001* (Cth) (**Corporations Act**); and
- obtain Shareholder approval for a number of other matters, including a share consolidation.

Each of the Directors considers that the Proposed Transaction will create significant value for the Shareholders and assist the Company in the next phase of its growth.

Shareholders should also note that the Independent Expert has found that for the purpose of section 611 (Item 7) of the Corporations Act, the Proposed Transaction is considered by the Independent Expert to be fair and reasonable for non-associated Shareholders. Further detail can be found in the Independent Expert's Report attached to this Notice.

The following documents accompany this Notice and are designed to assist Shareholders' understanding of the resolutions under consideration (**Resolutions**):

- **Explanatory Statement:** provides an explanation of the Resolutions and the disclosures required by law;
- **Independent Expert's Report:** Hall Chadwick Corporate (NSW) Limited (**Independent Expert**) was commissioned by the board of directors of the Company (**Board**) to provide an independent assessment of whether the Proposed Transaction is fair and reasonable to all Shareholders; and
- **Proxy form:** to be used by Shareholders to appoint a proxy to vote on their behalf at the Meeting.

Shareholders should read the above documents carefully, including the Independent Expert's Report which sets out the advantages and disadvantages of the Proposed Transaction.

Consolidation: under Resolution 1 it is proposed that the Company's share capital be consolidated through the conversion of every 28 Shares into 1 Share. All references to numbers of Shares which appear in this Notice and Explanatory Statement are on a post-Consolidation basis unless otherwise stated.

Essential Resolutions

All the Essential Resolutions are inter-conditional, meaning that each of them will only take effect if all the other Essential Resolutions are approved by the required majority of Shareholders at the Meeting. If any Essential Resolution is not approved, none of them will take effect and the transactions contemplated in this Notice, in particular the Proposed Transaction and the Proposed Placement will not complete.

All of the Resolutions in this Notice are Essential Resolutions except for Resolution 8, "Change of Company Name".

This also means that the matters contemplated by an Essential Resolution may complete notwithstanding the fact that a Resolution which is not an Essential Resolution has not been approved.

Key dates for Shareholders

Event	Date*
Lodgement of Prospectus for the Proposed Placement	Monday, 17 April 2017
Date for eligibility to vote at Meeting	7.00pm AEST on Saturday, 29 April 2017
Cut off for lodging Proxy Form for Meeting	Saturday, 29 April 2017
General Meeting to approve the change of nature and scope of activities and other matters	Monday, 1 May 2017
ASX informed of Shareholder approvals	Monday, 1 May 2017
Prospectus offer open	Monday, 1 May 2017
Prospectus offer close	Monday, 22 May 2017
Completion of Proposed Placement	Monday, 5 June 2017
Anticipated date the suspension of trading of Shares is lifted	Friday, 9 June 2017 [^]

** Shareholders should note the above timetable is indicative only and may be varied in consultation with ASX. Any changes to the above timetable will be released to the ASX.*

[^] Subject to ASX confirming re-admission in accordance with Chapters 1 and 2 of the ASX Listing Rules.

General Meeting: Agenda

The business to be transacted at the Meeting is set out below:

1. Consolidation

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

"That, subject to all Essential Resolutions being passed, and for the purposes of section 254H of the Corporations Act, and for all other purposes, approval is given for the share capital of the Company to be consolidated through the conversion of every 28 Shares into 1 Share, with fractions of a Share being rounded to the nearest whole number, and the conversion to take effect in accordance with the timetable set out in the Explanatory Statement."

Note: In accordance with section 254H(4) of the Corporations Act, a copy of this Resolution 1, if passed, shall be lodged with the Australian Securities & Investments Commission within one month of the Meeting.

2. Approval of Proposed Placement

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

"That, subject to all Essential Resolutions being passed, and for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the issue of up to 45,000,000 Shares on a post-Consolidation basis at an issue price of \$0.20 per Share (i.e. up to \$9,000,000 of capital), to such allottees and on such terms as set out in the Explanatory Statement."

Voting exclusion statement on Resolution 2: The Company will disregard any votes cast on this Resolution by a person who may participate in the Proposed Placement, the Sellers, Tulla, the Promoter (PAC Partners Pty Ltd), the Directors, Rod Walker, Fred Kempson, Mark Barnard, Todd Ruppert, David Fisher, Neil Joseph and any other person who may obtain a benefit except a benefit solely in the capacity of a holder of Shares, if this 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.

3. Change in Nature and Scale of activities of the Company

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

"That, subject to the passing of all Essential Resolutions, in accordance with Listing Rule 11.1.2 and for all other purposes, approval is given for the Company to make a significant change to the nature and scale of its activities as set out in the Explanatory Statement."

Voting exclusion statement on Resolution 3: The Company will disregard any votes cast on this Resolution by a person who may participate in the Proposed Placement, the Sellers, Tulla, the Promoter (PAC Partners Pty Ltd), the Directors, Rod Walker, Fred Kempson, Mark Barnard, Todd Ruppert, David Fisher, Neil Joseph and any other person who may obtain a benefit except a benefit solely in the capacity of a holder of Shares, if this 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.

4. Issue of Consideration Shares

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

"That, subject to all Essential Resolutions being passed and for the purposes of section 611 (item 7) of the Corporations Act and all other purposes, approval is given for the issue to the Sellers (or at their direction), 112,451,788 Shares as consideration for the Company's acquisition of all of the issued capital in CSB Engage Pte Ltd, with each Seller receiving that number of Shares set out opposite its name under the heading "Shares to be issued" in Schedule 1 of the Explanatory Statement (being, in aggregate 101,836,051 Shares), and from the remainder (of 10,615,737 Shares), 9,065,737 being issued to Tulla (in satisfaction of CSB Engage's obligation under the Convertible Loan Notes issued to Tulla, the details of which and on the terms and conditions set out in the Explanatory Statement), 1,000,000 Shares being issued to Rod Walker (in satisfaction of contractual obligations agreed to by CSB Engage's relating to securing Rod Walker's services), 50,000 Shares being issued to Fred Kempson (by way of a gift from the Sellers), and 500,000 Shares being issued to Mark Barnard (in satisfaction of CSB Engage's obligation under a loan to CSB Engage by Mark Barnard), and for the acquisition by the Sellers, Tulla, Rod Walker, Fred Kempson and Mark Barnard of a relevant interest in issued voting shares in the Company and the increase in the Sellers', Rod Walker's, Fred Kempson's, Kempson's, Mark Barnard and Tulla's voting power in the Company from less than 20% to more than 20% and otherwise on the terms described in the Explanatory Statement."

Independent Expert's Report: Shareholders should carefully consider the Independent Expert's Report for the purposes of Shareholder approval under section 611 (item 7) of the Corporations Act in relation to Resolution 4. The Independent Expert's Report comments on the fairness and reasonableness to the non-associated Shareholders of the issue of Shares under Resolution 4. The Independent Expert has determined that the issue is **fair and reasonable** to the non-associated Shareholders.

Voting exclusion statement on Resolution 4: The Company will disregard any votes cast on this Resolution by the Sellers or an associate of those persons including Tulla, Rod Walker, Fred Kempson, Mark Barnard, Todd Ruppert, David Fisher, Neil Joseph and a person who may obtain a benefit in the capacity of a holder of Shares, 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.

5. Adoption of Incentive Option Plan

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

"That, subject to all Essential Resolutions being passed and for the purposes of Listing Rule 7.2 Exception 9 and all other purposes, approval is given for the adoption of the Company's Incentive Option Plan and to issue securities under that plan (being in aggregate the right to issue up to 14,458,000 Options exercisable into 14,458,000 Shares), on the terms and conditions described in the Explanatory Statement from time to time."

Voting exclusion statement on Resolution 5: The Company will disregard any votes cast on this Resolution by a member of the Directors, Rod Walker, Todd Ruppert, David Fisher or Neil Joseph 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. **Issue of Options – Neil Joseph**

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

"That, subject to all Essential Resolutions being passed and for the purposes of Listing Rule 10.14 and all other purposes, approval is given for the issue to Neil Joseph of 1,695,000 Options under the Company's Incentive Option Plan (being, in aggregate the right to issue up to 1,695,000 Shares subject to certain conditions being met), as a performance incentive and otherwise on the terms described in the Explanatory Statement."

Voting exclusion statement on Resolution 6: The Company will disregard any votes cast on this Resolution by Neil Joseph, Rod Walker, Todd Ruppert, David Fisher 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. **Issue of Promoter Securities**

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

"That, subject to all Essential Resolutions being passed and for the purposes of ASX Listing Rule 7.1 and all other purposes, approval is given for the issue of the Promoter Securities."

Voting exclusion statement on Resolution 7: The Company will disregard any votes cast on this Resolution by a person who may participate in the Proposed Placement, the Sellers, Tulla, the Promoter (PAC Partners Pty Ltd), the Directors, Rod Walker, Fred Kempson, Mark Barnard, Todd Ruppert, David Fisher, Neil Joseph and any other person who may obtain a benefit except a benefit solely in the capacity of a holder of Shares, if this 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.

8. **Change of Company Name**

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

"That, subject to all Essential Resolutions being passed, and in accordance with section 157(1) of the Corporations Act, and for all other purposes, the Company change its name from "Waratah Resources Limited" to "Mobecom Limited".

9. **Appointment of Rod Walker as director**

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

"That, subject to all Essential Resolutions being passed, and in accordance with clause 13.3 of the Constitution and for all other purposes, Rod Walker, having provided conditional consent to act as a director from completion of the Proposed Transaction, be elected as a director of the Company with effect from completion of the Proposed Transaction."

10. **Appointment of Todd Ruppert as director**

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

"That, subject to all Essential Resolutions being passed, and in accordance with clause 13.3 of the Constitution and for all other purposes, Todd Ruppert, having provided conditional consent to act as a director from completion of the Proposed Transaction, be elected as a director of the Company with effect from completion of the Proposed Transaction."

11. **Appointment of David Fisher as director**

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

"That, subject to all Essential Resolutions being passed, and in accordance with clause 13.3 of the Constitution and for all other purposes, David Fisher, having provided conditional consent to act as a director from completion of the Proposed Transaction, be elected as a director of the Company with effect from completion of the Proposed Transaction."

12. **Appointment of Neil Joseph as director**

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

"That, subject to all Essential Resolutions being passed, and in accordance with clause 13.3 of the Constitution and for all other purposes, Neil Joseph, having provided conditional consent to act as a director from completion of the Proposed Transaction, be elected as a director of the Company with effect from completion of the Proposed Transaction."

13. **Issue of Director Shares**

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

"That, subject to all Essential Resolutions being passed and for the purposes of Listing Rule 10.11 and all other purposes, approval is given for the issue to the existing Company directors that number of Shares set out opposite his name, and as otherwise as described, in the Explanatory Statement."

Voting exclusion statement on Resolution 13: The Company will disregard any votes cast on this Resolution by a person who may participate in the Proposed Placement, the Sellers, Tulla, the Promoter (PAC Partners Pty Ltd), the Directors, Rod Walker, Fred Kempson, Mark Barnard, Todd Ruppert, David Fisher, Neil Joseph and any other person who may obtain a benefit except a benefit solely in the capacity of a holder of Shares, if this 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.

14. **Approval for issue of options and convertible notes to Sir Warwick Andrew**

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

“That, subject to all Essential Resolutions being passed and for the purposes of Listing Rule 10.11 and all other purposes, approval is given for the issue to Sir Warwick Andrew (or his nominee) of 650 convertible notes with a face value of \$100 each (which entitles the holder to no more than 325,000 Shares in aggregate on conversion of the convertible note), and the issue of 32,500 options attaching to the convertible notes, as described in the Explanatory Statement.”

Voting exclusion statement on Resolution 14: The Company will disregard any votes cast on this Resolution by a person who may participate in the Proposed Placement, the Sellers, Tulla, the Promoter (PAC Partners Pty Ltd), the Directors, Rod Walker, Fred Kempson, Mark Barnard, Todd Ruppert, David Fisher, Neil Joseph and any other person who may obtain a benefit except a benefit solely in the capacity of a holder of Shares, if this 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.

15. **Approval for issue of options and convertible notes to Neil Herbert**

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

“That, subject to all Essential Resolutions being passed and for the purposes of Listing Rule 10.11 and all other purposes, approval is given for the issue to Neil Herbert (or his nominee) of 650 convertible notes with a face value of \$100 each (which entitles the holder to no more than 325,000 Shares in aggregate on conversion of the convertible note), and the issue of 32,500 options attaching to the convertible notes, as described in the Explanatory Statement.”

Voting exclusion statement on Resolution 15: The Company will disregard any votes cast on this Resolution by a person who may participate in the Proposed Placement, the Sellers, Tulla, the Promoter (PAC Partners Pty Ltd), the Directors, Rod Walker, Fred Kempson, Mark Barnard, Todd Ruppert, David Fisher, Neil Joseph and any other person who may obtain a benefit except a benefit solely in the capacity of a holder of Shares, if this 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.

16. **Approval for issue of Shares and options to Todd Ruppert**

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

“That, subject to all Essential Resolutions being passed and for the purposes of Listing Rule 10.11, section 208 of the Corporations Act and all other purposes, approval is given for the issue to Todd Ruppert (or his nominee) of up to 2,500,000 Shares, on a post-Consolidation basis, at an issue price of \$0.20 per Share (i.e. up to \$500,000 of capital), by way of participation by Todd Ruppert (or his nominee) in the Proposed Placement, and the issue of 600,000 options, as described in the Explanatory Statement.”

Voting exclusion statement on Resolution 16: The Company will disregard any votes cast on this Resolution by a person who may participate in the Proposed Placement, the Sellers, Tulla, the Promoter (PAC Partners Pty Ltd), the Directors, Rod Walker, Fred Kempson, Mark Barnard, Todd Ruppert, David Fisher, Neil Joseph and any other person who may obtain a benefit except a benefit solely in the capacity of a holder of Shares, if this 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.

By order of the Board of Waratah Resources Limited:

A handwritten signature in black ink, appearing to read 'A Adaley', with a long horizontal flourish extending to the right.

Anne Adaley
Company Secretary
31 March 2017

Notes

<p>Who may vote?</p>	<p>The Directors have determined, in accordance with Regulation 7.11.37 of the <i>Corporations Regulations 2001</i> (Cth), that all Shares of the Company that are quoted on ASX at 7.00pm AEST on 29 April 2017 will, for the purposes of determining voting entitlements at the Meeting, be taken to be held by the persons registered as holding the Shares at that time.</p> <p>This means that any person registered as the holder of Shares at 7.00pm AEST on 29 April 2017 is entitled to attend and vote at the Meeting in respect of those Shares.</p>
<p>Proxies: appointment</p>	<p>A Shareholder of the Company who is entitled to attend and vote at the Meeting has a right to appoint a person as their proxy to attend and vote for the Shareholder at the Meeting. A proxy need not be a Shareholder of the Company.</p>
<p>Proxies: lodgement</p>	<p>To be valid, a Proxy Form must be received by the Company by no later than 11am (Sydney time) on Saturday, 29 April 2017 (Proxy Deadline).</p> <p>Proxy Forms may be submitted by:</p> <p>(a) lodgement online at: www.votingonline.com.au/waratahgm2017</p> <p>(b) hand deliver to: Boardroom Pty Limited Level 12, 225 George Street, Sydney NSW 2000 Australia</p> <p>(c) post to: Boardroom Pty Limited GPO Box 3993, Sydney NSW 2001 Australia</p> <p>A written proxy appointment must be signed by the Shareholder or the Shareholder's attorney, or where the Shareholder is a body corporate, by its corporate representative or at least 2 officers of that Shareholder.</p> <p>Where the appointment is signed by the appointor's attorney, a certified copy of the authority, or the authority itself, must be lodged with the Company in one of the above ways by the Proxy Deadline.</p>
<p>Body corporate representative</p>	<p>A Shareholder of the Company who is a body corporate and who is entitled to attend and vote at the Meeting, or a validly appointed proxy who is a body corporate and who is appointed by a Shareholder of the Company entitled to attend and vote at the Meeting, may appoint a person to act as its representative at the Meeting by providing that person with:</p> <p>(a) a letter or certificate, executed in accordance with the body corporate's constitution, authorising the person as the representative; or</p> <p>(b) a copy of that body corporate's resolution, certified by the secretary or a director of the body corporate, appointing the representative.</p>

Waratah Resources Limited ACN 125 688 940 (Company)

Explanatory Statement

1 BACKGROUND

1.1 Introduction

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

The purpose of this Explanatory Statement is to provide Shareholders with all information known to the Company which is material to a decision on how to vote on the Resolutions set out in the accompanying Notice. It explains the Resolutions and identifies the Board's reasons for putting them to Shareholders.

1.2 Action to be taken by Shareholders

Shareholders should read this Explanatory Statement and the Independent Expert's Report carefully before deciding how to vote on the Resolutions set out in the Notice. The Independent Expert's Report which is attached to this Explanatory Statement in Schedule 4 provides an independent assessment of whether the Proposed Transaction is fair and reasonable and sets out the advantages and disadvantages of the Proposed Transaction.

All Shareholders are invited and encouraged to attend the Meeting. If Shareholders are unable to attend in person, the attached Proxy Form should be completed, signed and returned to the Company in accordance with the instructions contained in the Proxy Form and the Notice. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person, but the person appointed as the proxy must then not exercise the rights conferred by the Proxy Form.

If the Proposed Transaction and the Proposed Placement are approved by Shareholders and then completed, the voting power of existing Shareholders will be diluted. For further details on the impact of the Proposed Transaction and Proposed Placement on the ownership structure of the Company following the Proposed Transaction, please refer to section 1.7.

1.3 Summary of Proposed Transaction

1.3.1 Background

The Company, formerly known as Waratah Gold Ltd was admitted to the Official List of the ASX in July 2008 and initially held 5 gold exploration licences in New South Wales.

The Company has historically generated value for its shareholders by identifying and acquiring resource projects that have significant discovery and development potential, and through the global trading of commodities.

From 2010, the Company also held interests in exploration tenements in the Republic of Congo and the Republic of Gabon, as follows:

- (a) in 2010, the Company purchased 90% of Afriresources Congo SA, a company incorporated in the Republic of Congo and holding an exploration licence over a tenement prospective for iron ore.
- (b) In 2011, the Company's subsidiary, Waratah Gabon S.A, secured an exploration licence over a tenement located in the Republic of Gabon (**Gabon**), the Mekambo-Est Project, which was prospective for iron ore. The Mekambo Est-licence expired in December 2014 and the Company has pursued the renewal of the licence, by lodging an application with the relevant Gabon ministry in January 2016. To date, the renewal process is still unresolved. Accordingly, the Company's auditor qualified their audit opinion accompanying the financial report of Waratah Resources Limited for the year ended 30 June 2016 (released on 3 October 2016) as they were unable to obtain sufficient appropriate audit evidence that the Company still has exploration rights in Gabon.
- (c) In 2011, the Company acquired Galina Iron Ltd, a company holding an interest in an exploration tenement located in Gabon and prospective for itabirite. This tenement is not currently active.
- (d) In 2012, the Company established a new commodities trading division to facilitate the purchase of thermal coal between producers in South Kalimantan, Indonesia and purchasers in Asia. This division is not currently active.
- (e) In 2014, the Company acquired the Tchibanga exploration licence in Gabon, over an area prospective for copper and gold, the Waka exploration licence in Gabon, over an area prospective for gold, niobium and cassiterite and the Makokou exploration licence in Gabon, over an area prospective for nickel, chromium and rare earth minerals. These licenses expired in 2016 and it is uncertain whether the licenses will be renewed.

With the recent decline in global commodity prices, the resource sector as a whole has become an increasingly difficult sector within which to generate strong and consistent value for shareholders.

As a result, the Company has looked at the technology sector, and through completion of the Proposed Transaction, aims to generate further value for its shareholders. If the Proposed Transaction completes as contemplated in the Notice, the Company will cease engaging in resource projects and commodities trading, including by disposing of the Original Undertaking (by rationalising relevant assets), and focusing on operating the business currently conducted by CSB Engage.

1.3.2 Details of Proposed Transaction

Acquisition of CSB Engage

On 18 November 2016, the Company entered into a share sale agreement (**Share Purchase Agreement**) in relation to the Proposed Transaction, under which the Company agreed to acquire 100% of the issued shares in the capital of CSB Engage in consideration for the issue to the Sellers of 112,451,788 Shares in the Company (**Consideration Shares**), among other things.

Further, the terms of the Share Sale Agreement also provide for CSB Engage to cancel or cause to terminate or lapse all convertible equity held by any relevant holders in CSB Engage. This obligation will be satisfied by the Company making certain cash payments out of the funds raised as part of the Proposed Placement (please see Section 1.8.1 for more detail), and also by the Sellers directing the Company to issue part of the Consideration Shares, namely 9,065,737 Shares to Tulla instead of to the Sellers (please see Section 2.4 for more detail).

The Sellers have also determined to direct the Company to issue a further portion of the remaining Consideration Shares (i.e. the 112,451,788 Shares less the 9,065,737 Shares issued to Tulla as noted above), as follows:

- 1,000,000 Shares to Rod Walker in satisfaction of contractual obligations agreed to by CSB Engage's relating to securing Rod Walker's services;
- 50,000 Shares to Fred Kempson as a gift from the Sellers; and
- 500,000 Shares to Mark Barnard in satisfaction of CSB Engage's obligation under a loan to CSB Engage by Mark Barnard.

In accordance with the terms of the Share Sale Agreement, completion of the Proposed Transaction is conditional on the Company obtaining all Shareholder and regulatory approvals required in relation to the Proposed Transaction, the Independent Expert opining that the Proposed Transaction is fair and reasonable to Shareholders and ASX confirming the Company has re-complied with Chapters 1 and 2 of the Listing Rules.

The Share Sale Agreement also contains additional provisions, including warranties and indemnities in respect of the status of the CSB Engage Group, which are considered standard for an agreement of this nature.

It is intended that on completion of the Proposed Transaction, the Board will be comprised of up to 5 directors nominated by the Sellers with one of those directors being nominated to be the chairperson of the Company with effect from completion of the Proposed Transaction.

The current Directors of the Company will resign effective from completion of the Proposed Transaction. Anne Adaley shall remain as Company Secretary.

1.4 Compliance with Chapters 1 and 2 of the Listing Rules

In response to a submission made by the Company to the ASX, the ASX has advised that, based on the information provided by the Company, it will exercise its discretion under Listing Rule 11.1.3 to require the Company to re-comply with Chapters 1 and 2 of the Listing Rules to gain re-admission to quotation on ASX, in relation to the Proposed Transaction.

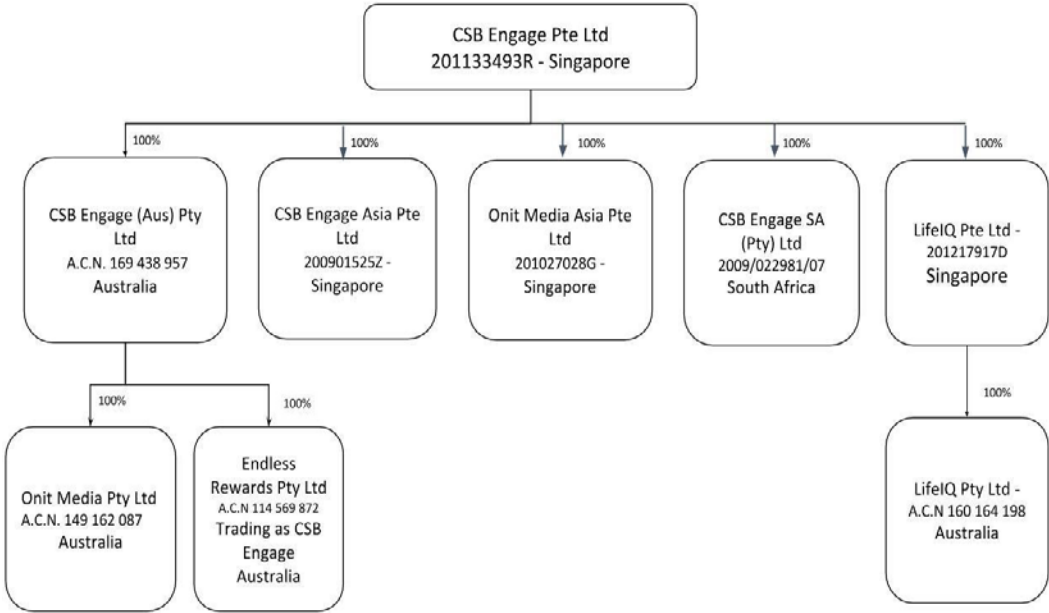
1.5 **The CSB Engage Business**

1.5.1 **CSB Engage snapshot**

CSB Engage has developed a state-of-the-art rewards and customer relationship management platform that aims to create positive one-on-one experiences with their clients’ customers. CSB Engage’s multi-channel engagement solutions provides retailers and brands with the ability to reward valued customers for both their transactional support and for their advocacy in the places the consumers like to engage with the brand.

CSB Engage's vision is to be a world leading software developer of customer engagement and loyalty solutions.

1.5.2 **CSB Engage’s structure**



1.5.3 **CSB Engage Products and Services**

CSB Engage is a technology and service company that provides customer engagement solutions across various sectors in the global market. CSB Engage’s technology assists companies and businesses to secure and retain their customers and aims to assist businesses to get more customers that spend more, more often.

Historically the CSB Engage business focus has been the supply of Business to Business (**B2B**) solutions, meaning that CSB Engage would license and sell its suite of proprietary products directly to other businesses.

These customer engagement and loyalty solutions are delivered via multiple channels, including mobile, social, retail and online channels, using the CSB Engage products described below. These solutions aim to achieve incremental and measurable revenue growth and profits for CSB Engage’s clients.

CSB Engage’s customer engagement products can be implemented as independent product modules or as fully integrated end-to-end solutions for a range of industries including but not limited to retailers, restaurants, transaction acquirers, telecommunications companies, brand owners, media owners, insurers, membership organisations, sporting organisations and quick service restaurants.

The product suite offered by CSB Engage includes:

- (a) **Clique** - A dynamic real-time loyalty engine integrated across all channels with treasury management and multiple rewards currency capability – points, cashback and vouchers. Clique is the backbone of the CSB Engage engagement platform. It is a dynamic loyalty engine that delivers a multi-feature rewards platform that allows a company to reward customers across multiple platforms including mobile, social, retail and e-commerce.

It allows businesses and brands to engage with their customers at point of sale via a swipe card, “tap and go” card, an identifier displayed on a smart phone, and/or a mobile phone number.

Clique is a cloud based customer engagement solution that includes a central application engine, a branded merchant content management system and point of sale applications.

Clique provides a solution for brand owners to grow and develop a database of customers with which they can begin to communicate and market directly to. In summary, Clique assists brands to build their own database of customers from both retail and online transaction data and provides:

- the ability to monitor, measure and reward customers for their continued loyalty and interaction with the brand or business through their purchases;
- an end to end solution (that is, a solution which provides all the necessary components required) via integrated point of sale solutions, standalone solutions or web based rewards solutions;
- a single identifier across mobile, retail, online and social platforms, whereby a member can use a single membership number or identifier such as their mobile number; and
- real-time data and customer insights provided via on-line reports and graphs that are immediately available to the users of the Clique platform.

Clique’s modular, feature-rich architecture allows functions to be rapidly and cost-effectively configured to merchant requirements, creating a customised engagement solution offering loyalty, vouchers, gift card, campaign management and multiple currency functionality.

- (b) **SIG** – Stands for ‘Social Intelligence Gatherer’, is a social rewards application rewarding customers for business or brand advocacy through social media.

SIG provides a social media customer engagement solution for retailers, businesses and brands that want to engage with their customers via a range of social media platforms, and then to reward them for their social advocacy.

For example, some consumer brands do not readily have access to databases of their own customers, as the retailers through which their products are distributed hold this information. As a result, they often have to pay fees to access any customer data. SIG solves this problem for consumer brands by assisting them to de-anonymise their customers.

In summary, SIG assists brands to build their own database of customers and:

- provides the ability to monitor, measure and reward fans and ‘tweeters’ for their social advocacy and interaction with the brand or business through the use of social media and word of mouth;
- enables the linking of social media users to a brand’s existing rewards / loyalty base; and

- enables merchants to configure social rewards solutions that include primary social media applications.

CSB Engage is also developing additional features for SIG to enable merchants to configure their rewards program to integrate with other social media applications.

(c) **Trace** - A big data reporting platform for targeted campaigning.

Trace is the CSB Engage Campaign Management tool allowing retailers and brand owners the ability to create, manage and send communications directly to their customers and members via email and/or short message service (SMS).

This is managed in one interface with campaign automation features.

CSB Engage believes that marketing to consumers is not simply about sending out email campaigns, it is about delivering experiences, offers and messages that are consistent, relevant and ideally tailored to the customers' needs and preferences.

Trace enables marketers to consider and act on the following:

- that consumers expect personalised communications and marketers get a better return on investment from personalised messaging;
- they may need to deliver consistent messages across multiple channels; and
- they should carefully plan and manage campaigns to achieve a high return on investment.

Trace enables the marketer to create and send custom HTML newsletters and or emails that are consistent with the online and e-commerce brand.

The Trace voucher module enables the retailer or brand owner to send targeted segmented offers to customers. The Trace voucher module also allows the creation, distribution, authentication and redemption of vouchers directly from a user's mobile device or member account.

Using Trace, merchants can configure and attach mobile vouchers and coupons to their advert campaigns. Users can access and redeem vouchers from their mobile phone or email or direct mail for use in-store or online. The process of requesting, saving and redeeming Trace vouchers is achieved from within the Trace platform.

Trace also immediately determines the success of every campaign by recording each voucher redemption as it occurs on the client's point of sale system, and then prepares reports against expected outcomes.

Trace has the capacity to produce vouchers, which contain messages. The voucher can be in the form of one-off information messages, sales or end of season promotions, or trigger based campaigns for repetitive messages and emails such as birthdays, lapsed customers, and expiring rewards.

(d) **Muulla**

Muulla is a white-label mobile customer engagement platform that can be adapted and branded to CSB Engage's client requirements. The solution is a fully hosted, maintained and backed up cloud service, securely accessible from any internet enabled mobile device.

Each CSB Engage client on the Muulla platform is set up with an engagement solution for their customers with modules that include loyalty, payment, ordering, reporting, geo-location advertising and vouchers, effectively creating a white labelled mobile application for each client that is able to harness the full power of the CSB Engage customer engagement technology stack.

The Muulla customer engagement solution is designed for:

- brands;
- franchises;
- retailers;
- shopping malls;
- mobile network operators;
- retail banks; and
- payment processors.

The Muulla platform offers the following features:

Social and viral sharing

Integration with social media allowing users to share advert content seamlessly across primary social media applications, SMS and email, bringing benefits due to the viral nature of social media.

Loyalty

Replaces traditional plastic loyalty cards with a mobile solution and allows customers to earn, spend and review loyalty points from their mobile phone. As a mobile solution, Muulla Loyalty may be integrated into an existing multi-feature loyalty engine, or may use the CSB Engage integrated, multi-feature loyalty engine 'Clique'.

Location based Adverts

Muulla uses smartphone GPS technology to send location-based, targeted adverts, vouchers and messages to customers in a defined location, assisting brands to generate sales, build brand identity and promote customer loyalty.

Mobile vouchers

Clients can create, distribute and redeem mobile vouchers through Muulla, then track and analyse usage data via an extensive suite of online reports, assisting with the creation of customer databases. The creation, printing, distribution and management of paper voucher campaigns may be time consuming, non-interactive, costly and not always a readily accessible or preferred medium for the customer. Muulla vouchers are distributed and accessible from the convenience of a user's mobile phone and can be redeemed directly from the device without the need to print.

Geo-fencing

Users have the capability to set notification 'geo-fences' for preferred merchants, locations and categories, so that location based vouchers will only be received within the selected parameters. For example, a user may set a 500 metre geo-fence for the category 'Fashion Accessories'. The

user will only receive a Muulla notification when they are within the prescribed geo-fence distance from a store that has a relevant offer.

iBeacons

Using Low Energy Bluetooth (LEB) beacons in-store, Muulla facilitates quick, contactless, personalised and secure communications between the Muulla mobile application and merchant point-of-sale system. These iBeacons work within small ranges of between 100 millimetres and 80 metres and can be used to process payments, collect and report on customer in-store movement data and identify, recognise and reward loyal customers.

Payment

Muulla also incorporates a payment module, whereby customers can link credit card(s) to their account at any time and conveniently pay for goods and services using Muulla. Paying with Muulla simultaneously rewards the customer with loyalty benefits associated with the transaction, with no requirement to produce and swipe anything further to 'earn' Muulla points. Payment is made in a single contactless transaction using the Muulla application, which customers can elect to use when they complete a purchase through the Muulla application or at a physical point of sale.

Data and reporting

Clients can build customers profile data to understand their customers' preferences, spending and movement habits. They can also track the success of advert, voucher and loyalty campaigns using a host of detailed, online reporting tools. These reports include reporting on voucher use, spend and advert views by gender, geographic locations and brand.

Push notifications

Push notifications give Muulla a voice. They provide a permission-based mobile messaging channel (where the user has accepted this form of communication) that delivers useful information to customers when and where they want it, significantly boosting application engagement.

The customer configures their preferences on the Muulla application, and when these specific conditions are satisfied are met, a notification is sent out to the customer providing the targeted information.

Set and forget

Muulla deploys a 'set and forget' methodology, allowing users to build a 'favourites profile' by opting-in to receive notifications from specific stores or categories of product or service. Preferences are saved and users are only notified when relevant content is published and they are in the vicinity of the offer.

Ordering

Muulla has recently completed the development of its ordering module and this has been successfully deployed with two clients. Muulla's ordering feature allows consumers to place orders directly from their phone or desktop, thus allowing customers to 'express order' their favourite meals in an easy, step-by-step ordering process. Customer's orders are sent directly to the relevant, store-specific point of sale for processing.

In addition to the online ordering feature, customers will automatically earn loyalty points or CashBack rewards for their 'in-app' orders. Customers can also choose to pay for their goods and services by cash at the point of sale, credit card, rewards/loyalty points or coupons.

(e) **LifeIQ** - A health and wellness engagement platform.

LifeIQ integrates smart and agile technology platforms to bring together novel health content in new and interesting ways, by gamifying (that is, it applies game-design elements and principles to engage users) and attempting to provide users with an engaging, social and rewarding experience.

The LifeIQ platform encourages improved, sustainable, healthy habits through the provision of a range of merchant offers from health and wellness businesses, recipes, programs and information, coupled with data feeds from a range of health and wellness associated devices and technologies including but not limited to wearables, mobile applications, and health practitioner software.

LifeIQ is a customer and member engagement platform that is trackable, gamified, and social. LifeIQ draws on motivation and self-determination values of its users to drive engagement.

The LifeIQ model is simple and scalable across key market segments including:

- wholesale licences to insurers and employers (Business to Business - B2B);
- via global distribution partners to consumers (Business to Consumer - B2C); and
- direct via our own branded mobile app (Direct to Consumer - D2C).

(f) **FiiTR**

FiiTR is a subscription based health and wellness application marketed by Mobile Embrace Ltd (an ASX listed entity (ASX:MBE)) (**Mobile Embrace**). It is distributed via internet to smart mobile phones.

Mobile Embrace uses the CSB Engage's product, LifeIQ, as an operating platform for the FiiTR product and owns the FiiTR brand.

Since the initial trials of FiiTR by Mobile Embrace towards the end of 2014, Mobile Embrace has launched the FiiTR application in the UK in October 2015, and the product has also launched in Australia, the UAE, Scandinavia and Switzerland.

1.5.4 **The future of CSB Engage**

CSB Engage has traditionally been a business-to-business (B2B) supplier of technology. While CSB Engage will continue to generate revenue through the global expansion of its B2B offering, the future direction for CSB Engage will focus on growing two direct to consumer (D2C) product offerings, being:

- (a) **AirBux** – a Cloud-based encrypted loyalty currency platform that provides liquidity for loyalty currencies around the globe, and provides consumers with a global loyalty exchange to earn, exchange and spend loyalty currency; and
- (b) **OnTraxx** – a mobile health and wellness engagement platform that encourages and guides consumers to live a healthier lifestyle.

These product offerings are in the development stage but further information with respect to each is provided below:

AirBux:

CSB Engage has identified an opportunity to deploy an open-loop mobile customer engagement solution that includes loyalty, payment, vouchers, and ordering (all of the Muulla modules and features) which is integrated at point of sale. The AirBux product is currently operational and has been deployed in an ‘alpha trial’ across the Cairns region in Queensland, Australia.

An open-loop loyalty program is a coalition program in which multiple merchants offer consumers rewards and benefits. These rewards points are interchangeable between merchants where points earned at one outlet can be redeemed at another, rather than requiring customers to earn and spend points in a single store or on a single brand.

CSB Engage’s mobile customer engagement platform, ‘Muulla’ powers this branded SaaS (software as a service) product and provides a creative content-management application that delivers geo-location advertising capability for small and medium enterprises.

The application is being deployed in the market under the brand ‘AirBux,’ and CSB Engage will use the AirBux product to drive the CSB Engage D2C strategy.

AirBux is available for download as a mobile application for iPhone and Android devices, and will provide retailers with a new inventive, relevant, cost-effective, location-based channel to communicate directly with their customers.

OnTraxx:

CSB Engage aims to launch a product, “OnTraxx” as a direct to consumer application. OnTraxx is an engagement platform that uses trackable actions such as steps walked, recipes downloaded, fitness goal attained, and gamifies these actions allowing consumers to share information using social media.

This Direct to Consumer product includes the ability for the consumer to:

- share the application and activities with friends;
- form leader-boards to challenge friends;
- load pictures of customers participating in activities;
- link multiple wearable devices to track their activities, such as FitBit; and
- earn points and receive offers directly to their mobiles through location based adverts and vouchers.

In terms of the financial model, “co-registration” functionality will be added to OnTraxx in the short term to drive incremental revenue. Co-registration generates revenue from third party referrals such as insurance companies, credit card providers and utilities (among others). It is currently anticipated by CSB Engage that the co-registration component of the revenue model will be a major driver of revenue from the OnTraxx product.

Other revenue streams from the OnTraxx product will include:

- in-app purchases;
- display advertising;

- voucher redemption; and
- affiliate marketing commissions.

CSB Engage anticipates that the inherent value in OnTraxx will be the data that it will generate from the behaviour and ecommerce transactions from the consumers that have downloaded the application.

Addition of D2C Business Model

As mentioned above, the primary focus of CSB Engage is the expansion of the B2B business and the addition of two D2C product offerings.

The rationale for this is that in a B2B strategy, CSB Engage earns a recurring annual or monthly license fee for providing a retailer, brand owner or business with the technology for them to engage their consumers directly. In this instance the ongoing recurring monthly revenue is fixed to the agreed contract between CSB Engage and the merchant. There is no scalability. In this scenario, the merchant also controls the consumer relationship and data.

In a Business to Business to Consumer (B2B2C) strategy, CSB Engage provides the technology to a brand owner at a reduced up-front cost, but in addition to a reduced monthly fee, CSB Engage receives a commission on the revenue generated by the technology. In this scenario, although the merchant controls the consumer relationship, CSB Engage participates in the marginal revenues generated by earning commission, which correlates to the success of the program.

However, in a D2C strategy, CSB Engage has a direct relationship with the consumer and controls the customer relationship and data, and receives 100% of the revenue generated from that relationship.

These concepts are explained in summary in the table below;

	Business to Business (B2B)	Business to Business to Consumer (B2B2C)	Direct to Consumer (D2C)
Description	CSB Engage provides a white-labelled technology platform to a business, who then engages with the consumer.	CSB Engage collaborates with another business by providing technology to a business that provides products and services to the end consumer.	CSB Engage deploys the technology directly into the market, engaging directly with the end consumer.
Benefits to CSB Engage	<p>Stable and predictable monthly revenue stream.</p> <p>Bluechip client base.</p> <p>Stable growth and predictable revenue.</p> <p>Qualified pipeline of potential business that will deliver new revenue.</p> <p>Ability to white-label market tested proprietary</p>	<p>In addition to a monthly fee, CSB Engage receives participating revenue (e.g. 20%) as a commission on the revenue generated by the merchant.</p> <p>D2C marketing costs are typically borne by the client, reducing sales and marketing expenditure of CSB</p>	<p>Sales cycles are significantly reduced.</p> <p>CSB Engage controls the consumer relationship directly, can communicate to the consumer without seeking third party permission and controls consumer data.</p> <p>100% software as a service (SaaS) product.</p>

	<p>technology.</p> <p>Capacity to deploy solutions to multiple clients with scalable technology.</p>	<p>Engage.</p> <p>Access to a significant customer base through leveraging multiple client databases.</p>	<p>CSB Engage controls the direct merchant relationship, and does not have to work through a marketing department.</p> <p>The data obtained through the deployment of the CSB Engage technology stack is managed by CSB Engage, enabling the potential for commercial exploitation of such data.</p>
<p>Negatives</p>	<p>B2B sales cycles are typically long sales cycles, requiring anywhere from 3 months to 2 years or longer to secure new business.</p> <p>B2B sales cycles require experienced enterprise sales teams, and are generally capital intensive businesses in the early stages of the business lifecycle.</p> <p>CSB Engage does not control the consumer relationship.</p> <p>The data obtained through the deployment of the CSB Engage technology stack is not controlled by CSB Engage.</p> <p>CSB has less influence on the success of the programs, as the ability to implement data driven decisions and to act on business intelligence is left to the client.</p>	<p>Long sales cycle to secure new business.</p> <p>A large proportion of the revenue is shared with the business client.</p> <p>The data obtained through the deployment of the CSB Engage technology stack is not controlled by CSB Engage.</p> <p>CSB Engage has little influence on the success of the programs, as the ability to implement data driven decisions and to act on business intelligence is left to the client.</p>	<p>CSB Engage will bear the cost of the marketing and related operational costs.</p> <p>CSB Engage is required to develop the customer database through direct marketing to consumers, which can be capital intensive.</p>

1.5.5 Market Rationale

CSB Engage is a full stack customer engagement technology provider that delivers end to end technology solutions for businesses that want to engage with their customers via digital channels.

“Full stack”, means that CSB Engage has developed proprietary technology to deliver the complete set of customer engagement technology requirements for an organisation, working with both back-end (databases) and front-end technology (design, mobile applications and websites).

CSB Engage operates in a market that is made up of a large number of specialist providers, many of which provide solutions for only a single component of a full stack customer engagement strategy. For example, to have a mobile application for a retail store, a business needs a mobile application, a database, content, integration with the Point of Sale (**POS**) System, a loyalty engine, a payment gateway, social media integration, and a business intelligence dashboard among many other requirements.

To service those businesses or companies that require only a component of a total solution, many competitors deliver one of these solutions, such as a loyalty engine, a mobile application, a database or a business intelligence dashboard. The problem with this approach is that businesses utilise multiple suppliers and technologies, have to ensure these are integrated correctly, and the limitations associated with each of the varying technologies.

CSB Engage’s complete technology platform provides businesses with the capability to engage customers in a multitude of ways via websites, through social media, via mobile applications, and even inside the business’ retail outlets.

Why is this unique? Because CSB Engage has developed each and every module agnostically – meaning that the company has developed their proprietary technology in such a way that a business can use one module only, or all of the modules combined into an end-to-end customer engagement solution.

Why is this important? Because it means that CSB Engage can deliver complete technology solutions to businesses, rather than the business requiring multiple suppliers. From individual retailers that may just want a mobile application, to a shopping centre chain that wants a mobile application, a social media platform, a loyalty program, in-store iBeacons, and mobile ordering, to a global brand that wants a social rewards platform.

Through their interaction with businesses, CSB Engage has now developed two very targeted direct to consumer offerings designed to transition the business from a traditional business to business model, into a direct to consumer model.

What does this mean? Essentially that CSB Engage is transitioning from giving businesses the technology to use on their customers, to being directly engaged with the customers.

Although CSB Engage has competitors in the marketplace that may be good in one area, the Directors understand that there are very few (if any) competitors that are able to provide a fully integrated solution of all of the services and products that CSB Engage has across retail, social, mobile and e-commerce under one roof.

The Australian, Asian and South African markets are very competitive. New entrants to the customer engagement, mobile and cloud technology solutions market generally find it difficult to win substantial new business. CSB Engage often competes against the larger market players including companies such as PerX and Capillary in South East Asia, and Rewardle, Plexure and niche development houses such as Loke in Australia.

CSB Engage’s competitors generally operate across a single solution channel and therefore only compete with one or two of CSB Engage’s multiple solutions. However, no competitor appears to offer a full suite of engagement products like CSB Engage does. A summary of CSB Engage’s competitors in the relevant markets is set out in the table below.

CSB Engage’s competitive advantage is in the ability to deliver multiple solutions for its clients across a number of different channels. CSB Engage is a medium sized company in this sector of the market and is a

similar size in revenue to some larger existing listed and non-listed companies. CSB Engage's operating costs are significantly lower than its listed competitors, which allows CSB Engage to be able to price its product offering very competitively to secure business and also offer a competitive advantage to win and retain new business.

CSB Engage's competitors include:

In Singapore:

Loyalty Engine	Social CRM	Mobile Loyalty	CRM and Data	Health & Wellness
Capillary Tech	Circus Social	-	Capillary Tech	CXA
CPR Vision	Vocanic	Perx	Eloqua	Keas.com
-	MigMe	-	Neolane	Dacadoo.com
-	-	-	Adobe	-

In Australia:

Loyalty Engine	Social CRM	Mobile Loyalty	CRM and Data	Health & Wellness
Pinpoint Marketing	-	VMob	Global Red	Vitality
Rewardle	-	Gruden	Quantium	-
Qantas	-	Loke	Gruden	-
Lyonesse	-	Paydiant	-	-

In South Africa:

Loyalty Engine	Social CRM	Mobile Loyalty	CRM and Data	Health & Wellness
Maxi Club	-	WiGroup	P Cubed	Vitality
-	-	Skip The Q	-	-

CSB Engage is able to operate across the following verticals:

Loyalty: the ability to provide a system that can reward consumers for their spend at POS in retail where the customer uses a plastic loyalty card to earn and redeem points for their purchases. The CSB Engage product that provides this solution is Clique, which is an engine which allows to reward customers across mobile, social, retail and e-commerce platforms.

Social: the ability to provide an engagement capability in newly developed social platforms such as Facebook, Instagram and Twitter. The CSB Engage product that provides this solution is SIG, an application which links social media users to a brand.

Mobile: the ability to provide customers with a branded smart-phone mobile application that can be used for loyalty, ordering and messaging. The CSB Engage product that provides this solution is Muulla, a mobile customer engagement platform.

CRM: the ability to provide a retailer with a customer database and marketing platform to be able to send out emails and SMS (and post) communications advertising products and services such as new season specials, new store openings, special offers and new interesting information and news. The CSB Engage product that provides this solution is Trace, a platform allowing clients to send communications directly to customers and members.

Behavioural, Health and Wellness: this includes a very broad spectrum of services and products including fitness programs, weight loss, healthy recipes, and health trackers. The CSB Engage product that provides this solution is LifeIQ, a health and wellness engagement platform.

The Directors consider that CSB Engage has a distinct competitive advantage over its competitors, namely that in addition to its full service offering, once a client deploys the CSB Engage platform for loyalty, mobile, or social media engagement, the product is in extremely 'sticky' in switching terms. What this means is that once a company is using CSB Engage's technology, it is generally not the case that a client would switch to another supplier.

This 'stickiness' is largely due to the significant amount of time and effort associated with the on-boarding and deployment of each and every component of the CSB Engage technology stack. As each module is a natural addition to the last, for a company to decide to switch suppliers means that to do so, they would need to undertake a significant procurement exercise, and then further, undergo a highly expensive and extended transition process.

CSB Engage has approximately 30 material customers with the top 20 customers covering the majority of the revenue derived by CSB Engage (approximately 80%). The CSB Engage client base spans across a number of industries and its application is not limited to any particular industry. Currently, the vast majority of CSB Engage's clients conduct their business in the following industries; Retail, Hospitality/Restaurants, Airlines and Professional Services.

The table below provides a summary with respect to CSB Engage's top 10 customers:

Customer	Services	Territory
Global Red	Digital rewards, customer relationship management and loyalty engine.	Australia
Cellarbrations	Customer relationship management program and e-commerce platforms for use by Octopus Group in Singapore.	Singapore
Shiro Quest	Provision of adhoc supply goods and/or services, including consumer and retail-focussed solutions.	South Africa
Panarottis Restaurants	Digital and Card customer relationship management and rewards programme	South Africa
Ribs and Rumps	Card facilities and digital engagement for the Rave Rewards Customer Management and Loyalty Program.	Australia
Jump Street	Build and implementation of the Jump Street website and digital customer relationship management programme.	Singapore
Oshkosh	Rave Rewards Loyalty and Discount Program.	Australia
Gold Coast Tourism	Deal content management technology.	Australia
Times Media	Mobile smartphone customer engagement platform.	South Africa

Other clients include:

Company/Brand Name	Industry
The Meat & Wine Co	Hospitality/Restaurants
Hunter & Barrel	Hospitality/Restaurants
U-Help Charity	Leisure
Chat Thai	Hospitality/Restaurants

Global Red Group (Body Shop, Terry White Pharmacy)	Retail
Mobile Embrace	Mobile Advertising
Jump Street	Leisure
The Spur Group	Hospitality/Restaurants
KFC Thailand	Hospitality/Restaurants
NETS	FinTechnology
CDE – Council for Diabetes and Endocrinology	Health and Wellness
One Loyalty	Employee Benefits
Times Media Group	Media
Qantas	Airline
Virgin	Airline
Tiger Air	Airline
Holding Redlich	Legal
David Jones	Retail
TAL	Insurance
Rio Tinto	Mining
VISA	Financial Services
Growthpoint Properties	Retail
Exclusive Books	Retail
Pan Pacific Hotels	Hospitality/Restaurants

1.5.6 Business Model and Target Markets

CSB Engage’s existing business model comprises three major revenue streams including:

- a once-off license, setup and implementation fee (for highly bespoke solutions, a development and customisation fee is also charged);
- annuity / recurring fees - these include a number of options, such as group monthly management fees, transaction fees, membership fees, and/ or a fee per outlet; and
- ad hoc revenue streams, which includes voucher issue or redemption fees, rentals, program administration and services fees.

While these B2B corporate service relationships have established a solid revenue base to date, CSB Engage will now focus on its direct to consumer (D2C) strategy by leveraging and implementing its Software as a Service (SaaS) business model to significantly boost future revenue. The D2C strategy includes the deployment of AirBux and OnTraxx as described above.

This development is set to transform the future of CSB Engage, as it is a model that can be readily ported and deployed into new territories, states, regions, countries and continents.

CSB Engage currently operates in Australia, South Africa and Singapore, with a list of blue chip clients in each of these territories. It has partnered with media giant Ogilvy to monetise its platform in Asia, the US

and Europe and with Global Red in Australia, and anticipates a partnership will be entered into with Blue Label Telekoms in South Africa.

CSB Engage has executed commercial agreements with Global Red and Ogilvy, both of whom are actively reselling the CSB Engage technology. CSB Engage has also executed a heads of agreement with Blue Label Telekoms in South Africa, and is in the final stages of negotiating a commercial agreement and completing product integration.

CSB Engage's agreement with Global Red is with respect to the provision of products and services to Global Red as a white-labelled product which may be on-sold by Global Red and branded as a Global Red product. Similarly, the Ogilvy agreement allows re-sale of the CSB Engage products and services as a white-labelled product. Both agreements are exclusive arrangements for certain territories. Further, CSB Engage has an agreement with 8Z Pty Ltd pursuant to which they may market portal subscription content under mutually agreed product brand with a revenue share remuneration mechanism.

It is anticipated that CSB Engage will grow its revenue by moving from its dependence on traditional B2B relationships to a D2C strategy. This exploits the high growth prospects available through mobile applications that enable communications and transactions directly with the consumer.

The new revenue streams that result from this change in strategy include:

- subscription fees - where consumers pay a weekly or monthly subscription to gain access to information, benefits and offers;
- advertising fees - where merchants pay a subscription fee for access to the SaaS platform where they can place advertisements and offers for their products;
- transaction fees - from providing an e-commerce and ordering platform where consumers can purchase goods and services from within the app platform;
- loyalty fees - by providing an open-loop loyalty platform where a fee is earned every time a consumer earns a loyalty benefit; and
- loyalty currency exchange fees - by providing global businesses with multiple locations and territories and varying loyalty currencies with the ability to exchange loyalty currencies on a daily basis.

1.5.7 Financial history

CSB Engage commenced its product development operations in 2007. It opened its first office in Sydney in 2010 and later that year also established a presence in South Africa. CSB Engage opened an office in Singapore in 2011.

LifelQ Pte Ltd (201217917D Singapore) (**LifelQ**) was incorporated in 2012. At the date of incorporation, CSB Engage held 100% of shares in LifelQ. In September 2015, 48% of the shares were issued to the LifelQ executive team. In December 2016, CSB Engage re-acquired the 48% equity interest in LifelQ, and LifelQ again became a wholly owned subsidiary of CSB Engage. These transactions only affect the portion of earnings attributable to the Sellers, but do not affect the historical information relating to CSB Engage's past performance.

The following information is historical information relating to CSB Engage's past performance.

	FY2014 SGD	FY2014 AUD*	FY2015 SGD	FY2015 AUD*	FY2016 SGD	FY2016 AUD*
Gross Revenue	2,064,360	1,783,607	2,233,716	2,038,713	2,367,018	2,338,614
Cost of sales	-630,861	-545,064	-384,567	-350,994	-264,074	-260,905
Gross profit	1,433,499	1,238,543	1,849,149	1,687,718	2,102,943	2,077,708
Other income						
Selling and distribution expenses	-151,289	-130,714	-200,336	-182,847	-111,173	-109,839
Administrative expenses	-3,172,868	-2,741,358	-2,803,810	-2,559,037	-3,355,143	-3,314,881
Finance costs	-47,850	-41,342	-150,486	-137,349	-218,336	-215,716
Operating loss before tax	-1,938,508	-1,674,871	-1,305,483	-1,191,514	-1,581,708	-1,562,728
Income tax benefit	107,425	92,815	141,139	128,818	-5,507	-5,441
Non-recurring expenses	-	-	-	-	-243,105	-240,188
Foreign currency translation differences	133,462	115,311	16,787	15,321	-	-
Total comprehensive income	-1,697,621	-1,466,745	-1,147,557	-1,047,375	-1,830,320	-1,808,356
LifelQ outside shareholder's interest	0		0		3,929	
48% LifelQ Group						
Earnings attributable to CSB	-1,697,621		-1,147,557		-1,826,391	

*Conversion rates used to convert Singapore dollars (SG\$) to Australian dollars (AU\$) for the purposes of this table are the average exchange rates for the relevant period as published by the Reserve Bank of Australia. The relevant average rates are as follows: 2016: SG\$1 = AU\$0.9880, 2015: SG\$1 = AU\$0.9127 and 2014: SG\$1 = AU\$0.8640.

1.5.8 Risks faced by the CSB Engage Business

Risk 1: Crowded space

CSB Engage currently competes with other companies in a mature market place. Some of these companies have greater financial and human resource capability than CSB Engage, and as a result may be in a better position to compete and provide services. Although CSB Engage has developed a comprehensive and proprietary technology portfolio, which the Directors feel positions the company with a unique and compelling value proposition, there is no guarantee that this value proposition will provide the company with a competitive advantage over the market competitors.

Further, although D2C business models are proving to be very successful at a global scale across many industries, CSB Engage has only recently (in the last two years) entered into the D2C market. CSB Engage has demonstrated the potential of its proposed new business models and strategic partnerships through the deployment and success of the FiiTR mobile application, however, CSB Engage's limited relevant operating history in the D2C market makes evaluation of the proposed D2C business models difficult. There is no assurance that the activities of existing competitors or the entrance of new competitors will not adversely affect CSB Engage's operating results and financial performance, or that CSB Engage will be

able to keep up with technological developments or fluctuating market conditions as effectively as its competitors.

However, CSB Engage has developed new and compelling leading edge products and services that have been adopted and are in use by global blue chip companies. Speed to market is critical to gain mass adoption.

Risk 2: New entrants and existing competitors replicate the CSB Engage platform

The CSB Engage's SaaS initiative requires extensive merchant networks and consumer adoption. CSB Engage aims to be the dominant supplier of consumer engagement technologies in the three regions in which it presently operates and where there is little direct SaaS competition. CSB Engage anticipates that new entrants will find it hard to compete as CSB Engage's products which are now quite mature and tested in multiple geographies.

Whilst effective utilisation of strategic partners and integrations at point of sale will facilitate broader distribution and speed to market opportunities, there is no assurance that a competitor with significant financial resources cannot copy what CSB Engage has done or bring an alternative product to the market.

Risk 3: Privacy regulations

CSB Engage takes consumer privacy very seriously and has strategies and protections in place to minimise security breaches and to protect data. However, there is no guarantee that these security measures could be not breached.

Risk 4: Data security

CSB Engage takes data security very seriously and has strategies and protections in place to minimise security breaches and to protect data. There is no guarantee that these security measures could not be breached. If the CSB Engage security measures are breached or the programs are subject to any form of cyber-attacks, then consumers may stop using the products, and the CSB Engage products may suffer significant reputational damage.

CSB Engage utilises third party Cloud Computing service providers including Amazon Web Services and Ultrastore as its data hosting centres. Using CSB Engage's SSL certificates and the data hacking firewalls provided by these service providers, CSB Engage is confident that it has acted in accordance with market place best-practice and that its data is well protected.

Risk 5: Management and staff

CSB Engage's operational success depends on the continuing efforts and retention of its management team and staff. CSB Engage has attracted a highly skilled global executive team with very limited funds. The raising of funds pursuant to the Proposed Placement will provide management with the resources to employ additional highly skilled first and second tier staff to support the planned growth of the CSB Engage business. If CSB Engage is not able to attract and retain new highly skilled team members, the business may be adversely affected.

CSB Engage has entered into executive services agreements with its senior staff to ensure continuity of management. All staff members have formal contracts of employment. Further, the Company proposes an incentives program for senior management and an employee option plan for the employees to provide incentives and assist with retention of management and staff.

Risk 6: Intellectual Property

CSB Engage has developed and owns all of its products and software. CSB Engage has copyright protection over its products and software, but none of these are patentable. These products are complex and work

across a number of internet, smart phone platforms and software operating systems and so are difficult to recreate; but this will not prevent others from copying the CSB Engage solutions. If CSB Engage's intellectual property rights cannot be protected, have not been protected adequately or are not protected, competitors may utilise CSB Engage's intellectual property, which may adversely affect CSB Engage's ability to compete effectively in the market.

While CSB Engage has not, to the best of its knowledge, infringed any third parties' intellectual property rights, CSB Engage may, in the future, face intellectual property infringement claims or litigation. If third parties claim involvement in developing the technology used in CSB Engage's products, or if CSB Engage infringes third party intellectual property, CSB Engage's operations and financial performance may be adversely affected.

Risk 7: Third party platforms

CSB Engage is reliant on stable internet and 3G and 4G mobile services.

CSB Engage is dependent on the ability of its staff and products to continue to develop and operate on these platforms. Any changes in these platforms and operating systems may adversely affect CSB Engage's ability to deliver its products or services.

Risk 8: Dependence on the internet

The successful continuation of the various product offerings will depend to an extent on the continued use of the internet as a communications and commerce platform. A delay in the development or adoption of new standards and protocols may cause the internet to become a less viable business tool due to its failure to meet activity, security, reliability, ease of access, cost and quality of service requirements of consumers.

Viruses and similar programs may harm the performance and acceptability of the internet as a business tool. If the internet does not remain a widespread communications medium regularly used for business and commerce, the demand for the Company's products and services would be significantly reduced.

Risk 9: Retention of customers

As well as attracting new customers, CSB Engage must also retain existing customers to maintain its current cash flows and operations and as with any business faces the risk of losing customers to competitors.

Risk 10: Sovereign risk

CSB Engage's proposed activities are subject to certain risks associated in operating in foreign countries, including South Africa and Singapore. These risks may include economic, social or political instability or change, hyperinflation or instability and changes of law affecting foreign ownership, taxation, working conditions, repatriation of income or return of capital and labour relations as well as government regulations that may require the employment of local staff or contractors or require other benefits to be provided to local residents.

The risk of terrorism activities is also a real risk in most jurisdictions in the world, and may affect the operations of the Company in Australia, Singapore and/or South Africa.

Risk 11: Foreign exchange risk

As a globally focused company, CSB Engage is exposed to currency price fluctuations between Australia and Singapore, Australia and South Africa (and/or Australia and any other jurisdiction in which CSB Engage operates its business going forward).

CSB Engage's potential exposure relates to foreign exchange rate fluctuations and foreign exchange charges which may result in the price of the Company's securities (following completion of the Proposed Transaction) to fluctuate for reasons unrelated to the Company's financial condition or performance.

Risk 12: Material agreement risk

This Explanatory Statement has identified a number of key/material contracts. The success of CSB Engage's proposed strategy forward is reliant on the relevant third parties to the material contracts continuing to perform and fulfil their obligations under their relevant arrangements with CSB Engage.

1.6 Details of Proposed Placement

At the Meeting, the Company is also seeking approvals from Shareholders for the proposed issue of a further 45,000,000 Shares at an issue price of \$0.20 per Share to raise up to \$9,000,000 of capital from a public offering (**Proposed Placement**), with a minimum raising of 25,000,000 Shares at an issue price of \$0.20 per Share (i.e. to raise at least \$5,000,000).

1.7 Effect of Proposed Transaction and Proposed Placement on the Company's capital structure

The effect on the capital structure and ownership of the Company (on a post-Consolidation basis), are summarised in the table below:

Key statistics	Min raising \$5m	Max raising \$9m
Existing Shares	23,639,691	23,639,691
Proposed Placement Shares	25,000,000	45,000,000
Consideration Shares	101,836,051	101,836,051
Tulla Conversion Shares	9,065,737	9,065,737
Shares to Rod Walker	1,000,000	1,000,000
Shares to Fred Kempson [#]	50,000	50,000
Shares to Mark Barnard	500,000	500,000
Promoter Shares	297,619	297,619
Director (and staff) Shares	2,921,485	2,921,485
Investment by Kempson Capital Pty Limited*	500,000	500,000
Investment by Sir Warwick Andrew [^]	325,000	325,000
Investment by Neil Herbert [^]	325,000	325,000
Total number of Shares on issue at re-listing	165,460,583	185,460,583
Market cap at re-listing (@20 cents per share)	\$33,092,116.60	\$37,092,116.60
Potential issue to Neil Joseph under the Incentive Option Plan	1,695,000	1,695,000

Potential issue to other staff members under the Incentive Option Plan	4,005,000	4,005,000
Potential additional issue under Incentive Option Plan	8,758,000	8,758,000
Potential issue to Promoter on exercise of its options issued under its mandate	4,363,817	4,963,817
Potential issue to Kempson Capital Pty Limited on exercise of its options*	50,000	50,000
Potential issue to Sir Warwick Andrew on exercise of his options^	32,500	32,500
Potential issue to Neil Herbert on exercise of his options^	32,500	32,500
Potential issue to Todd Ruppert on exercise of his options+	600,000	600,000

* Kempson Capital Pty Limited invested \$100,000 in the Company in February 2017. The Company raised these funds to pay transaction costs associated with the Proposed Transaction. Kempson Capital Pty Limited was issued with certain convertibles notes and options. Further details of the investment can be found in the Appendix 3B announcement made by the Company to the ASX on 23 February 2017.

^ Please refer to sections 2.11 and 2.12 for further information with respect to the investments made by Sir Warwick Andrew and Neil Herbert.

Fred Kempson will be issued 50,000 Shares as the introducer of CSB Engage to the Company. These Shares will be issued for nil consideration as they are issued to Fred Kempson at the direction of the Sellers and otherwise form part of the Consideration Shares.

+ Please refer to section 2.13 for further information with respect to Todd Ruppert's options.

The effect of the above changes to the capital structure and ownership of the Company reduces the ownership of the current Shareholders of the Company as follows:

Point in time	Min raising \$5m	Max raising \$9m
Percentage of shareholding at re-listing	14.29%	12.75%
Percentage of shareholding if all potential Shares are also issued post re-listing	12.78%	11.50%

1.8 Effect of Proposed Transaction and Proposed Placement on the Company's consolidated financial position

The Independent Expert's Report set out in Schedule 4 contains details of the financial performance and financial position of the CSB Engage Group.

The expected effect of the Proposed Transaction on the consolidated financial position of the Company is set out in the Pro Forma Balance Sheet in Schedule 3.

1.8.1 Use of Funds Table

If the Proposed Transaction completes, the Company proposes to use the funds raised as part of the Proposed Placement for the expansion of the CSB Engage business as defined in this Explanatory Statement. If the maximum amount of \$9,000,000 is raised, the proposed expansion of the CSB Engage business will in summary include deployment of sales and marketing teams in Australia, South Africa, Singapore including South East Asia and an increased technical capability in Australia. However, if the minimum amount of \$5,000,000 is raised, the Company will scale back its proposed expansion of the CSB

Engage business including by focusing on the Australian and South East Asia markets with a more limited focus on growing the CSB Engage business in South Africa. A summary of the budgeted intended use of the funds is set out in the table below:

(a) If the minimum amount of \$5,000,000 is raised at the Proposed Placement:

PROPOSED USE OF FUNDS	Year 1	Year 2	Year 3	Total
Corporate Office	160,000	110,000	110,000	380,000
Business Development	160,000	160,000	140,000	460,000
New Staff	460,000	460,000	460,000	1,380,000
Technical Development	310,000	270,000	360,000	940,000
Capex	12,000	14,000	14,000	40,000
Convertible Loans Paid	1,500,000	0	0	1,500,000
Working Capital	0	0	0	0
Capital Raise Cost	300,000	0	0	300,000
TOTAL	2,902,000	1,014,000	1,084,000	5,000,000

(b) If the maximum amount of \$9,000,000 is raised at the Proposed Placement:

PROPOSED USE OF FUNDS	Year 1	Year 2	Year 3	Total
Corporate Office	360,000	310,000	310,000	980,000
Business Development	240,000	240,000	170,000	650,000
New Staff	880,000	1,120,000	1,240,000	3,240,000
Technical Development	490,000	450,000	450,000	1,390,000
Capex	24,000	28,000	30,000	82,000
Convertible Loans Paid	1,500,000	0	0	1,500,000
Working Capital	618,000	0	0	618,000
Capital Raise Cost	540,000	0	0	540,000
TOTAL	4,652,000	2,148,000	2,200,000	9,000,000

The above tables are indicative only. Actual use of funds will depend on a variety of factors including the actual amount raised as part of the Proposed Placement and various market conditions and the Company's progress and success in the implementation of its strategy following completion of the Proposed Transaction.

1.8.2 **Why an Independent Expert's Report is being provided to Shareholders**

The Company has commissioned the Independent Expert to prepare an Independent Expert's Report to satisfy the requirements of the Corporations Act and ASIC Regulatory Guide 74.

The Independent Expert's Report, prepared by the Independent Expert is attached in full to this Explanatory Statement in Schedule 4. Shareholders should read the full text of the Independent Expert's Report to assist them in determining how they wish to vote in respect of the Resolutions set out in the Notice, in particular, Resolution 4, (including the Independent Expert's analysis of the advantages and disadvantages of the Proposed Transaction).

In summary, the Independent Expert's Report concludes that the Proposed Transaction is fair and reasonable to non-associated Shareholders.

2 Resolutions

2.1 Resolution 1 (Consolidation)

2.1.1 Background

The purpose of Resolution 1 is to enable the Company to consolidate its Shares into a smaller number. Resolution 1 is subject to the passing of all Essential Resolutions, and the completion of the Proposed Transaction.

Section 254H(1) of the Corporations Act provides that the Company may convert all or any of its Shares into a larger or smaller number of Shares by a resolution passed at a general meeting of Shareholders.

For the reasons set out below, the Company is seeking Shareholder approval of the consolidation of issued ordinary shares into a smaller number of Shares in the ratio of 28 to 1, by way of an ordinary resolution pursuant to section 254H of the Corporations Act.

2.1.2 Reasons for Consolidation

If the Proposed Transaction is approved and completed, the Company will have a large number of Shares on issue when considered in the context of the Company's market capitalisation, and in comparison to other similarly capitalised companies listed on the ASX. The likely consequence of this will be that the market price per Share on the ASX will be relatively low.

In the interests of its Shareholders, the Board considers that the Consolidation will enable the Company to establish a Share price that is more appropriate for a listed entity of its size and market capitalisation following completion of the Proposed Transaction.

The Board further believes that this will make the Company more attractive to potential investors. In addition, the Consolidation may have future potential cost saving benefits in terms of administrative costs.

2.1.3 Effect of Consolidation on Shareholders

As at the date of this Explanatory Statement, the Company has 661,911,334 Shares on issue, and following completion of the Proposed Transaction and the Proposed Placement, it is anticipated this shareholding will represent 14.52% of the total capital on issue, i.e. in aggregate, the Company will have 162,837,946 Shares on issue (on a post-Consolidation basis), following completion of the Proposed Transaction. The Consolidation will have the effect of reducing the number of Shares on issue as at the date of this Explanatory Statement to 23,639,691 Shares (refer to capital structure table set out in section 1.7 of this Explanatory Statement).

The Consolidation proposed by Resolution 1 is subject to and will be implemented prior to the completion of the Proposed Transaction.

Individual holdings will be reduced in accordance with the Consolidation ratio.

As the Consolidation applies equally to all Shareholders (subject only to the rounding of fractions to the nearest whole number), it will have no material effect on the percentage interest of each Shareholder in the Company. Further, the aggregate value of each member's proportional interest in the Company will not materially change solely as a result of the Consolidation as the only anticipated changes, which will be a result of rounding, will be immaterial.

Theoretically, the market price of each Share following the Consolidation should increase by 28 times its current value. Practically, the actual effect on the market price of each Share will be dependent upon on a number of factors which will not be within the control of the Company. Therefore, this may result in the

market price of each Share following Consolidation being higher or lower than the theoretical post-Consolidation price.

2.1.4 Treatment of options and convertible securities

As noted in section 1.7, Kempson Capital Pty Limited invested \$100,000 in the Company in February 2017. The Company raised these funds to pay transaction costs associated with the Proposed Transaction. Kempson Capital Pty Limited was issued with certain convertibles notes and options which are convertible into Shares/exercisable on a post-Consolidation basis. Further details of the investment can be found in the Appendix 3B announcement made by the Company to the ASX on 23 February 2017. In summary, the Company issued:

- (a) 1,000 convertible notes with a face value of \$100 each. The convertible notes entitle the holder to no more than 500,000 Shares in aggregate on conversion of the convertible notes (based on a price of \$0.20 per Share); and
- (b) 50,000 options, which may be converted on a one for one basis prior to the expiry date of the options (the options expire on 21 February 2020 if not exercised). The exercise price per option is \$0.26. In addition, the holder is not entitled to participate in any new issue to existing shareholders of securities in the Company unless it has exercised its options before the record date for determining entitlements to the new issue of securities and participates as a result of holding Shares. If there is a reorganisation of capital then the rights of the holder (including the number of options to which the holder is entitled to and the exercise price) will be changed to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

The convertible notes and options were issued to Kempson Capital Pty Limited, and are exercisable by Kempson Capital Pty Limited, on a post-Consolidation basis. Accordingly, the passing of the resolutions in the Notice, in particular the Consolidation, does not have any effect on these securities and the Company does not propose to change its treatment of the securities.

The Company does not, other than as stated in this document, currently have any other options or other securities convertible to Shares on issue.

2.1.5 Timetable for Consolidation

The Consolidation, if approved by Shareholders, will take effect on the basis of the timetable set out below.

Event	Timing
Notice of Meeting is lodged with Shareholders	Friday, 31 March 2017
Shareholder approval for Consolidation – the Company informs ASX that the Consolidation has been approved	Monday, 1 May 2017
Send notice to each Shareholder and register Shares on a post-Consolidation basis and issue of holding statements.	Monday, 8 May 2017

2.1.6 Taxation implications

The Company has not considered any taxation implications for Shareholders that will arise out of the Consolidation. Shareholders are advised to seek independent tax advice in relation to the effect of the Consolidation. Neither the Company nor the Board accept any responsibility for any individual taxation implications arising out of the Consolidation.

2.1.7 Other information

The Directors are not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision about the approval of Resolution 1.

2.1.8 Recommendation

Each Director has no interest in the outcome of Resolution 1, other than as an existing Shareholder. Each of the Directors believes that the Consolidation is fair and reasonable to the Company's Shareholders as a whole and recommends that Shareholders vote in favour of Resolution 1.

2.2 Resolution 2 (Approval of Proposed Placement)

2.2.1 Background

Resolution 2 seeks Shareholder approval pursuant to Listing Rule 7.1 for the Proposed Placement, being the issue of up to 45,000,000 Shares calculated on a post-Consolidation basis. It is proposed that the issue price per Share under the Proposed Placement will be \$0.20 (i.e. the Company will raise a maximum of \$9,000,000).

Approval is being sought for the potential issue of Shares by way of a public offering under the Proposed Placement in order to provide the Company with flexibility to issue Shares in the future without diminishing the Company's placement capacity. The Company is proposing a minimum capital raise of \$5,000,000 (i.e. 25,000,000 Shares).

The Company proposes to re-comply with Chapters 1 and 2 of the Listing Rules to gain re-admission to quotation on ASX and will also issue a prospectus pursuant to section 710 of the Corporations Act with respect to the Proposed Placement.

Any funds raised as a result of the Proposed Placement will be applied towards the Company's proposed expansion of the CSB Engage business and working capital requirements post completion of the Proposed Transaction. Refer to section 1.8.1 for further details.

2.2.2 Why approval is being sought under Listing Rule 7.1

Listing Rule 7.1 provides, subject to certain exceptions, that shareholder approval is required for any issue of securities by a listed company, where the securities proposed to be issued represent more than 15% of the company's ordinary securities then on issue.

The effect of Resolution 2 will be to allow the Company to issue up to 45,000,000 Shares on a post-Consolidation basis during the period of 3 months after the Meeting (or a longer period if allowed by ASX) without using the Company's 15% placement capacity.

2.2.3 Information required to be provided to Shareholders under Listing Rule 7.3

In accordance with Listing Rule 7.3, which contains requirements as to the contents of a notice sent to Shareholders for the purposes of Listing Rule 7.1, the following information is provided to Shareholders:

Listing Rule requirement	Explanation
Maximum number of Shares to be issued	45,000,000 Shares on a post-Consolidation basis.
Date for issue and allotment of Shares	If the Company proceeds with the Proposed Placement, the Company will issue and allot the Shares prior to completion of the Proposed Transaction but no later than 3 months after the date of the Meeting (or such longer period of time as ASX may in its discretion allow).
Issue price per Share	Any Shares issued as part of the Proposed Placement will be allotted at an issue price per Share of \$0.20.
Identification of recipients of Shares	The Directors will seek to issue the Shares by way of a public offering.
Terms of the Shares	Any Shares issued as part of the Proposed Placement will rank equally with all other Shares on issue at the time those Shares are issued.
Use of funds raised	Any funds raised as a result of the Proposed Placement will be applied towards the Company's proposed deployment of sales and marketing teams in Australia, South Africa, Singapore including South East Asia and an increased technical capability in Australia. Refer to section 1.8.1 for further details.

2.2.4 Recommendation

Each Director has no interest in the outcome of Resolution 2, other than as an existing Shareholder. Each of the Directors recommends that Shareholders vote in favour of Resolution 2 for the reasons specified above.

2.3 Resolution 3 (Change in Nature and Scale of activities of the Company)

2.3.1 Background

The Company has historically generated value for shareholders by identifying and acquiring resource projects that have significant discovery and development potential, and also through the global trading of commodities.

Due to the recent decline in global commodity prices and given that the resource sector as a whole has become an increasingly difficult sector within which to generate strong and consistent value for shareholders, the Company proposes to cease engaging in its existing business and to focus on operating the business currently conducted by CSB Engage (on the assumption that the Essential Resolutions are passed and the Proposed Transaction completed). Currently, the Directors are of the view that the Company does not have any future earning potential pursuant to the Original Undertaking.

Subject to the passing of all Essential Resolutions, Resolution 3 is an ordinary resolution which seeks approval for the change in the nature and scale of the activities of the Company as a result of the Proposed Transaction.

In order to achieve the above, the Company proposes to dispose of the Original Undertaking, being in effect all of the assets currently owned by the Company's subsidiary Waratah Resources Gabon SA, relating to its existing business. Waratah Resources Gabon SA currently holds for renewal the Mekambo Est licence, which expired in December 2014. While Waratah Resources Gabon SA has pursued the renewal of the licence by lodging an application with the relevant Gabon ministry in January 2016. To date, the renewal process is still unresolved.

The Company maintains the situation under review as to when it will be possible to pursue the renewal of the licence. If the Proposed Transaction is approved and completes, the Company will not pursue the renewal of the licence and will rationalise Waratah Resources Gabon SA by ceasing to operate the company and/or liquidating the company as required. It should be noted that without this licence (i.e. if it is not renewed or is unable to be renewed), the market value of the Original Undertaking will be limited, if any.

The Company also proposes to rationalise all other dormant assets by transferring the assets to a third party, ceasing to operate any relevant assets and liquidating those assets as required.

By rationalising the Original Undertaking, the Company can focus on the CSB Engage business.

The subsidiaries listed below have share capital consisting solely of ordinary shares. All the subsidiaries listed below are dormant other than as noted with respect to Waratah Resources Gabon SA.

Controlled Entity	Country Of Incorporation	% Owned
Afriresources Congo S.A.	Republic of Congo	90%
Waratah (No1) Pty Ltd	Australia	100%
Waratah Resources Gabon S.A.	Gabon	100%
Galina Iron Limited	BVI	100%
Nyive Congo SA	Republic of Congo	80%
Waratah Commodities Trading Pty Ltd	Australia	100%
BDRG Ltd	United Kingdom	100%

2.3.2 Why approval is required under Listing Rule 11.1.2

Listing Rule 11.1 requires that where an entity proposes to make a significant change, either directly or indirectly, to the nature and scale of its activities, it must provide full details to ASX as soon as practicable. Listing Rule 11.1.2 provides, that, if ASX requires, the entity must get the approval of Shareholders and must comply with the requirements of ASX in relation to the Notice.

ASX has advised the Company that it has exercised its discretion to require the Company to seek the approval of Shareholders under Listing Rule 11.1.2 for a change in the nature and scale of the Company's activities as the Proposed Transaction will result in, among other things, a significant change in the nature and scale of the Company's activities and the consolidated annual revenue of the Company and a significant increase in the total equity securities of the Company.

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

2.3.3 Information required for the purposes of an approval pursuant to Listing Rule 11.1.2

In accordance with section 7.1 of Guidance Note 12 the following information is provided with respect to a proposed approval sought in accordance with Listing Rule 11.1.2 as set out below. All information with respect to the Proposed Transaction is set out in section 1 of this Explanatory Statement.

Information required	Particulars
Parties to the Proposed Transaction	The relevant parties are the Company, CSB Engage and the Sellers. Further details are set out in section 1.3.2 of this Explanatory Statement.
Material terms of the Proposed Transaction	Details of the Proposed Transaction is set out in section 1.3.2 of this Explanatory Statement.
Information about CSB Engage	Details of CSB Engage are set out in section 1.5 of this Explanatory Statement.
Potential financial effect on the Company and the Shareholders	The Directors consider that Company does not have any future earning potential pursuant to the Original Undertaking. The Proposed Transaction may result in a significant change in the consolidated annual revenue of the Company and the CSB Engage Group. Section 1.5.7 sets out historical information relating to CSB Engage and section 1.8 provides details as to the effect of the Proposed Transaction and the Proposed Placement on the Company's consolidated financial position.
Details of how Company will effect the change to the nature and scale of its activities	As noted previously in section 2.3.1, the Company will only focus on the CSB Engage business going forward.
Proposed change to the Board or senior management of the Company	<p>The existing Board of the Company (other than the Company Secretary), will resign on completion of the Proposed Transaction and the following persons will be appointed as directors:</p> <ul style="list-style-type: none"> ▪ Rod Walker ▪ Todd Ruppert ▪ David Fisher ▪ Neil Joseph <p>There are no existing senior managers of the Company. The existing senior management of CSB Engage will conduct the CSB Engage business following completion of the Proposed Transaction.</p>
Timetable to implement the transaction	Refer to 'Key dates for Shareholders' section of the Notice.

2.3.4 Recommendation

Each Director has no interest in the outcome of Resolution 3, other than as an existing Shareholder. Each of the Directors recommends that Shareholders vote in favour of Resolution 3 for the reasons specified above.

2.4 Resolution 4 (Issue of Consideration Shares)

2.4.1 Background

Subject to the passing of all Essential Resolutions, Resolution 4 is an ordinary resolution which seeks the approval for the issue to the Sellers (or their nominees) of 112,451,788 Shares (being the Consideration Shares) in consideration of the Proposed Transaction (as summarised in section 1.3) for the purposes of section 611 (item 7) of the Corporations Act. 101,836,051 Shares will be issued to the Sellers, and the remainder will be issued at the Seller's direction, as follows:

- (c) 9,065,737 Shares to Tulla;
- (d) 1,000,000 Shares to Rod Walker in satisfaction of contractual obligations agreed to by CSB Engage relating to securing Rod Walker's services. In order to secure the services of Rod Walker as a director of the Company going forward, the Sellers agreed that Rod Walker would be entitled to 1,000,000 Shares on completion of the Proposed Transaction. This direction by the Sellers dilutes the interest of each Seller in the Company to the extent that a part of the Consideration Shares is to be issued to Rod Walker;
- (e) 50,000 Shares to Fred Kempson as a gift from the Sellers; and
- (f) 500,000 Shares to Mark Barnard in satisfaction of CSB Engage's obligation under a loan to CSB Engage by Mark Barnard.

CSB Engage has certain obligations under certain Convertible Loan Notes issued to Tulla. The rights of Tulla under three convertible note loan agreements between CSB Engage and Tulla are, in summary, as follows:

Number of notes held by Tulla	3 Convertible Loan Notes
Aggregate Face value of notes held by Tulla	\$1,400,000
Interest rate applicable	6% per annum calculated on a calendar quarterly basis, in arrears
Redemption date	30 June 2017
Amount outstanding under the notes	\$1,400,000
Rate of Conversion in to CSB Engage shares	\$0.0984 per share

The Company, CSB Engage and Tulla have agreed that, the Company will issue Tulla 9,065,737 Shares as part of completion of the Proposed Transaction and in consideration of Tulla discharging any interest it has under the Convertible Loan Notes issued to it by CSB Engage and providing CSB with a deed confirming the above and releasing CSB Engage from any further liability on terms reasonably acceptable to the Company.

2.4.2 Why approval is required under section 611 (item 7) of the Corporations Act

Section 606 of the Corporations Act prohibits the acquisition by a person of voting shares in a company where, because of the acquisition, that person's (or someone else's) voting power in the company:

- (a) increases from 20% or below to more than 20%; or
 - (b) increases from a starting point that is above 20% and below 90%,
- unless a specific exemption applies.

Tulla currently holds 36,000,000 Shares in the Company (on a pre-consolidation basis), equating to 1,285,714 Shares on a post consolidation basis. These Shares were issued to Marley Holdings Pty Ltd as trustee for the Maloney Family Trust pursuant to the terms of a Services Agreement between the Company and Tulla Technology Services (for further information, please refer to the Company's announcement to the ASX on 4 February 2016 and the Appendix 3B lodged on 5 February 2016).

The Kevin Maloney Super Fund (**Maloney**), which is controlled by Kevin Maloney is also an existing Shareholder who holds 14,285,714 Shares in the Company (on a pre-consolidation basis), equating to 510,204 Shares on a post consolidation basis (see Appendix 3B lodged with ASX on 26 October 2016 for further details).

The Company has entered into an arrangement with Kempson Capital Pty Limited (**Kempson**) for the issue of 500,000 Shares in the Company simultaneously with the completion of the Proposed Transaction. As also noted above, each of Rod Walker, Fred Kempson and Mark Barnard will also be issued with additional Shares.

The Company has taken a conservative approach of assuming that Tulla and Maloney (**Tulla Group**) will be regarded as "associates" for the purposes of section 606 of the Corporations Act on the basis that, for the purposes of the Proposed Transaction, they are acting in concert in relation to the affairs of the Company. Further, Kevin Maloney is the Chairman of the Tulla group of companies.

The Company has also taken a conservative approach of assuming that the Sellers, Kempson (including Fred Kempson), Rod Walker and Mark Barnard (**Seller Group**) will be regarded as "associates" for the purposes of section 606 of the Corporations Act on the basis that, for the purposes of the Proposed Transaction, they are acting in concert in relation to the affairs of the Company.

In preparing this Notice, the Company has taken the conservative approach of assuming that the Seller Group and the Tulla Group will be regarded as "associates" for the purposes of section 606 of the Corporations Act on the basis that, by undertaking the Proposed Transaction, the Seller Group and the Tulla Group are acting in concert in relation to the affairs of the Company.

A person's voting power in a company is calculated in accordance with section 610 of the Corporations Act by determining the voting shares in the company in which a person and their associates have a relevant interest. On the assumption that the Seller Group and the Tulla Group are deemed to be "associates" under the Corporations Act, the aggregate voting power of all of the Seller Group and the Tulla Group will be combined in order to determine their increase in voting power under section 606 of the Corporations Act.

If all the Essential Resolutions are passed and the Proposed Placement and Proposed Transaction proceed, the Seller Group and the Tulla Group will collectively hold an interest in the Company of approximately 69.35% (if the minimum amount of \$5 million is raised), or approximately 61.87% (if the maximum amount of \$9 million is raised), of the fully diluted capital of Company post completion of the Proposed Transaction, including post the issue of Shares pursuant to the Proposed Placement.

Section 611 (item 7) of the Corporations Act provides an exception to the general prohibition under section 606 where the acquisition is approved by a resolution of Shareholders.

It is a further requirement of section 611 (item 7) that the following disclosures are made regarding the Proposed Transaction:

Corporations Act requirement	Explanation
Identity of the parties acquiring the interest	The Sellers, being each of the shareholders of CSB Engage, as set out in Schedule 1.

<p>Full particulars of the shares to be issued to the parties acquiring the interest</p>	<p>For further details on the Sellers' ownership of the Company's issued Share capital after completion of the Proposed Transaction and Proposed Placement, refer to the capital structure table in section 1.7.</p>
<p>Identifications and persons who are intended to become a director of the Company</p>	<p>Under the Share Sale Agreement for the Proposed Transaction, the Sellers are entitled to nominate directors to the Board of the Company after completion of the Proposed Transaction.</p> <p>The Sellers have provided notice to the Company of their intention to nominate the following persons as directors, effective completion of the Proposed Transaction:</p> <ul style="list-style-type: none"> ▪ Rod Walker ▪ Todd Ruppert ▪ David Fisher ▪ Neil Joseph <p>The biography, qualifications and experience of each proposed director is summarised in section 2.9 of the Explanatory Statement.</p>
<p>Statement of intentions regarding the future of the Company</p>	<p>The information below sets out the Sellers' intentions in relation to the Company if the Proposed Transaction is completed, as indicated by the Sellers to the Company. The statements set out below are statements of current intentions only and may vary as new information becomes available or if circumstances change, and are made on the assumption that the Proposed Transaction is approved.</p> <p>If the Proposed Transaction proceeds, it is the Sellers' intentions to implement the business plan that has been in development by CSB Engage and to commercially exploit a number of global opportunities.</p> <p>As CSB Engage has operated in 11 countries, with offices across 3 countries (Australia, Singapore, and South Africa) for 8 years, the Sellers are of the opinion that CSB Engage is very well positioned to take advantage of a number of global agreements, channel and strategic partnerships that have been negotiated and finalised in some instances, and that are in the mid to late stages of negotiation in others.</p> <p>To date, CSB Engage has entered into letters of intent, commercial agreements, and/or strategic partnerships with a variety of customers in the telecommunications, point of sale and marketing spaces.</p> <p>Upon completion of the transaction, in the immediate term, the Sellers intend to procure that the Company:</p> <ul style="list-style-type: none"> ▪ fast track its SaaS platforms in both the mobile and health and wellness market sectors; ▪ finalise the development process for the AirBux product, ▪ create access to the Company's existing core customer engagement products through new application program interfaces;

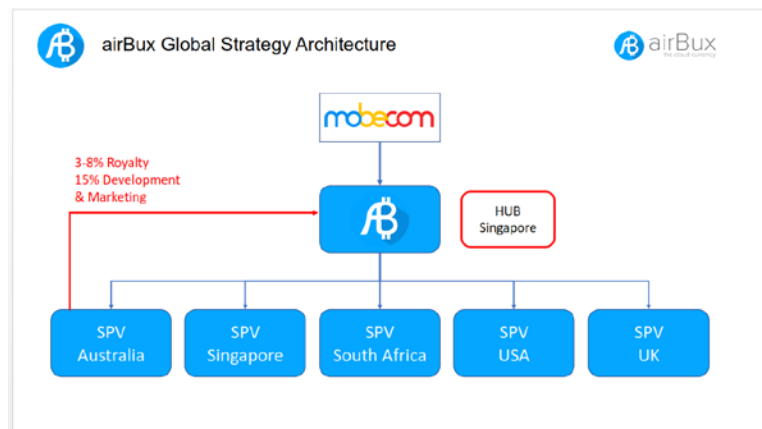
- secure and grow strategic alliances in existing territories; and
- to continue to capitalise on CSB Engage’s strategic partnerships and grow CSB Engage’s existing business and pipeline for the core product offering in Africa, Australia and South East Asia.

Of particular note is the Sellers’ intention to establish a number of international special purpose vehicle companies (**SPVs**) to enable the global licencing of the AirBux technology and intellectual property into a number of defined territories, being Australia, Singapore, South Africa, United States, the United Kingdom and South Korea (**AirBux Territories**).

It is intended that a new company be incorporated as a wholly owned subsidiary of CSB Engage, which will hold the AirBux intellectual property (**AirBux Holding Company**). Upon incorporation of the AirBux Holding Company, the SPVs will be incorporated in each AirBux Territory.

The AirBux Holding Company will then license the AirBux product and technology to the SPV in each AirBux Territory, in exchange for license fees. It is currently proposed that each SPV will pay an annual royalty fee of between 3% and 8% of its revenue plus an annual marketing and development fee of 15% of its revenue to the AirBux Holding Company.

It is intended that a Shareholders’ Agreement and License Agreement will be implemented for each SPV which will allow for third party equity and revenue participation.



It is also intended that CSB Engage will pursue the proposed international expansion of the AirBux technology by engaging Todd Ruppert as a non-executive director of the Company. It is intended that Ruppert will supervise the marketing and sale of the AirBux technology by each SPV.

While the terms of Ruppert’s engagement are not yet finalised, it is anticipated that Ruppert will be remunerated including by being issued equity in each SPV, such equity expected to not exceed 20% of the relevant SPV’s share capital. The granting of any such interest will be subject to any shareholder approvals or other regulatory requirements.

Voting power and maximum increase in voting power of Sellers as a result of the

If the Proposed Transaction is completed, the Tulla Group will decrease its voting power from 7.6% to approximately 6.56% (if the minimum amount of \$5 million is raised), or approximately 5.86% (if the maximum amount of \$9 million is raised), while the Seller Group (excluding the Tulla Group) will collectively

transaction	increase their voting power from 0% to approximately 62.79% (if the minimum amount of \$5 million is raised), or approximately 56.02% (if the maximum amount of \$9 million is raised).																				
Voting power and maximum increase in voting power of each Seller's associates as a result of the transaction	Pursuant to section 12(2)(c) of the Corporations Act, the Company considers that the Seller Group and the Tulla Group will be associates, and will collectively hold an interest in the Company of approximately 69.35% (if the minimum amount of \$5 million is raised), or approximately 61.87% (if the maximum amount of \$9 million is raised), of the fully diluted capital of the Company following completion of the Proposed Transaction.																				
Terms of the transaction	Refer to section 1.3 of this Explanatory Statement.																				
Date for completion of the transaction	<p>Anticipated to be in accordance with the timetable set out below:</p> <table border="1"> <thead> <tr> <th>Event</th> <th>Date 2017*</th> </tr> </thead> <tbody> <tr> <td>Lodgement of Prospectus for the Proposed Placement</td> <td>Monday, 17 April 2017</td> </tr> <tr> <td>Date for eligibility to vote at Meeting</td> <td>Saturday, 29 April 2017</td> </tr> <tr> <td>Cut off for lodging Proxy Form for Meeting</td> <td>Saturday, 29 April 2017</td> </tr> <tr> <td>General Meeting to approve the change of nature and scope of activities and other matters</td> <td>Monday, 1 May 2017</td> </tr> <tr> <td>ASX informed of Shareholder approvals</td> <td>Monday, 1 May 2017</td> </tr> <tr> <td>Prospectus offer open</td> <td>Monday, 1 May 2017</td> </tr> <tr> <td>Prospectus offer close</td> <td>Monday, 22 May 2017</td> </tr> <tr> <td>Completion of Proposed Placement</td> <td>Monday, 5 June 2017</td> </tr> <tr> <td>Anticipated date the suspension of trading of Shares is lifted</td> <td>Friday, 9 June 2017[^]</td> </tr> </tbody> </table>	Event	Date 2017*	Lodgement of Prospectus for the Proposed Placement	Monday, 17 April 2017	Date for eligibility to vote at Meeting	Saturday, 29 April 2017	Cut off for lodging Proxy Form for Meeting	Saturday, 29 April 2017	General Meeting to approve the change of nature and scope of activities and other matters	Monday, 1 May 2017	ASX informed of Shareholder approvals	Monday, 1 May 2017	Prospectus offer open	Monday, 1 May 2017	Prospectus offer close	Monday, 22 May 2017	Completion of Proposed Placement	Monday, 5 June 2017	Anticipated date the suspension of trading of Shares is lifted	Friday, 9 June 2017 [^]
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Reasons for the transaction	Refer to section 1.3 of this Explanatory Statement.																				
Interests of the Directors	Each Director has no interest in the outcome of Resolution 4, other than as an existing Shareholder.																				
Intention to change dividend or other financial policies	There is no intention to change the dividend or other financial policies of the Company at this time.																				

The table below summarises the relevant interest of each relevant person discussed above:

Person / Entity	Prior to completion of the Proposed	For the purposes of the Proposed Transaction	Following completion of the Proposed Transaction
------------------------	--	---	---

	Transaction	(Range indicates % holding based on \$5m and \$9m raisings.)		
	Personal Relevant Interest	Personal Relevant Interest	Personal and associates' Relevant Interest	Personal Relevant Interest
Sellers	0.00%	61.55% to 54.91%	69.35% to 61.87%	61.55% to 54.91%
R Walker	0.00%	0.60% to 0.54%		0.60% to 0.54%
M Barnard	0.00%	0.30% to 0.27%*		0.30% to 0.27%*
Tulla	5.44%	6.26% to 5.58%		6.56% to 5.86%
Maloney	2.16%	0.31% to 0.28%		
Kempson	0.00%	0.30% to 0.27%		
F Kempson	0.00%	0.03% to 0.03%		0.33% to 0.30%

*Mark Barnard will also be issued with 1,168,767 Shares as a Seller which has not been included in determining the relevant percentages. Instead, the voting power relating to the 1,168,767 Shares forms part of the Sellers line item.

2.4.3 Why approval is not being sought under Listing Rule 10.11

Listing Rule 10.11 requires a company to obtain the approval of shareholders before issuing securities to a related party of the Company which includes a director of the company. The passing of Resolution 4 will permit Neil Joseph and Rod Walker to be issued with Shares.

For the purposes of Listing Rule 10.11, 1,000,000 Shares will be issued to Rod Walker and 38,258,426 Shares to Neil Joseph and his associated persons (being each of Christopher Joseph, Helen Joseph and Jennifer-Anne Joseph who are Neil Joseph's family members and Hotazel Holdings Pty Ltd which is a trustee of a trust for the benefit of Neil Joseph and his family members). Personally, Neil Joseph will be issued with 415,562 of the aforementioned Shares as a Seller. However, the Directors consider that each of Neil Joseph and Rod Walker are considered to be related parties only by reason of the Proposed Transaction (pursuant to which the Shares will be issued to them), and on that basis, the Directors rely on Exception 6 of the Listing Rule 10.12 to not seek Shareholder approval for the purposes of Listing Rule 10.11.

2.4.4 Why approval is not sought under Chapter 2E of the Corporations Act

Shareholder approval is not being sought under Chapter 2E of the Corporations Act for the issue of the Consideration Shares.

Chapter 2E regulates the provision of financial benefits to related parties of a public company and prohibits giving financial assistance unless shareholder approval is obtained, or an exception in the Corporations Act applies.

The issue of securities is considered a 'financial benefit' under the Corporations Act. However, one exception to the general exception is that where the provision of the financial benefit is on terms that would be reasonable in the circumstances if the parties were dealing at arms' length (or less favourable terms).

The Company considers the issue of the Consideration Shares to the Sellers is at arms' length as the parties are independent and have negotiated the terms of the Proposed Transaction in detail.

The Company also considers the issue of 1,000,000 Shares to Rod Walker under this resolution to be an arm's length transaction. The issue of 1,000,000 Shares to Rod Walker is considered to be at arms' length because it is as a result of a direction provided by the Sellers to the Company to issue Rod Walker with Shares the Sellers are entitled to. This direction satisfies a commercial deal agreed between Rod Walker and CSB Engage (to secure Rod Walker's services as a board member of the Company following completion of the Proposed Transaction), and is not between Rod Walker and the Company.

On this basis, the Directors consider that shareholder approval under Chapter 2E is not required for the issuance of the Consideration Shares.

2.4.5 **Recommendation**

Each Director has no interest in the outcome of Resolution 4, other than as an existing Shareholder. Each of the Directors recommends that Shareholders vote in favour of Resolution 4 as it is on reasonable terms and for the reasons specified above.

2.5 **Resolution 5 (Adoption of Incentive Option Plan)**

2.5.1 **Background**

Subject to the passing of all Essential Resolutions, Resolution 5 is an ordinary resolution that provides for the adoption of the Incentive Option Plan (**IOP**) to provide ongoing incentives to any full time or part time employee of the Company or any of its subsidiaries (including a director or company secretary of the Company or its subsidiaries who holds salaried employment with the Company or its subsidiaries on a full or part time basis), or a consultant, who is determined by the Board to be eligible to receive grants of Options under the IOP (**Eligible Participants**).

The Directors have determined that the existing employee incentive scheme of the Company will be abolished upon approval of the IOP by the Shareholders. As at the date of this Notice, all incentives issued by the Company to eligible participants under the Company's existing employee incentive scheme have been exercised or have lapsed.

2.5.2 **Approvals required**

Pursuant to the ASX Listing rule 7.2 (Exception 9), this Resolution seeks Shareholder approval to the issue of Options under, and pursuant to, the rules of the IOP as an exception to Listing Rule 7.1 for 3 years.

If Resolution 5 is passed, the Company will be able to grant Options to Eligible Participants (or their approved nominee) under the IOP which may result in the issue of Shares, or the provision of a cash payment of equivalent value, to those Eligible Participants on exercise of the Options following achievement of the vesting conditions of the Options (if any). The vesting conditions applicable to any particular Option to be issued under the IOP may vary and will be set at the time of grant at the discretion of the Board and under the terms of the IOP.

It is considered by the Directors that the adoption of the IOP and the future grant of Options, resulting in cash payments or issue of Shares under the IOP will provide Eligible Participants with the opportunity to participate in the future growth of the Company. In the case of the grant to a director of Options under the IOP, the acquisition of these securities will require Shareholder approval in accordance with ASX Listing Rule 10.14.

A summary of the terms and conditions of the IOP is set out in Section 2.5.4. The Company intends for the Shareholders to approve the right to issue up to 14,458,000 Options under the IOP from time to time.

2.5.3 ASX Listing Rule 7.1

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 that that amount that represents 15% of the number of fully paid ordinary securities on issue on the commencement of that 12 month period.

One of the exceptions to ASX Listing Rule 7.1 is ASX Listing Rule 7.2 (Exception 9), which provides that ASX Listing Rule 7.1 does not apply to an issue under an employee incentive scheme if, within the 3 years before the date of issue, shareholders have approved the issue of the securities as an exception to ASX Listing Rule 7.1.

If Resolution 5 is passed, the Company will be able to issue Options to directors (which will require separate Shareholder approval in accordance with ASX Listing Rule 10.14 at the relevant time), and employees of the Company pursuant to the IOP during the period of 3 years after the Meeting (or a longer period, if allowed by ASX), and to issue Shares to those persons if they achieve the vesting conditions of the Options issued, without using the Company's 15% rolling 12 month placement capacity.

2.5.4 Summary of terms of the IOP

A summary of the terms of the IOP is set out below. The full terms and conditions of the IOP may be obtained free of charge by contacting the Company Secretary.

- a) **Eligibility and grant of Options:** Options may be granted at the discretion of the Board to any director, contractor, full time, part time or casual employee of the Company or related body corporate (**Eligible Participant**).
- b) **Invitation to apply for Options:** the Board may provide a written invitation to the Eligible Participant to apply for Options upon the terms set out in the IOP and upon such additional terms and conditions as the Board determines (**Offer**). The invitation document must specify:
 - i. the maximum number of Options that the Eligible Participant may apply for, or the formula for determining the maximum number of Options that may be applied for;
 - ii. the maximum number of Shares that the Eligible Participant is entitled to be issued on the exercise of each Option or the formula for determining the maximum number of Shares;
 - iii. any applicable vesting conditions;
 - iv. any restriction period applied by the IOP or that the Board has resolved to apply to Shares issued on exercise of the Options;
 - v. the expiry date of the Options (**Expiry Date**);
 - vi. the date by which an application for Options must be received by the Company; and
 - vii. any other information required by law or the ASX Listing Rules.
- c) **Number of Options Offered:** the number of Options which an Eligible Participant is invited to apply for pursuant to an Offer is within the discretion of the Directors. Each Option will, upon exercise of a vested Option, entitle the holder to receive, at the absolute discretion of the Board, either one (1) Share in the capital of the Company, or a cash payment of equivalent value.
- d) **Cashless Exercise Facility:** Subject to Board approval, a Participant may set-off the Option exercise price (if any) against the number of Shares which the Participant is potentially entitled to receive upon exercise of the Options. The Participant will then receive, at the absolute discretion

of the Board, either Shares or a cash payment to the value of the surplus after the Option exercise price has been set-off.

- e) **Vesting Conditions:** An Option may be made subject to vesting conditions as determined by the Board in its discretion and as specified in the Offer for the Option.
- f) **Option Exercise Price:** subject to any minimum price required by the ASX Listing Rules, the Board may determine the exercise price (if any) for an Option the subject of an Offer in its absolute discretion.
- g) **Consideration:** Options issued under the IOP will be issued for no more than nominal cash consideration.
- h) **Escrow:** A Share issued on exercise of an Option may be subject to a restriction period.
- i) **Quotation:** Options will not be quoted on the ASX.
- j) **Lapse of Offer:** to the extent that an application for Options is not received by the Company by a specified date (**Closing Date**), the Offer will lapse on the date following the Closing Date.
- k) **Shares Allotted Upon Exercise of Options:** The Company will issue or transfer Shares, or make a cash payment, to the Participant, within ten (10) days of receipt of a valid notice of exercise of vested Options. The Shares allotted under the IOP will be of the same class and will rank equally with Shares in the Company at the date of issue. The Company will seek listing of the new Shares on ASX within the time required by ASX Listing Rules.
- l) **Transfer of Options:** An Option is non-transferable other than in special circumstances (if the holder suffers death or total and permanent disability, retirement, redundancy, severe financial hardship, or other circumstances determined in the Board's discretion or specified in the relevant Offer) with the consent of the Board. Options are otherwise transferable upon the holder's death to their legal personal representative or upon the holder's bankruptcy to their trustee in bankruptcy.
- m) **Transfer of Shares:** The Board may, in its discretion, determine that a restriction period will apply to some or all of the Shares issued on exercise of Options, and Shares shall be subject to a restriction period to the extent necessary to comply with any escrow restrictions imposed by the ASX Listing Rules.
- n) **Lapse of Options:** an Option shall lapse when:
 - i. an unauthorised dealing in the Option occurs, or the holder engages in fraud, dishonesty or other improper behaviour;
 - ii. a vesting condition in relation to the Option is not satisfied by the due date, or becomes incapable of satisfaction;
 - iii. in respect of an unvested Option only, the relevant person ceases to be an Eligible Participant, subject to the Board's discretion to waive the lapsing of Options in special circumstances;
 - iv. in respect of a vested Option only, a relevant person ceases to be an Eligible Participant and the Board resolves that the Options granted in respect of that relevant person must:
 - (A) be exercised within a specific period, and the Option is not exercised within that period; or

- (B) be cancelled by the Company in consideration for a cash payment to the Participant, and a cash payment is made;
- v. the Company undergoes a change of control or a winding up resolution or order is made; or
- vi. the Option has not been exercised by the Expiry Date.
- o) **Change of Control:** If a company (**Acquiring Company**) obtains control of the Company as a result of a change of control the Company the vesting conditions are deemed to be automatically waived.
- p) **Capital Reconstruction:** in the event of a capital reconstruction, the exercise price and/or number of Options will change to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
- q) **Participation in New Issues:** There are no participating rights or entitlements inherent in the Options and the holders will not be entitled to participate in new shares of capital offered to Shareholders during the currency of the Options without exercising the Options. In addition holders of Options will not be entitled to vote or receive dividends as a result of their holding of Options.

2.6 Resolution 6 (Issue of Options – Neil Joseph)

2.6.1 Background

Subject to the passing of all Essential Resolutions, Resolution 6 is an ordinary resolution that provides for the approval of the issue of up to 1,695,000 Options, to Neil Joseph pursuant to the IOP approved under Resolution 5. The Company also proposes to issue other staff members with a further 4,005,000 Options pursuant to the IOP, but approval for that issue of Options is not required under ASX Listing Rule 10.14. Certain performance-based vesting conditions and continued employment/service through to vesting must be achieved before the Options may be exercised (see detail of the vesting conditions in Schedule 2).

2.6.2 Why the Company is seeking to issue the Options

Resolution 6 seeks shareholder approval for the issue of Options to Neil Joseph under the IOP in accordance with ASX Listing Rule 10.14.

The issue of the Options to Neil Joseph under Resolution 6 constitutes giving a financial benefit. However, the Company considers that where non-cash incentives are provided, it will allow the Company to spend a greater proportion of its cash reserves on the Company's operations as the Company would if alternative cash forms of remuneration were given to Neil Joseph. Details of the performance criteria to be satisfied for those Options to convert to Shares or cash are set out in Schedule 2 (**Performance Milestones**).

ASX Listing Rule 10.14

ASX Listing Rule 10.14 provides that a company may not, without the approval of the Shareholders issue securities under an employee incentive scheme to a director of that company or their associates, or a person whose relationship with the director or their associate is such that the ASX would require for that approval to be obtained.

Neil Joseph will be a director of the Company following completion of the Proposed Transaction and the Company proposes to issue him with Options pursuant to the IOP.

If Resolution 6 is passed, the Company will issue 1,695,000 Options to Neil Joseph on Completion. The Company will issue to Neil Joseph 1,695,000 Shares (or pay him the cash equivalent), if the relevant vesting conditions are satisfied.

If Resolution 6 is passed, an approval with respect to ASX Listing Rule 10.11 will not be required due to the operations of ASX Listing Rule 10.12 Exception 4.

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 a 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 of 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 Directors consider that the issue of the Options to Neil Joseph constitutes reasonable remuneration falling within the exception in section 211 of the Corporations Act, and therefore shareholder approval is not required for the purpose of section 208 of the Corporations Act.

2.6.3 Information Required pursuant to ASX Listing Rule 10.15

Listing Rule requirement	Explanation
Requirement for this resolution	Neil Joseph will be a Director of the Company at the time of the issue of the Options under the IOP.
Maximum number of securities	The maximum number of the Options to be issued to Neil Joseph is 1,695,000 Options (which will potentially entitle Neil Joseph to be issued up to 1,695,000 Shares, or receive cash payment of equivalent value). Further Neil Joseph will potentially be entitled to an additional \$141,750 as cash incentives, with further detail as set out in Schedule 2.
Issue price per Option	The Options will be issued for nil consideration and no consideration will be payable upon the achievement of the Performance Milestones and vesting of the Options. Therefore, no funds will be raised from, or loans made in relation to, the vesting or issue of the Options.
The names of all persons who received securities since the date of the last approval	Not applicable.
Date for issue	The Options will be issued to Neil Joseph (or his nominee) on the Completion of the Proposed Transaction but in any event no later than 12 months after the date of the Meeting. The relevant Shares will only be issued within ten (10) days of receipt of a valid notice of exercise of their vested Options (if at all), which will be more than 1 month after the Meeting. See Schedule 2 for further details regarding the timing of the vesting of the Options.

Names of all persons referred to in Listing Rule 10.14 entitled to participate in the IOP	Neil Joseph, Rod Walker, Todd Ruppert and David Fisher.
Terms of the Options	<p>The Options will be subject to a continuous employment/service vesting/forfeiture condition from the grant date to the applicable vesting date (in this case, two vesting dates of 30 June 2019 and 30 June 2020).</p> <p>Further, if the relevant performance criteria are not met at the relevant vesting date, the Options relating to that vesting date will not vest and will lapse.</p> <p>Once an Option vests, each Option will entitle the holder to be issued with one Share for a nil exercise price upon the exercise of the Option. Vested Options which have not been exercised will expire 90 days after the relevant vesting date.</p> <p>See Schedule 2 for further details regarding the timing of the vesting of the Options. The Options are subject to the terms of the IOP, which terms are summarised in section 2.5.4.</p>

Shareholders should note that in the future, the Board may determine that other Directors or employees may become eligible to participate in the IOP.

2.6.4 Recommendation

Each Director has no interest in the outcome of Resolution 6, other than as an existing Shareholder. Each of the Directors recommends that Shareholders vote in favour of Resolution 6 as it is on reasonable terms and for the reasons specified above.

2.7 Resolution 7 (Issue of Promoter Securities)

2.7.1 Background

The Company has engaged the Promoter (PAC Partners Pty Ltd) to assist it with the transactions contemplated by the Notice, in particular the promotion of the Proposed Placement. The number of Promoter Securities to be issued is dependent on the success of the Proposed Placement.

2.7.2 Why the Company is seeking to issue the Promoter Securities

Further to the agreement between the Company and the Promoter, the Promoter is entitled to the following:

- (a) 6% of the amount raised as part of the Proposed Placement, in summary as follows:

If the minimum amount of \$5 million is raised at the Proposed Placement	If the maximum amount of \$9 million is raised at the Proposed Placement
\$300,000	\$540,000

- (b) An advisory fee structured as a monthly advisory retainer, to be paid to the Promoter as follows:
- i. 50% cash, which shall be paid from the proceeds of the Proposed Placement; and

- ii. 50% Shares, with the Shares to be issued at completion of the Proposed Placement.

The total aggregate advisory fee payable to the Promoter is \$150,000. The Company has already made cash payments of \$20,000 plus GST to the Promoter. Therefore, a further cash payment of \$55,000 remains to be paid as well as a further \$75,000 to be paid by way of an issue of Shares to be issued at completion of the Proposed Transaction at an agreed price of \$0.20 per Share, being in total 297,619 Shares.

- (c) Options for further Shares in the Company to be issued at the financial close of the Proposed Placement. The Company has agreed to allocate to the Promoter (to be distributed to brokers and any sophisticated and/or professional investors), a certain number of options (which will convert into Shares on a 1:1 basis), equal to 3% of the market capitalisation of the Company following the completion of the Proposed Placement, as set out in the table below. The options will be exercisable at a price which is 30% higher than the price of the Proposed Placement, and will lapse on the expiry of 3 years from the date on which they are issued.

If the minimum amount of \$5 million is raised at the Proposed Placement	If the maximum amount of \$9 million is raised at the Proposed Placement
4,363,817* options	4,963,817* options
<p>*The relevant allocations are calculated at 4,963,817 options (if the minimum amount of \$5 million is raised), or 5,563,817 options (if the maximum amount of \$9 million is raised). However, the Promoter has come to a commercial arrangement with Todd Rupert, and agreed to allocate 600,000 of its entitlement to options under its mandate to Todd Rupert, for assistance provided by Todd Rupert to the Promoter with the Proposed Placement.</p>	

Following completion of the Proposed Placement, the Company shall also pay the Promoter a fee of \$60,000 (plus GST). In turn, the Promoter shall pay Tulla \$60,000 for assistance provided by Tulla to the Promoter with the Proposed Placement.

The Promoter Securities consist of the securities set out in items (b)(ii) and (c) above.

2.7.3 Why approval is being sought under Listing Rule 7.1

Listing Rule 7.1 provides, subject to certain exceptions, that shareholder approval is required for any issue of securities by a listed company, where the securities proposed to be issued represent more than 15% of the company's ordinary securities then on issue.

The effect of Resolution 7 will be to allow the Company to issue up to 297,619 Shares as well as between 4,363,817 to 4,963,817 options (which will convert into Shares on a 1:1 basis), on a post-Consolidation basis during the period of 3 months after the Meeting (or a longer period if allowed by ASX) without using the Company's 15% placement capacity.

2.7.4 Information required to be provided to Shareholders under Listing Rule 7.3

In accordance with Listing Rule 7.3, which contains requirements as to the contents of a notice sent to Shareholders for the purposes of Listing Rule 7.1, the following information is provided to Shareholders:

Listing Rule requirement	Explanation
Maximum number of securities to be issued	297,619 Shares plus between 4,363,817 and 4,963,817 options (which will convert into Shares on a 1:1 basis)

Date for issue and allotment of securities	If the Company proceeds with the Proposed Placement, the Company will issue and allot the Shares and the options on completion of the Proposed Transaction but no later than 3 months after the date of the Meeting (or such longer period of time as ASX may in its discretion allow).
Issue price per security	The 297,619 Shares will be issued for a nil issue price in lieu of services provided by the Promoter agreed to be valued at \$75,000. The options will be issued for nil consideration and exercisable at a price which is 30% higher than the price of the Proposed Placement (i.e. \$0.26).
Identification of recipients of the securities	PAC Partners Pty Ltd (the Promoter) will be the recipient of the Shares and the options. However, the Promoter has the right to distribute the options to brokers and any sophisticated and/or professional investors it determines.
Terms of the securities	Any Shares issued as part of the Promoter Securities will rank equally with all other Shares on issue at the time those Shares are issued. Each option will convert into one Share. The options will be exercisable at a price which is 30% higher than the price of the Proposed Placement (i.e. \$0.26). The options will lapse on the expiry of 3 years from the date on which they are issued. The holder is not entitled to participate in any new issue to existing shareholders of securities in the Company unless they have exercised their options before the record date for determining entitlements to the new issue of securities and participate as a result of holding Shares. If there is a reorganisation of capital then the rights of the holder (including the number of options to which the holder is entitled and the exercise price) will be changed to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
Use of funds raised	No funds will be raised from the issue of the 297,619 Shares. Any funds raised as a result of the exercise of the options will be applied towards the Company's proposed deployment of sales and marketing teams in Australia, South Africa, Singapore including South East Asia and an increased technical capability in Australia. Refer to section 1.8.1 for details.

2.7.5 Recommendation

Each Director has no interest in the outcome of Resolution 7, other than as an existing Shareholder. Each of the Directors recommends that Shareholders vote in favour of Resolution 7 as it is on reasonable terms and for the reasons specified above.

2.8 Resolution 8 (Change of Company Name)

2.8.1 Background

Subject to the passing of all Essential Resolutions, Resolution 8 is a special resolution which seeks approval of the Shareholders for the Company to change its name. Subject to the Resolution being passed and completion of the Proposed Transaction, the Company proposes to change its name from "Waratah Resources Limited" to "*Mobecom Limited*". The change will not, in itself, affect the legal status of the Company or any of its assets or liabilities.

2.8.2 Why approval is required under section 157 of the Corporations Act

In accordance with section 157 of the Corporations Act, Shareholder approval of Resolution 8 by special resolution is required.

The Company will make an application to ASIC for the change of name to "*Mobecom Limited*". The new name will take effect on the issue of a certificate of registration of change of name by ASIC.

If this Resolution is approved by Shareholders, the Company is proposing to seek to change its ASX code to "**MBM**".

Resolution 8 is a special resolution. In this regard, at least 75% of the votes cast by Shareholders present and eligible to vote (in person or by proxy) at the Meeting must be in favour of the Resolution for it to be passed.

2.8.3 Recommendation

Each Director has no interest in the outcome of Resolution 8, other than as an existing Shareholder. Each of the Directors recommends that Shareholders vote in favour of Resolution 8 as it is on reasonable terms and for the reasons specified above.

2.9 Resolutions 9 to 12 (Appointment of proposed directors)

2.9.1 Background

Subject to the passing of all Essential Resolutions, Resolutions 9 to 12 are each an ordinary resolution that provides for the approval of the appointment of a person as a director of the Company. The appointment of each director will become effective only on and from the date on which the Proposed Transaction is completed.

2.9.2 Why the Company is seeking to appoint the directors

Under the Share Sale Agreement for the Proposed Transaction, the Sellers are entitled to nominate up to 5 directors to the Board of the Company after completion of the Proposed Transaction. The Sellers have provided notice to the Company of their intention to nominate 4 directors at this point in time, being the following persons. The relevant appointments will be effective as from completion of the Proposed Transaction:

- (a) Rod Walker;
- (b) Todd Ruppert;
- (c) David Fisher; and
- (d) Neil Joseph.

2.9.3 About each proposed director:

(a) Rod Walker

Rod Walker is an experienced CEO, Director and Chairman of proven capability. Having achieved an enviable record as a CEO at Pizza Hut and Freedom Furniture, he has since November 2005 been appointed to many boards as an Executive Chairman, Chairman and Non-Executive Director. Has led these companies through major acquisitions, mergers and to record results, whilst also working with the CEO's on their personal development. Rod is currently Chairman of PAS Group, Angus Knight Group and Carpet Court Australia.

(b) Todd Ruppert

Todd Ruppert is Founder and CEO of Ruppert International, Inc. a firm with diversified interests globally in disruptive technologies, financial services, education, publishing, arts and entertainment, and youth development. In 2012 he retired from T. Rowe Price, the global asset management firm with over \$800 billion under management, where he established the firm's intermediary business, led the US institutional business and led the firm's international business. He was board member, CEO and president of T. Rowe Price Global Investment Services, board member and co-president, T. Rowe Price International, and a member of the operating steering committee of the T. Rowe Price Group.

Todd is a currently a venture partner with Greenspring Associates, a US based venture capital firm with over \$4 billion under management, and has previously held board and advisory roles with a wide variety of financial services companies, including Athena Capital, inStream Solutions and SPQ Asia Opportunities, technology companies including Symbiont.io, Airex Market and Trov and publishing companies such as Investments & Pensions Europe, Funds Europe, Funds Global and Top 1000 Funds.

He is the board president of London's Royal Parks Foundation (USA) and board member of the Rock & Roll Hall of Fame. He was a founding board member of the Duke of Edinburgh's Award in the US and a global ambassador of the International Award. Todd will bring significant international capability and reach to the Company following his appointment to the Board.

(c) David Fisher

David is a very experienced qualified Chartered Accountant, having practiced in Australia since 1983 after qualifying in 1978. David's experience includes advising small and medium companies, as well as providing Secretarial and Director services to large public and private companies including Austcorp International Pty Limited, Corporate Secretary of Austcorp Funds Management Limited, which acted as Trustee of the Austcorp Towers Trust. The entity was listed on the Australian Stock Exchange and delisted in 2009.

(d) Neil Joseph

Neil is the founder of CSB Engage and drives the overall business development strategy, together with new product and technology development. He has extensive management, executive, financial and administrative experience spanning a wide range of industries including financial services, manufacturing, mail order, retail and loyalty. Neil completed a B.Com and is a qualified Cost and Management Accountant. Neil is highly respected in the industry and has published a number of articles on loyalty marketing, as well as collaborated on White Papers with the Association for Data-driven Marketing and Advertising.

2.9.4 Recommendation

Each existing director will resign from the Board following completion of the Proposed Transaction, and with the exception of their interest in the Company as existing Shareholders, the existing Directors have no interest in the outcome of Resolutions 9 to 12. Each of the existing Directors recommends that Shareholders vote in favour of Resolutions 9 to 12.

2.10 Resolution 13 (Issue of Director Shares)

2.10.1 Background

The Company has certain debts to former and existing directors and the Company Secretary as set out in the table below. The Company has agreed with each person below that their relevant debt will be satisfied by way of a share issue at completion of the Proposed Transaction.

Name	Purpose of issue	Amount to be settled	Number of Shares at 20 cents per Share
B Kirkpatrick	Settlement of accrued salary, unused annual leave and superannuation owing to Benjamin Kirkpatrick, former CEO of the Company.	\$269,175	1,345,875
N Herbert	Unpaid director's fees accrued to 30 April 2017 totalling \$58,717 and \$100,000 in shares for Neil Herbert's services as Interim Managing Director and CEO in accordance with his contract with the Company.	\$158,717	793,585
W Andrew	Unpaid and accrued director's fees to 30 April 2017.	\$56,759	283,795
M Bhandari	Unpaid and accrued director's fees to 30 April 2017.	\$49,646	248,230
A Adaley	Payment in lieu of services provided.	\$50,000	250,000
TOTAL		\$584,297	2,921,485

2.10.2 Why approval is being sought under Listing Rule 10.11

Listing Rule 10.11 requires a company to obtain the approval of shareholders before issuing securities to a related party of the Company which includes a director of the company. The passing of Resolution 13 will permit each Director of the Company to acquire Shares on the same basis as those individuals and/or entities who participated in the Proposed Placement to be approved in Resolution 2.

Listing Rule 10.13 requires that certain information is included in a notice of meeting to approve a transaction for the purpose of Listing Rule 10.11. This information is set out in the tables below.

Pursuant to Resolution 13, Shareholder approval is sought for the purposes of Listing Rule 10.11 and for all other purposes to issue up to 1,575,610 Shares to the Directors (Neil Herbert, Mandeep Bhandari and Sir Warwick Andrew), or their respective nominees as set out in the table in section 2.10.1.

No approval is required for the issue of Shares to Antonietta (Anne) Adaley as Company Secretary as she is not considered related party for the purposes ASX Listing Rule 10.11. This is for Shareholders' information only.

No approval is sought for the issue of Shares to Benjamin Kirkpatrick as he is not considered related party for the purposes ASX Listing Rule 10.11. This is for Shareholders' information only. Benjamin Kirkpatrick was appointed to the Board of the Company on 2 October 2012 and was the Managing Director and Executive Chairman of the Company from 26 September 2013 until he stepped down from the Board and assumed the role of Chief Executive Officer on 16 September 2015. Benjamin Kirkpatrick resigned as CEO on 29 April 2016 and remained as a Global Consultant until 8 June 2016 when all of his services were withdrawn.

Details of shares to be issued to Neil Herbert:

Name of allottee	Neil Herbert (or his nominee).
Maximum number of Shares to be issued	793,585.
Date for issue and allotment of Shares	If the Company proceeds with the Proposed Transaction, the Company will issue and allot the Shares prior to completion of the Proposed Transaction but, having obtained a waiver from ASX with respect to Listing Rule 10.13.3, the Shares will be issued at the same time as Shares are issued under the Proposed Placement (and no later than 3 months after the date of the Meeting).
Relationship between the allottee and the Company giving rise to related party status	Neil Herbert is a Director of the Company.
Issue price per Share	Any Shares issued will be allotted at a deemed issue price per Share of \$0.20.
Terms of the Shares	Any Shares issued under this resolution will rank equally with all other Shares on issue at the time those Shares are issued.
Use of funds raised	No cash will be received for the Share issue. Instead, the amount due to the Company will be set off against debts owed by the Company to the recipient of the relevant Shares which frees up Company cash to be applied towards the Company's working capital requirements.

Details of shares to be issued to Sir Warwick Andrew:

Name of allottee	Sir Warwick Andrew (or his nominee).
Maximum number of Shares to be issued	283,795.
Date for issue and allotment of Shares	If the Company proceeds with the Proposed Transaction, the Company will issue and allot the Shares prior to completion of the Proposed Transaction but, having obtained a waiver from ASX with respect to Listing Rule 10.13.3, the Shares will be issued at the same time as Shares are issued under the Proposed Placement (and no later than 3 months after the date of the Meeting).

Relationship between the allottee and the Company giving rise to related party status	Sir Warwick Andrew is a Director of the Company.
Issue price per Share	Any Shares issued will be allotted at a deemed issue price per Share of \$0.20.
Terms of the Shares	Any Shares issued under this resolution will rank equally with all other Shares on issue at the time those Shares are issued.
Use of funds raised	No cash will be received for the Share issue. Instead, the amount due to the Company will be set off against debts owed by the Company to the recipient of the relevant Shares which frees up Company cash to be applied towards the Company's working capital requirements.

Details of shares to be issued to Mandeep Bhandari:

Name of allottee	Mandeep Bhandari (or his nominee).
Maximum number of Shares to be issued	248,230.
Date for issue and allotment of Shares	If the Company proceeds with the Proposed Transaction, the Company will issue and allot the Shares prior to completion of the Proposed Transaction but, having obtained a waiver from ASX with respect to Listing Rule 10.13.3, the Shares will be issued at the same time as Shares are issued under the Proposed Placement (and no later than 3 months after the date of the Meeting).
Relationship between the allottee and the Company giving rise to related party status	Mandeep Bhandari is a Director of the Company.
Issue price per Share	Any Shares issued will be allotted at a deemed issue price per Share of \$0.20.
Terms of the Shares	Any Shares issued under this resolution will rank equally with all other Shares on issue at the time those Shares are issued.
Use of funds raised	No cash will be received for the Share issue. Instead, the amount due to the Company will be set off against debts owed by the Company to the recipient of the relevant Shares which frees up Company cash to be applied towards the Company's working capital requirements.

If Shareholder approval is given under Listing Rule 10.11, it is not required under Listing Rule 7.1, due to the operation of ASX Listing Rule 7.2 Exception 14.

ASX's waiver from Listing Rule 10.13.3 permits the Shares to be issued to each of Neil Herbert, Sir Warwick Andrew and Mandeep Bhandari no later than 3 months after the date of the Meeting. This should permit the Company to issue these Shares at the Completion of the Proposed Placement. ASX's waiver was provided on the condition that:

- a) the Shares must be issued no later than 3 months after the Meeting, subject to shareholder approval being obtained;
- b) the Shares must be issued on the terms and conditions set out in the Notice; and
- c) the terms of the waiver are disclosed in the Notice.

2.10.3 Recommendation

The Directors listed above have a direct interest in the outcome of Resolution 13 and accordingly make no recommendations to the Shareholders.

2.11 Resolution 14 (Subscription for options and convertible notes by Sir Warwick Andrew)

2.11.1 Background

Sir Warwick Andrew agreed in February 2017 to invest a further \$65,000 in the Company for transaction costs, pursuant to the issue of convertible notes which will:

- a) convert into 325,000 Shares at completion of the Proposed Transaction; and
- b) entitle Sir Warwick Andrew to the issue of 32,500 options at a nil consideration price, which allows Sir Warwick Andrew to subscribe for one Share for each option at the exercise price of \$0.26 per option. The options may be exercised at any time during the 36 month period following the date on which they are issued (following the expiry of which period, the options automatically expire).

2.11.2 Why approval is being sought under Listing Rule 10.11

Listing Rule 10.11 requires a company to obtain the approval of shareholders before issuing equity securities to a related party of the Company which includes a director of the company. The passing of Resolution 14 will permit Sir Warwick Andrew (or his nominee) to subscribe for convertible notes which convert into Shares at the Proposed Placement price and certain options attaching to those convertible notes.

Listing Rule 10.13 requires that certain information is included in a notice of meeting to approve a transaction for the purpose of Listing Rule 10.11. This information is set out in the table below.

Pursuant to Resolution 14, Shareholder approval is sought for the purposes of Listing Rule 10.11 and for all other purposes to issue 650 convertible notes with a face value of \$100 each to Sir Warwick Andrew (or his nominees) plus 32,500 options attaching to the convertible notes.

Details of the securities to be issued to Sir Warwick Andrew:

Name of allottee	Sir Warwick Andrew (or his nominee).
Maximum number of securities to be issued	650 convertible notes with a face value of \$100 each (which entitles the holder to no more than 325,000 Shares in aggregate on conversion of the convertible notes) and 32,500 options.
Date for issue and allotment of convertible notes and options	The Company will issue the convertibles notes and options immediately following the approval of this resolution but in any event no later than 1 month after the date of the Meeting.
Relationship between the allottee and the Company giving rise to related party status	Sir Warwick Andrew is a Director of the Company.

<p>Issue price per convertible note / option</p>	<p>Each convertible note has a face value of \$100.</p> <p>Each convertible note may be converted into 500 Shares based on a price of \$0.20 per Share.</p> <p>The options will be issued for nil consideration. The option exercise price is \$0.26 per option.</p>
<p>Terms of the convertible notes / options</p>	<p>1. Convertible notes:</p> <p>The convertible notes will be issued for a subscription price of in aggregate \$65,000 (i.e. \$100 principal face value per convertible note).</p> <p>The convertible notes bear no interest for the first four months from the date of issue, after which an interest rate of 8% per annum applies. Any accrued interest is payable quarterly in arrears.</p> <p>The convertible notes may be converted into Shares in the Company in the event of Shares being allotted or transferred under a prospectus, if 50% or more of the assets of, or Shares in, the Company are sold, the Company becoming insolvent or 12 months from the date of issue.</p> <p>The conversion price is \$0.20 per Share. This equates to 500 Shares per \$100 convertible note.</p> <p>The convertible notes may only be redeemed for the principal money in the event of an insolvency.</p> <p>2. Options:</p> <p>Each option may be converted into at least one Share in the Company prior to the expiry date of the options.</p> <p>The options expire on 21 February 2020 if not exercised.</p> <p>The exercise price per option is \$0.26.</p> <p>The holder is not entitled to participate in any new issue to existing shareholders of securities in the Company unless he has exercised his options before the record date for determining entitlements to the new issue of securities and participates as a result of holding Shares.</p> <p>If there is a reorganisation of capital then the rights of the holder (including the number of options to which the holder is entitled to and the exercise price) will be changed to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation.</p>
<p>Use of funds raised</p>	<p>Amounts received on the issue of the convertible notes will be applied towards the Company's transaction costs in respect of the Proposed Transaction.</p> <p>If the options are exercised, any funds raised will be applied towards the Company's working capital requirements.</p>

If Shareholder approval is given under Listing Rule 10.11, it is not required under Listing Rule 7.1, due to the operation of ASX Listing Rule 7.2 Exception 14.

2.11.3 Recommendation

The Directors recommend that the Shareholders vote in favour of Resolution 14 (with Sir Warwick Andrew abstaining).

2.12 Resolution 15 (Subscription for options and convertible notes by Neil Herbert)

2.12.1 Background

Neil Herbert agreed in February 2017 to invest a further \$65,000 in the Company for transaction costs, pursuant to the issue of convertible notes which will:

- a) convert into 325,000 Shares at completion of the Proposed Transaction; and
- b) entitle Neil Herbert to the issue of 32,500 options at a nil consideration price, which allows Neil Herbert to subscribe for one Share for each option at the exercise price of \$0.26 per option. The options may be exercised at any time during the 36 month period following the date on which they are issued (following the expiry of which period, the options automatically expire).

2.12.2 Why approval is being sought under Listing Rule 10.11

Listing Rule 10.11 requires a company to obtain the approval of shareholders before issuing equity securities to a related party of the Company which includes a director of the company. The passing of Resolution 15 will permit Neil Herbert (or his nominee) to subscribe for convertible notes which convert into Shares at the Proposed Placement price and certain options attaching to those convertible notes.

Listing Rule 10.13 requires that certain information is included in a notice of meeting to approve a transaction for the purpose of Listing Rule 10.11. This information is set out in the table below.

Pursuant to Resolution 15, Shareholder approval is sought for the purposes of Listing Rule 10.11 and for all other purposes to issue 650 convertible notes with a face value of \$100 each to Neil Herbert (or his nominees) plus 32,500 options attaching to the convertible notes.

Details of the securities to be issued to Neil Herbert:

Name of allottee	Neil Herbert (or his nominee).
Maximum number of securities to be issued	650 convertible notes with a face value of \$100 each (which entitles the holder to no more than 325,000 Shares in aggregate on conversion of the convertible notes) and 32,500 options.
Date for issue and allotment of convertible notes and options	The Company will issue the convertibles notes and options immediately following the approval of this resolution but in any event no later than 1 month after the date of the Meeting.
Relationship between the allottee and the Company giving rise to related party status	Neil Herbert is a Director of the Company.
Issue price per convertible note / option	Each convertible note has a face value of \$100. Each convertible note may be converted into 500 Shares based on a price of \$0.20 per Share.

	The options will be issued for nil consideration. The options exercise price is \$0.26 per option.
Terms of the convertible notes / options	<p>1. Convertible notes:</p> <p>The convertible notes will be issued for a subscription price of in aggregate \$65,000 (i.e. \$100 principal face value per convertible note).</p> <p>The convertible notes bear no interest for the first four months from the date of issue, after which an interest rate of 8% per annum applies. Any accrued interest is payable quarterly in arrears.</p> <p>The convertible notes may be converted into Shares in the Company in the event of Shares being allotted or transferred under a prospectus, if 50% or more of the assets of, or Shares in, the Company are sold, the Company becoming insolvent or 12 months from the date of issue.</p> <p>The conversion price is \$0.20 per Share. This equates to 500 Shares per \$100 convertible note.</p> <p>The convertible notes may only be redeemed for the principal money in the event of an insolvency.</p> <p>2. Options:</p> <p>Each option may be converted into at least one Share in the Company prior to the expiry date of the options.</p> <p>The options expire on 21 February 2020 if not exercised.</p> <p>The exercise price per option is \$0.26.</p> <p>The holder is not entitled to participate in any new issue to existing shareholders of securities in the Company unless he has exercised his options before the record date for determining entitlements to the new issue of securities and participate as a result of holding Shares.</p> <p>If there is a reorganisation of capital then the rights of the holder (including the number of options to which the holder is entitled to and the exercise price) will be changed to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation.</p>
Use of funds raised	<p>Amounts received on the issue of the convertible notes will be applied towards the Company's transaction costs in respect of the Proposed Transaction.</p> <p>If the options are exercised, any funds raised will be applied towards the Company's working capital requirements.</p>

If Shareholder approval is given under Listing Rule 10.11, it is not required under Listing Rule 7.1, due to the operation of ASX Listing Rule 7.2 Exception 14.

2.12.3 Recommendation

The Directors recommend that the Shareholders vote in favour of Resolution 15 (with Neil Herbert abstaining).

2.13 Resolution 16 (Subscription for Shares and options by Todd Ruppert)

2.13.1 Background

Todd Ruppert has indicated to the Company that he intends to invest up to \$500,000 in the Company by participating in the Proposed Placement.

The Promoter is entitled to the issue of certain options for further Shares in the Company which are to be issued at the financial close of the Proposed Placement (refer to section 2.7 for further information). The Promoter and Todd Ruppert have agreed that the Company will allocate 600,000 of the options the Promoter is entitled to, to Todd Ruppert. The basis for this allocation is the effort demonstrated by Todd Ruppert in marketing the offer to sophisticated and professional investors, bringing the Proposed Placement to the attention of his contacts and networks and the meetings organised through that network.

2.13.2 Why approval is being sought under Listing Rule 10.11 and under Chapter 2E of the Corporations Act

(a) Listing Rule 10.11

Listing Rule 10.11 requires a company to obtain the approval of shareholders before issuing equity securities to a related party of the Company which includes a director of the company. The passing of Resolution 16 will permit Todd Ruppert (or his nominee) to subscribe for Shares as part of the Proposed Placement at the Proposed Placement price and to be issued with 600,000 options.

Listing Rule 10.13 requires that certain information is included in a notice of meeting to approve a transaction for the purpose of Listing Rule 10.11. This information is set out in the table below.

Pursuant to Resolution 16, Shareholder approval is sought for the purposes of Listing Rule 10.11 and for all other purposes to issue up to 2,500,000 Shares at an issue price of \$0.20 each to Todd Ruppert (or his nominees) plus 600,000 options.

(b) Section 208 of the Corporations Act

Section 208 of the Corporations Act provides that a public company must not, subject to certain exceptions, give a financial benefit to a related party without the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act and must give the benefit within 15 months of such approval. The issue of the Shares and the options to Todd Ruppert (or his nominee) is considered a 'financial benefit' under the Corporations Act.

One exception to the section 208 prohibition is where the provision of the financial benefit is on terms that would be reasonable in the circumstances if the parties were dealing at arms' length (or less favourable terms). The Company considers the issue of the Shares to Todd Ruppert (or his nominee) will be at arms' length as that issues will be a part of, and on the same terms as, the Shares to be issued under the Proposed Placement, which offer will be made to investors who are not related parties of the Company. As such, the Company considers that the proposed issue of Shares falls within the exception set out in section 210 of the Corporations Act.

However, no exceptions apply with respect to the issue of the 600,000 options and accordingly the Company is seeking Shareholder approval with respect to the issue of the options.

If the options to be issued under this Resolution 16 are exercised, the Company's issued share capital will increase by 600,000 Shares. Assuming no other Shares are issued following the financial close of the Proposed Transaction, these Shares will represent the following percentage

of the issued share capital of the Company, diluting the Shareholders by a corresponding amount:

If the minimum amount of \$5 million is raised at the Proposed Placement	If the maximum amount of \$9 million is raised at the Proposed Placement
0.36%	0.32%

(c) Additional information for Shareholders

The following information is provided in accordance with the Listing Rules and Section 219 of the Corporations Act.

Name of allottee / entity receiving the financial benefit	Todd Ruppert (or his nominee).
Maximum number of securities to be issued	2,500,000 Shares at an issue price of \$0.20 each and 600,000 options.
Date for issue and allotment of Shares and options	If the Company proceeds with the Proposed Transaction, the Company will, having obtained a waiver from ASX with respect to Listing Rule 10.13.3, issue the Shares and the options at the same time as Shares are issued under the Proposed Placement (and no later than 3 months after the date of the Meeting).
Relationship between the allottee and the Company giving rise to related party status	Todd Ruppert will be a Director of the Company following completion of the Proposed Transaction.
Issue price per Share / option	The Shares will be issued at a price of \$0.20 per Share as part of the Proposed Placement. The options will be issued for nil consideration. The options exercise price is \$0.26 per option.
Terms of the Shares / options	<p>1. Shares</p> <p>The Shares issued to Todd Ruppert (or his nominee) will be issued as part of the Proposed Placement and accordingly will rank equally with all other Shares on issue at the time those Shares are issued.</p> <p>2. Options:</p> <p>Each option may be converted into at least one Share in the Company prior to the expiry date of the options.</p> <p>The options expire 3 years from the date on which they are issued if not exercised.</p> <p>The exercise price per option is \$0.26 (i.e. 30% higher than the price of the Proposed Placement).</p> <p>The holder is not entitled to participate in any new issue to existing shareholders of securities in the Company unless he has exercised his</p>

	<p>options before the record date for determining entitlements to the new issue of securities and participate as a result of holding Shares.</p> <p>If there is a reorganisation of capital then the rights of the holder (including the number of options to which the holder is entitled to and the exercise price) will be changed to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation.</p>
Use of funds raised	<p>Any funds raised as a result of the issue of the Shares under this Resolution will be applied in the same manner as the funds raised under the Proposed Placement, being towards the Company's proposed deployment of sales and marketing teams in Australia, South Africa, Singapore including South East Asia and an increased technical capability in Australia. Refer to section 1.8.1 for further details.</p> <p>If the options are exercised, any funds raised will be applied towards the Company's working capital requirements.</p>

If Shareholder approval is given under Listing Rule 10.11, it is not required under Listing Rule 7.1, due to the operation of ASX Listing Rule 7.2 Exception 14.

ASX's waiver from Listing Rule 10.13.3 permits the Shares and options to be issued to Todd Ruppert (or his nominee), no later than 3 months after the date of the Meeting. This should permit the Company to issue these Shares and options at the Completion of the Proposed Placement. ASX's waiver was provided on the condition that:

- a) the Shares and options must be issued no later than 3 months after the Meeting, subject to shareholder approval being obtained;
- b) the Shares and options must be issued on the terms and conditions set out in the Notice; and
- c) the terms of the waiver are disclosed in the Notice.

2.13.3 Recommendation

The Directors recommend that the Shareholders vote in favour of Resolution 16.

3 Other information

3.1 Scope of disclosure

The Company is required to provide to Shareholders all information which is known to the Company that is reasonably required by Shareholders in order to decide whether or not it is in the Company's interest to pass the Resolutions.

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

3.2 Voting intentions and relevant interest of the Directors

The number of Shares in which each Director has a relevant interest as at the date of this Notice is set out in the table below:

Director	No. of Shares (post Consolidation basis)	% of issued Share capital
Sir Warwick Andrew	1,323,748	5.60%
Neil Herbert	336,735	1.42%
Mandeep Bhandari	84,821	0.36%

3.3 Recommendation

Except as otherwise stated, the Directors unanimously recommend that, in the context of the Company's current circumstances, Shareholders should vote to approve all of the Resolutions to be put to the Meeting.

However, Shareholders must decide how to vote based on the matters set out in the Explanatory Statement.

3.4 Taxation

The Proposed Transaction may give rise to tax implications for Shareholders.

Shareholders are advised to seek their own taxation advice on the effect of all Resolutions on their personal position. Neither the Company, nor the Directors or any advisor to the Company accepts any responsibility for any individual Shareholder's taxation consequences on any aspect of the Proposed Transaction or the other Resolutions proposed at the Meeting.

4 Glossary

Capitalised terms used in the Notice and the Explanatory Statement have the following meanings:

\$ means Australian dollars (unless otherwise indicated to the contrary);

ASIC means the Australian Securities and Investments Commission;

ASX means the Australian Securities Exchange or ASX Limited as the context requires;

Australian Accounting Standards means the Australian Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board and Urgent Issues Group interpretations;

B2B means a business to business strategy, referring to a situation where a business makes a commercial transaction with another business;

B2C means a business to consumer strategy, referring to a situation where a business makes a commercial transaction with a consumer;

B2B2C means a business to business to consumer strategy, referring to a situation where an online or e-commerce business aims to reach new consumers by partnering with a consumer-orientated product and service business;

Board means the board of Directors of the Company from time to time;

Company means Waratah Resources Limited ACN 125 688 940;

Consideration Shares means 112,451,788 Shares, as consideration for the Company's acquisition of all of the issued capital in CSB Engage;

Consolidation means the proposed consolidation of the Company's share capital into a smaller number in the ratio of 28 to 1, the subject of Resolution 1;

Constitution means the constitution of the Company as at the date of the Notice;

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

CSB Engage means CSB Engage Pte Ltd (Singapore company number 201133493R) a company incorporated in Singapore;

CSB Engage Group means CSB Engage and its following wholly-owned subsidiaries:

- (a) CSB Engage (Aus) Pty Ltd (ACN 169 438 957);
- (b) CSB Engage Asia Pte Ltd (200901525Z Singapore);
- (c) Onit Media Asia Pte Ltd (201027028G Singapore);
- (d) CSB Engage SA (Pty) Ltd (2009/022981/07 South Africa);
- (e) LifeIQ Pte Ltd (201217917D Singapore);
- (f) LifeIQ Pty Ltd (ACN 160 164 198);
- (g) Onit Media Pty Ltd (ACN 149 162 087); and
- (h) Endless Rewards Pty Ltd (ACN 114 569 872) trading as CSB Engage Australia;

D2C means a direct to consumer strategy, referring to a situation where a business sells products or provides services directly to end-user consumers;

Director(s) means the directors of the Company from time to time;

Explanatory Statement means the explanatory statement that accompanies the Notice;

Exploration Assets has the meaning given to that term in the Share Sale Agreement, being in effect the following:

- (a) the Mekambo Est Iron Ore Project,
- (b) the Tchibanga Licence;
- (c) the Waka Licence; and
- (d) the Makokou Licence;

Independent Expert means Hall Chadwick Corporate (NSW) Limited;

Independent Expert's Report means the independent expert report prepared by the Independent Expert accompanying the Notice in Schedule 4;

Listing Rules means the Listing Rules of the ASX;

Meeting means the meeting of the Company to be held at Boardroom Pty Limited, Level 12, 225 George St, Sydney NSW 2000 on 1 May 2017 at 11am (Sydney time);

Mining Information means all plans, results, geological data, drawings, specifications, operating procedures, mine plans, mill drawings, plans and other technical data and information solely and exclusively owned by and in the unencumbered possession or control of the Company and relating solely to the operation of its assets including without limitation, all financial analysis, feasibility studies reports, scoping, magnetic surveys, drill logs, chips and core samples and residues for and from assaying and interpretation of the geological, mineralogical and metallurgical data in respect of the Exploration Assets owned by and in the possession of the Company (excluding data and information subject to confidentiality obligations or restrictions given by Waratah in favour of a third party);

Notice means the notice convening the Meeting;

Original Undertaking means the business of the Company prior to the implementation of the Proposed Transaction, which at the time of this notice includes the following assets:

- (a) the Exploration Assets and Applications;
- (b) the Mining Information; and
- (c) all other assets of the Company relating to the Company's operations relating to recourse projects and commodities trading,

but excludes the Records, any cash in the Company, office furniture and other minor items to be used for the ongoing operations of the Company;

Option means an Option issued under the IOP;

POS means point of sale;

Promoter means PAC Partners Pty Ltd ABN 13 165 738 438;

Promoter Securities means the securities identified in section 2.7 of the Explanatory Statement;

Proposed Placement means the proposed capital raising placement the subject of Resolution 2;

Proposed Transaction means the proposed acquisition by the Company of 100% of the shares in the capital of CSB Engage and as otherwise described in section 1.3;

Proxy Form means the proxy form accompanying the Notice;

Records has the meaning given to that term in the Share Sale Agreement, being in effect the originals and copies, in machine readable, electronic, printed or any other readable form, of all files, reports, records, registers, correspondence, documents and other material relating to or used by a company;

Resolution means a resolution to be voted on at the Meeting, the details of which are set out in the Notice;

SaaS means software as a service;

Schedule means a schedule to the Notice;

Sellers means each of the parties set out under the column 'Name of Seller' in the table in Schedule 1;

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

Share Sale Agreement means the share sale agreement between the Company, CSB Engage and the Sellers with respect to Proposed Transaction dated 18 November 2016;

Shareholder means a holder of a Share; and

Tulla means:

- (a) Tulla Group Pty Ltd
- (b) Tulla Technology Pty Ltd; and
- (c) Marley Holdings Pty Ltd as trustee for the Maloney Family Trust,

but for a purposes of an issue of Shares, it means Tulla Group Pty Ltd or its nominee.

Schedule 1 –Shares to be issued in the Company

Name of Seller	Name of other parties	Number of fully paid ordinary shares in CSB Engage held	Seller's proportionate shareholding in CSB Engage	Shares to be issued
Christopher George Joseph	-	15,512,767	8.79%	9,669,763
William Patrick Pitcher	-	9,757,057	5.53%	6,081,986
Ivor Clucas	-	1,552,795	0.88%	967,923
Sage Justin John	-	1,552,795	0.88%	967,923
Ian Keith Barnard	-	1,242,236	0.70%	774,338
Onyx Services Ltd	-	2,669,230	1.51%	1,663,844
Hotazel Holdings Pty Ltd	-	42,760,072	24.23%	27,358,276
Andrew Galea Nominees Pty Ltd	-	1,166,956	0.66%	727,413
Tom Williams Nominees Pty Ltd	-	1,166,957	0.66%	727,414
Anthony Ashe Nominees Pty Ltd	-	1,166,957	0.66%	727,414
Bent Pty Limited	-	1,060,000	0.60%	660,743
Kulmar, Stephen Gary	-	1,060,000	0.60%	660,743
Lomacott Pty Ltd	-	3,035,714	1.72%	1,892,289
Hilton Pty Ltd	-	428,571	0.24%	267,146
Lawrance, Christopher Lister	-	30,757,461	17.43%	19,172,424
Greer, Phillip William	-	428,571	0.24%	267,146
Mypersuall Pty Ltd	-	991,071	0.56%	617,776
Rangelodge Pty Ltd	-	1,000,000	0.57%	623,342
Pamela Van Zyl No. 2 Superannuation Fund	-	4,121,402	2.34%	2,569,044
Debra Susan Haworth	-	562,500	0.32%	350,630
Blazzed Pty Ltd	-	840,706	0.48%	524,048
Sean Robert Smith	-	5,619,693	3.18%	3,502,992
Omphaloskepsis Pty Ltd	-	706,522	0.40%	440,405
Hamilton Nicholas Alexander	-	1,250,000	0.71%	779,178
Slack Grant Ivan	-	400,000	0.23%	249,337
Mark Neal Barnard	-	1,875,000	1.06%	1,168,767
Neil Joseph	-	666,667	0.38%	415,562

Shannon R Cullum	-	933,333	0.53%	581,786
Kevin Peter Geeves	-	250,000	0.14%	155,836
Roderic Noel Anthony Sage	-	666,667	0.38%	415,562
Rajnish Sarna	-	200,000	0.11%	124,668
Mayank Singhal	-	466,667	0.26%	290,893
Christopher Foster	-	874,000	0.50%	544,801
Scott James Duncan	-	1,055,901	0.60%	658,188
Helen Joseph	-	742,718	0.42%	462,968
Craig Badings	-	74,269	0.04%	46,295
Aubrey Sonnenberg - LifelQ	-	20,009,862	11.34%	12,472,992
Roy Sugarman - LifelQ	-	3,051,844	1.73%	1,902,343
Jennifer-Anne Joseph	-	564,469	0.32%	351,857
-	Tulla	14,227,642 [^]	8.06%	9,065,737
-	Rod Walker			1,000,000
-	Fred Kempson			50,000
-	Mark Barnard			500,000
Total:		176,468,072	100.00%	112,451,788

[^]Equivalent number of shares Tulla would hold in CSB Engage if the Convertible Loan Notes were converted into CSB Engage shares.

Schedule 2 Performance Criteria

The Options to be issued to Neil Joseph will be subject to specific performance criteria (**Performance Criteria**), which must be satisfied as at specific dates (**Vesting Dates**).

It is currently contemplated that the Options will be granted upon completion of the Proposed Transaction (**Grant Date**).

The proposed Vesting Dates for the Options are:

- a) 30 June 2019 (**Vesting Date 1**); and
- b) 30 June 2020 (**Vesting Date 2**).

The Options to be issued to Neil Joseph will also be subject to a continuous employment/service vesting/forfeiture condition from the Grant Date to the applicable Vesting Date.

However, if employment/service ceases because of death, total permanent disability, redundancy or other Special Circumstances as determined by the Board, any unvested Options will not lapse as a consequence and will continue to be subject to the Performance Criteria unless otherwise determined by the Board.

If the Performance Criteria are not met at the relevant Vesting Date, the Options relating to that Vesting Date will not vest and will lapse.

If vested, the Options will expire 90 days after the Vesting Date unless exercised beforehand.

Performance Criteria

The number of Options which vest will be determined by:

- a) the price of the Company's Shares as at the relevant Vesting Date, calculated on the volume weighted average (**VWAP**) sale price of Shares for the 20 business days immediately preceding the relevant Vesting Date; and
- b) the Company's revenue, calculated on the Company's audited and reported financial results for the 12 months immediately preceding the Vesting Date.

The number of Options that will vest will therefore be determined by the Company's performance against the 'Performance Criteria' for the relevant period, as follows:

Vesting Date	Maximum Number of Options Vesting	Minimum Target (50% vest)	Maximum Target (100% vest)
		Share Price	Share Price
30 June 2019	333,750	\$0.30	\$0.40
30 June 2020	333,750	\$0.40	\$0.60
		Revenue	Revenue
30 June 2019	333,750	\$5,500,000	\$7,070,000
30 June 2020	333,750	\$7,000,000	\$11,560,000

For each Performance Criteria, and at each Vesting Date, the Board will determine how the Performance Criteria are to be measured. A target measure and maximum measure will be established for each Performance Criteria, and Options may vest in accordance with the following scale:

Performance	Result
Less than Minimum Target	No Options will vest.
Achievement of Target	50% of Options for that Performance Criteria and Vesting Period will vest.
Achievement of Maximum Target	100% of Options for that Performance Criteria and Vesting Period will vest
Between the Minimum Target and Maximum Target	50% of the Options for that Performance Criteria and relevant Vesting Date, plus an additional number of Options (calculated on a straight line basis) between the Minimum Target and Maximum Target.

Neil Joseph is also incentivised by way of cash payments, which in summary is dependent on his performance, including in summary:

- a) delivery of products to consumers;
- b) number of downloads with respect to certain products;
- c) revenue generated; and
- d) and other personal performance criteria.

Name of Manager - role	Short Term Cash incentive
Neil Joseph – Executive Director and Chief Executive Officer	\$141,750
Total	\$141,750

Schedule 3 Pro Forma Balance Sheet

Impact on consolidated financial position

A consolidated pro-forma balance sheet (**Balance Sheet**) is set out below to demonstrate the financial position of the Company assuming completion of the Proposed Transaction occurs.

The Balance Sheet is presented in abbreviated form as a guide and does not contain all of the disclosures that are usually provided in an annual report prepared in accordance with Australian Accounting Standards and the Corporations Act.

The Balance Sheet does not constitute a representation of the future financial position or prospects of the Company.

Waratah Resources Limited Pro Forma Consolidated Statement of Financial Position

	Company	CSB Engage	Subsequent	Pro-forma	Pro-Forma	Pro-Forma
	Audited	Audited	events	adjustments	Minimum	Maximum
	30 June 2016	30 June 2016			subscription	subscription
	AUD	AUD	AUD	AUD	AUD	AUD
Assets						
Current assets						
Cash and cash equivalents	145,380	354,388	900,000	4,539,820	5,939,588	9,699,588
Trade and other receivables	109,167	575,721	-	(14,330)	670,558	670,558
Loans - unsecured	-	64,747	-	-	64,747	64,747
Other assets	11,722	-	-	-	11,722	11,722
Assets held for re-sale	50,000	-	-	-	50,000	50,000
Total current assets	316,269	994,856	900,000	4,525,490	6,736,615	10,496,615
Non-current assets						
Prepayments	-	5,858	-	-	5,858	5,858
Property, plant & equipment	1,907	12,633	-	(1,907)	12,633	12,633
Intangible assets	-	350,276	3,759,525	-	4,109,801	4,109,801
Security deposits	-	27,616	-	-	27,616	27,616
Exploration and evaluation expenditure	385,112	-	(385,112)	-	-	-
Total non-current assets	387,019	396,383	3,374,413	(1,907)	4,155,908	4,155,908
Total assets	703,288	1,391,239	4,274,413	4,523,583	10,892,523	14,652,523
Liabilities						
Current liabilities						
Trade and other payables	723,706	1,207,383	-	(351,926)	1,579,163	1,579,163
Borrowings	-	1,229,015	-	-	1,229,015	1,229,015
Amounts due to related parties	-	1,431,721	-	-	1,431,721	1,431,721
Total current liabilities	723,706	3,868,119	-	(351,926)	4,239,899	4,239,899
Non-Current liabilities						
Loans - Unsecured	-	-	-	-	-	-
Total non-current liabilities	-	-	-	-	-	-
Total liabilities	723,706	3,868,119	-	(351,926)	4,239,899	4,239,899
Net assets	(20,418)	(2,476,880)	4,274,413	4,875,509	6,652,624	10,412,624

Equity						
Issued capital	24,056,428	2,824,972	5,231,525	(14,624,335)	17,488,590	21,248,590
Non-controlling interests	-	291,554	-	-	291,554	291,554
Foreign currency reserve	-	160,480	-	-	160,480	160,480
Reserves	(47,840)	-	-	47,840	-	-
Accumulated losses	(24,029,006)	(5,753,886)	(957,112)	19,452,004	(11,288,000)	(11,288,000)
Total equity	(20,418)	(2,476,880)	4,274,413	4,875,509	6,652,624	10,412,624

Notes:

- (1) Column 1 represents the statement of financial position of the Company as 30 June 2016.
(2) Column 2 represents the statement of financial position of CSB Engage Pte Ltd as 30 June 2016.
(3) Column 3 represents material or significant events since 30 June 2016 to the date of the Notice.
(4) Column 4 represents the pro forma adjustments required to reflect the conduct of the Proposed Placement.
(5) Columns 5 and 6 represent the pro forma consolidated statement of financial position of the Company after the completion of the Proposed Transaction and related transactions disclosed in the Notice.

Notes to the Pro-Forma Balance Sheet

1. Introduction

The Balance Sheet has been prepared on the following basis, with the references noted in the Balance Sheet above corresponding to the following notes:

- (a) the starting position is derived from:
- (i) the audited consolidated statement of financial position of the Company as at 30 June 2016; and
 - (ii) the audited consolidated statement of financial position of CSB Engage as at 30 June 2016. The consolidated statement of financial position of CSB Engage below represents an aggregation of the statements of financial position of the Company and CSB Engage Pte Ltd and appropriate adjustments for intercompany receivables and intercompany payables;
- (b) the Proposed Transaction is completed on the terms outlined in the Notice;
- (c) CSB Engage is deemed to be acquirer for the purposes of Australian Accounting Standard “AASB 3 Business Combinations”. Under the reverse acquisition accounting standard requirements, the consolidated financial statements of the legal parent (Company) are presented as a continuation of the financial statements of the subsidiary acquired (CSB Engage);
- (d) the Balance Sheet has been adjusted for certain subsequent events and proforma transactions;
- (e) the Balance Sheet has been prepared in accordance with the measurement and recognition requirements of applicable Australian Accounting Standards and the Company’s accounting policies (as reported in the Company’s Annual Report); and
- (f) material or significant events since 30 June 2016 to the date of the Notice are set out below.

Private Placement

On 19 August 2016, Waratah completed a private placement to sophisticated investors to raise \$568,000 at \$0.007 per share (“**Placement**”). The Placement comprised 81,142,857 fully paid ordinary shares at an issue price of \$0.007 per share on a pre-consolidation basis of which 43,486,700 Shares were allotted and issued under the Company’s annual 15% placement capacity under Listing Rule 7.1. Further, 37,656,157 Shares were allotted and issued under the Company’s additional 10% placement capacity under Listing Rule

7.1A. In October 2016, a further 14,857,142 Shares were issued to directors following approval from Shareholders on 28 September 2016 at an issue price of \$0.007 raising \$104,100. Total funds raised amounted to \$672,000.

Working Capital

The Company anticipates working capital expenses of approximately \$572,000 until close of the Proposed Transaction.

Issue of Convertible Note and attaching options

On 21 February 2017 the Company issued 1,000 convertible notes to Kempson Capital Pty Limited for a subscription price of in aggregate AU\$100,000 (i.e. \$100 principal face value per convertible note) and 50,000 attaching options.

Convertible notes

The convertible notes bear no interest for the first four months from the date of issue, after which an interest rate of 8% per annum applies. The convertible notes may be converted into ordinary shares in the Company, with the number of shares issued being equal to the principal value of each note divided by \$0.20, in the event of:

- shares being allotted or transferred under a prospectus;
- if 50% or more of the assets of, or shares in, the company are sold;
- the Company becoming insolvent; or
- 12 months from the date of issue.

The convertible notes may be redeemed for the principal money in the event of an insolvency. The convertible notes are issued and convertible on the basis of an understanding between the parties that the Company will seek shareholder approval at the Meeting for the share capital of the Company to be consolidated through the conversion of every 28 Shares into 1 Share.

Attaching Options

Each option may be converted into at least one fully paid ordinary Share prior to the expiry date of the options. The options expire on 21 February 2020 if not exercised.

The exercise price per option is \$0.26. The options are issued and exercisable on the basis of an understanding between the parties that the Company will seek shareholder approval at the Meeting for the share capital of the Company to be consolidated through the conversion of every 28 shares into 1 share.

Exploration and Evaluation Expenditure

As reported in the Interim Financial Statements for the half year ended 31 December 2016 released on 16 March 2016, the Waratah Group assessed the carrying value of the exploration and evaluation assets to be \$nil, resulting in an impairment charge of \$385,112.

CSB Engage Group

LifelQ Pty Ltd (Australia) acquired the business of Seventeenhundred

In accordance with the agreement dated 2 September 2016, LifelQ Pty Ltd Australia acquired the business of Seventeenhundred from Expect Australia Pty Ltd with effect from 1 July 2016 for:

- \$300,000 payable on execution date which has been recognised in the pro-forma subsequent events
- \$300,000 payable 30 days after 30 June 2017 (or finalization of the management accounts) should the revenue of Seventeenhundred exceed \$1.2M for the 12 months ending 30 June 2017.

CSB Engage Pte Ltd acquired the balance of the equity in LifelQ Pte Ltd

In November 2016, CSB Engage completed the acquisition of the balance of the shares in LifelQ Pte Ltd that it did not own. The purchase price being \$3,459,255 for this acquisition was settled in the form of 23,061,706 shares at deemed issue price of \$0.15 per share in CSB Engage Pte Ltd.

Convertible notes

Since 30 June 2016, CSB Engage has issued two further Convertible Notes to Tulla. The rights of Tulla under these further convertible note loan agreements between CSB Engage and Tulla are, in summary, as follows:

Number of additional notes issued to Tulla:	2 Convertible Loan Notes
Aggregate Face value of notes:	\$1,100,000
Interest rate applicable:	6% per annum calculated on a calendar quarterly basis, in arrears
Redemption date:	30 June 2017
Amount outstanding under the notes:	\$1,100,000
Rate of Conversion:	\$0.0984 per share in to CSB Engage shares.

Schedule 4 **Independent Expert's Report**

See attachment.

17 March 2017

The Directors
Waratah Resources Limited
Suite 6, level 13
3 Spring Street
SYDNEY NSW 2000

Dear Sirs,

Independent Expert's Report to acquire CSB Engage

1. INTRODUCTION

Background

- 1.1 Waratah Resources Limited ("Waratah" or "the Company") is an Australian public listed company which is actively seeking new investment opportunities capable of bringing value to shareholders.
- 1.2 As announced to the market on 22 July 2016, Waratah has entered into an agreement to acquire 100% of the shares in CSB Engage Pte Ltd ("CSB"). CSB is a global customer engagement, mobile and cloud technology solutions provider based in Singapore, with offices in Australia and South Africa.
- 1.3 The consideration for the purchase of the CSB shares is to be satisfied by the issue of fully paid ordinary shares in Waratah.
- 1.4 The acquisition of CSB by Waratah and related resolutions detailed in section 2, is referred to in this report as the "Transaction".

Opinion

- 1.5 In our opinion, the Transaction is *fair and reasonable* to the Non-Associated Shareholders of Waratah.
- 1.6 The ultimate decision however on whether to accept the Transaction should be based on shareholders own assessment of their circumstances.

Purpose of Report

- 1.7 You have requested Hall Chadwick Corporate (NSW) Limited ("HCC") to prepare an Independent Expert's Report to advise the shareholders of Waratah other than those associated with the proposed issue of Waratah shares to CSB Shareholders ("Non-Associated Shareholders"), whether the proposed Transaction is fair and reasonable when considered in the context of the

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International Ltd, a
worldwide association of
separate and independent
accounting and consulting
firms

interests of Non-Associated Shareholders and to set out the reasons for our conclusions.

- 1.8 HCC understands and has agreed that this report will accompany the notice to convene a meeting of Waratah shareholders, to assist the Non-Associated Shareholders in their consideration of the Transaction.

2. OUTLINE OF THE PROPOSED TRANSACTION

2.1 The Transaction involves the following:

- a) The consolidation of the existing share capital of Waratah through the conversion of every 28 Shares into 1 Share;
- b) The acquisition of 100% of the issued shares in CSB through the issue of 112,451,788 fully paid (post-consolidation) ordinary shares in Waratah (“Consideration Shares”), comprising 101,836,051 shares to CSB Shareholders and 10,615,737 shares to Tulla and other parties in satisfaction of CSB’s obligation under Convertible Equity issued to Tulla and services rendered by employees and associated parties of CSB and Tulla;
- c) The Company raising at least \$5,000,000 and up to \$9,000,000 through the issue of a minimum of 25,000,000 shares (up to 45,000,000 shares) at \$0.20 per share to fund the costs of the relisting and ongoing operations of the Company (the “Capital Raising”);
- d) The issue of 297,619 ordinary shares and 4,963,817 options in Waratah to Promoters in connection with the Transaction;
- e) The issue of 2,921,485 ordinary shares and 115,000 options in Waratah to settle fees and amounts owing to directors, management and Mr. Benjamin Kirkpatrick (former employee) totalling \$584,297;
- f) The issue of Convertible Notes to Kempson Capital Pty Limited for a cash amount invested of \$100,000. The Notes are convertible into 500,000 ordinary shares with an attached 50,000 options to acquire shares in Waratah with an exercise price of \$0.26 per ordinary share;
- g) The issue of 325,000 ordinary shares and 32,500 options in Waratah to Sir Warwick Andrew for an agreed cash investment of \$65,000;
- h) The issue of 325,000 ordinary shares and 32,500 options in Waratah to Mr Neil Herbert for an agreed cash investment of \$65,000;
- i) The adoption of an Incentive Option Plan on the terms described in the Explanatory Memorandum. This may involve the issue to the Management Group of Options for up to 5,700,000 shares in the capital of the Company, subject to certain performance criteria being met as agreed between the parties as described in Schedule 3 of the Explanatory Memorandum. A further issue of up to 8,758,000 Options to acquire shares in the Company may be issued to employees under the Incentive Option Plan;
- j) The appointment of new directors to the Waratah Board;
- k) A change in the nature and scale of the Company’s activities from mining and resources to technology; and
- l) A change in the name of the Company to Mobecom Limited.

2.2 Completion of the Transaction is conditional on the Company's shareholders approving the Resolutions set out in the Notice of Meeting to which this report is annexed.

- 2.3 The following tables show the effect on the share capital of Waratah after the Transaction and Capital Raising:

Effect on Ordinary Shares	Shares
Ordinary shares currently on issue	<u>661,911,334</u>
Shares on issue Post Consolidation	23,639,691
Shares issued to acquire CSB	112,451,788
Shares to Promoters	297,619
Shares to Directors and Staff	2,921,485
Shares to Kempson Capital Pty Limited	500,000
Shares to Sir Warwick Andrew	325,000
Shares to Mr Neil Herbert	325,000
Capital Raising – Minimum	<u>25,000,000</u>
Ordinary shares on issue upon relisting	<u>165,460,583</u>
Options to Promoters, Directors and Staff	5,078,817
Options to Management Group	5,700,000
Options to Employees	<u>8,758,000</u>
Total potential shares on issue	<u>184,997,400</u>

- 2.4 The CSB Shareholders (including Tulla) already hold a 7.6% interest in the Company. When the Transaction (including the minimum Capital Raising) is approved and completed, the CSB Shareholders (including Tulla) will be entitled to a total relevant interest in Waratah of up to 69.35%, prior to any shares being issued as a result of the Options to management and employees. If the Options are issued, the relevant interest of the CSB Shareholders (including Tulla) would increase to up to 69.84%.
- 2.5 Including all shares on issue immediately following completion of the Transaction and Minimum Capital Raising, Waratah's existing Non-Associated shareholders interest will decrease from 92.4% to 13.2% prior to any existing shareholders participating in the Capital Raising.

STRUCTURE OF REPORT

Our report is set out under the following headings:

- 3 PURPOSE OF REPORT
- 4 OPINION
- 5 BASIS OF EVALUATION
- 6 OVERVIEW OF CSB
- 7 OVERVIEW OF WARATAH
- 8 VALUATION METHODOLOGIES
- 9 VALUE OF WARATAH PRIOR TO THE TRANSACTION
- 10 VALUE OF WARATAH AFTER THE TRANSACTION
- 11 ADVANTAGES AND DISADVANTAGES OF THE TRANSACTION
- 12 CONCLUSION AS TO FAIRNESS AND REASONABLENESS

APPENDICES

- I SOURCES OF INFORMATION
- II STATEMENT OF DECLARATION & QUALIFICATIONS
- III FINANCIAL SERVICES GUIDE

3 PURPOSE OF REPORT

- 3.1 The purpose of this report is to advise the Non-Associated Shareholders of Waratah of the fairness and reasonableness of the Transaction. This report provides an opinion on whether or not the terms and conditions in relation to the transaction are fair and reasonable to the Waratah shareholders whose votes are not to be disregarded in respect of the transaction (that is, the Non-Associated Shareholders).
- 3.2 The ultimate decision whether to accept the terms of the Transaction should be based on each shareholders' assessment of their own circumstances, including their risk profile, liquidity preference, tax position and expectations as to value and future market conditions. If in doubt about the Transaction or matters dealt with in this report, shareholders should seek independent professional advice.
- 3.3 For the Transaction to be fair, the value of the shares being acquired in CSB must be equal to or greater than the value of the consideration, being Waratah shares. To be reasonable the shareholders must obtain an overall benefit if the Transaction proceeds. In forming an opinion as to whether or not the Transaction is fair and reasonable, the following factors have been considered:
- the underlying value of Waratah shares before and after the Transaction;
 - the likely market price and liquidity of Waratah shares if the Transaction is not implemented;
 - the likelihood of an emergence of an alternative proposal that would realise better value for Waratah Shareholders.
- 3.4 This report has been prepared to satisfy the requirements of the Corporations Act 2001 (Cth) ("Corporations Act") and the ASX Listing Rules.
- 3.5 When the Transaction is approved and completed, CSB Shareholders will be entitled to a total relevant interest in Waratah of up to 69.35% prior to any shares being issued as a result of the exercise of Options. References to CSB Shareholders in this section include Tulla and its associated parties.
- 3.6 Section 606(1) of the Corporations Act states that a person must not acquire an interest in issued voting shares in a listed company if that person's or any other person's voting power increases to above 20%. Section 606(1) prohibits CSB Shareholders from acquiring the issued ordinary shares in Waratah under the Transaction, unless one of the exemptions set out in Section 611 of the Corporations Act applies.
- 3.7 Item 7 of Section 611 of the Corporations Act exempts an acquisition that is approved by a resolution of shareholders of Waratah passed at a general meeting as per Section 611. This is the exception which is being relied upon by the Waratah shareholders. At the general meeting of Waratah no votes will be allowed to be cast by those persons (or their associates) acquiring shares under the Transaction (that is the CSB Shareholders).
- 3.8 Australian Securities and Investments Commission ("ASIC") Regulatory Guide 111 "Content of Experts Reports" requires, amongst other things, that directors of a company need to provide shareholders with an analysis of whether a proposed transaction is fair and reasonable, when considered in the context of the interests of the non-associated

shareholders. Regulatory Guide 111 recommends that this analysis should include an independent expert's report. The independent expert is required to state whether, in their opinion, the proposal is fair and reasonable having regard to the interests of non-associated shareholders and state the reasons for forming that opinion. This report provides such an opinion.

- 3.9 The Transaction constitutes a significant change in the nature and scale of the Company's activities. ASX Listing Rule 11.1 sets out the requirements an entity must adhere to when undergoing a change to the nature or scale of their activities. The entity must provide the ASX with information regarding the change and its effect on future potential earnings and must ensure approval is obtained from the shareholders to effect the change of activities. The proposed Transaction, if successful, will result in the Company changing the nature and scale of its business. ASX Listing Rule 11.1.2 requires the Company to seek Shareholder approval where it proposes to make a significant change. ASX Listing Rule 11 does not specifically require the notice to include or be accompanied by a copy of an independent expert's report commenting on the issue.

4. OPINION

4.1 In our opinion, the proposed Transaction to acquire 100% of CSB through the issue of Waratah Consideration Shares and Options is *fair and reasonable* to the Non-Associated Shareholders of Waratah.

4.2 Our opinion is based solely on information available as at the date of this report.

4.3 The principal factors that we have considered in forming our opinion are summarised below.

Fair

4.4 In order to assess whether the Transaction is fair, we need to compare the pre-transaction value on a control basis with the post-transaction values on a minority basis, as the existing Non-Associated Shareholders of Waratah will lose control of the Company to the Shareholders of CSB after the Transaction.

4.4.1 Based on the analysis contained in section 9 of this report, the value of the Waratah shares prior to the Transaction is **\$0.0082** per share on a post-consolidation, controlling interest basis.

4.4.2 Based on the analysis contained in section 10 of this report, the value of the Waratah shares after the Transaction is **\$0.0130** per share on a post-consolidation, minority interest basis.

4.4.3 Therefore as the value of Waratah shares on a minority basis post-transaction is greater than the value of Waratah shares on a control basis pre-transaction, in our opinion the Transaction is **fair**.

Reasonable

4.5 ASIC Regulatory Guide 111 states that a transaction is reasonable if:

- The Transaction is fair; or
- Despite not being fair the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the close of the offer.

4.5.1 We have concluded that the Transaction is reasonable. In forming our opinion we have considered the following relevant factors.

- The continuing viability of the Company as a going concern depends on identifying suitable opportunities that will sustain a viable business. The Transaction presents a significant investment opportunity and, as such, will allow the Company to continue as a going concern.
- Given the Company's limited capital and lack of income producing assets it will have difficulty in creating significant long-term value for shareholders in its current state. The Directors of Waratah have determined that the CSB business has the potential to increase Waratah shareholder value and provide the Company with a future business direction.

- The Transaction may provide an opportunity for Waratah shareholders to experience growth in the value of shares and significantly boost Waratah's market capitalisation given the potential of the CSB business. The Company will be acquiring a business which has the potential to increase shareholder value, increase liquidity of the Waratah shares and provide the Company with a viable future business.
- The Company considers that the board and management team of Waratah following completion of the Transaction has the experience and skills required to successfully expand the Company.
- The Capital Raising is a condition of the Transaction and will provide working capital to facilitate the continued growth and development of the CSB business.
- The Waratah Board are of the opinion that the Transaction is in the best interests of the Company's Shareholders and in the absence of a superior alternative proposal is a strategic opportunity for the Company.
- We are unaware of any alternative proposal at the date of this report that would realise better value for Waratah shareholders.

4.6 *Accordingly, in our opinion, the Transaction is **fair and reasonable** to the Non-Associated Shareholders of Waratah.*

5 BASIS OF EVALUATION

- 5.1 In our assessment of whether the Transaction is fair and reasonable to Waratah Non-Associated Shareholders, we have given due consideration to the Regulatory Guides issued by the ASIC, in particular, Regulatory Guide 74 “Transactions Agreed to by Shareholders”, Regulatory Guide 111 “Content of Experts Reports” and Regulatory Guide 112 “Independence of Experts Reports”.
- 5.2 ASIC Regulatory Guide 74 requires, amongst other things, that shareholders are provided with sufficient information to make an effective, informed decision on whether the proposed Transaction is fair and reasonable. Under Regulatory Guide 111, a transaction is “fair” if the value of the asset being acquired (in this case the equity in CSB) is equal to or greater than the value of the consideration being offered (in this case, Waratah Consideration Shares and Options). Additionally, under Regulatory Guide 111 an offer is “reasonable” if it is fair. It is possible for an offer to be reasonable despite being unfair. This would be after the expert considers that, based on non-financial factors, the shareholders should still approve the Transaction in the absence of any alternative proposals.
- 5.3 Our report has compared the likely advantages and disadvantages to Non-Associated shareholders if the Transaction is agreed to, with the advantages and disadvantages to those shareholders if it is not. Comparing the value of the shares to be acquired under the Transaction and the value of the consideration to be paid is only one element of this assessment.
- 5.4 We have considered whether any shareholder will obtain a level of control in Waratah as a result of the proposed Transaction. In the event that a change in control arises from the proposed transaction, proportionately greater benefits to Non-Associated shareholders must be demonstrated. In this case CSB Shareholders will obtain control of Waratah and this issue needs to be considered in comparing the value received by Non-Associated Shareholders in comparison to the value being paid.
- 5.5 Normal valuation practice is to determine the fair market value of an asset assuming a counter party transaction between a willing and not anxious buyer and a willing but not anxious seller, clearly at arm’s length. We have adopted this approach in determining the market value of the equity of CSB and Waratah.
- 5.6 In evaluating the Transaction, we have considered the value of CSB being acquired and compared this to the amount of consideration to be paid through the issue of Waratah shares for this acquisition. We consider that the Transaction will be reasonable if, on balance, the Non-Associated Shareholders in Waratah will be better off if the Transaction is approved. We will also consider the Non-Associated Shareholder’s interests should the Transaction not proceed.
- 5.7 In our assessment of the Transaction we have considered, in particular the following:
- The operational and financial position of CSB and Waratah;
 - The value of CSB shares, under various methodologies;
 - The value of Waratah shares, under various methodologies;

- Any control premium associated with the Transaction;
 - The advantages and disadvantages associated with approving the Transaction;
 - Share trading history of Waratah shares;
 - The likely value and liquidity of Waratah shares in the absence of the acquisition;
 - Other qualitative and strategic issues associated with the Transaction.
- 5.8 The documents and information relied on for the purposes of these valuations are set out in Appendix I. We have considered and relied upon this information and believe that the information provided is reliable, complete and not misleading and we have no reason to believe that material facts have been withheld. The information provided was evaluated through analysis, enquiry and review for the purpose of forming an opinion as to whether the Transaction is fair and reasonable. However, in assignments such as this, time is limited and we do not warrant that our enquiries have identified or verified all of the matters which an audit or more extensive examination might disclose. None of these additional tasks have been undertaken.
- 5.9 We understand the accounting and other financial information that was provided to us has been prepared in accordance with international financial reporting standards.
- 5.10 An important part of the information used in forming an opinion of the kind expressed in this report is the opinions and judgement of management. This type of information has also been evaluated through analysis, enquiry and review to the extent practical. However, it must be recognised that such information is not always capable of external verification or validation.
- 5.11 HCC are not the auditors of Waratah or CSB. We have analysed and reviewed information provided by the Directors and management of Waratah and made further enquiries where appropriate.
- 5.12 This report has been prepared after taking into consideration the current economic and market climate. We take no responsibility for events occurring after the date of this report which may impact upon this report or which may impact upon the assumptions referred to in this report.

6 OVERVIEW OF CSB

6.1 Company Overview

- 6.1.1 CSB was incorporated in 2011, formerly known as Endless Rewards Group Pte Ltd. CSB is a global customer engagement, mobile and cloud technology solutions provider based in Singapore. CSB also has offices in Australia and South Africa.
- 6.1.2 With the growth of social media, consumers' attitudes and expectations have evolved much faster than most businesses' ability to offer and build positive experiences. Customers want more personalized and relevant content and information that delivers greater perceived value at every engagement touch point. The CSB platform provides a dynamic solution to this market need. Its technology solutions enable companies to better understand their customers through the accumulation and processing of real time purchase data, overlaid with detailed historical and behavioural data.
- 6.1.3 CSB has developed a rewards and real-time customer relationship management platform that aims to create positive one-on-one experiences with their clients' customers. CSB's multi-channel engagement solutions provides retailers and brands with the ability to reward valued customers for both their transactional support and for their advocacy in the places they like to play.
- 6.1.4 The key attraction of CSB's mobile digital engagement strategy is the capability it delivers in serving real-time digital loyalty coupons to consumers, which are relevant and targeted, by virtue of the customers' geo-location to the offer. CSB's vision is to be the world's leading software developer of customer engagement and loyalty solutions.
- 6.1.5 CSB has recently secured a number of strategic global partnerships enabling the company to further expand its technology footprint globally, including a recent launch of its technology in the UAE and Switzerland, with short-term plans to expand into three South-East Asian countries.

6.2 CSB Products and Services

- 6.2.1 The CSB product offering has evolved from a traditional, pure swipe card loyalty platform to a fully integrated multi-disciplinary customer engagement platform. This platform comprises a number of product modules that can be used by a retailer as part of an integrated platform or as an individual module depending on specific requirements. Management have provided the following summary of the CSB range of products.
- 6.2.2 Retail Loyalty - *Clique* is CSB's real-time rewards and treasury management engine that delivers a CRM engagement solution in retail and online. It allows brands, retailers, online retailers and businesses to engage with their customers and collate data from multiple channels - in-store, social, mobile or online – into one customer account. This provides the retailer with a 360 degree view of the customer's engagement with the brand.
- 6.2.3 Social rewards - *SIG* (Social Intelligence Gatherer) is a social media customer engagement solution for retailers, businesses and brands that want to engage with their customers via a range of social media platforms, and to reward them for their social

advocacy. SIG helps CSB clients grow their databases by providing a means to convert fans into bona-fide members, and members into fans. SIG is currently integrated into Facebook and Instagram with Twitter to follow soon.

- 6.2.4 Data Analytics and Reporting - *Trace* provides an Omni-channel database solution that enables CSB to track, capture, store and aggregate all customer details 24/7, including their demographic, transactional and social engagement data across multiple engagement touch-points into one single source of customer information. Trace includes a Campaign Management tool providing retailers and brand owners with the ability to create, manage and send communications directly to their customers and members. Trace also has a dynamic voucher module that enables trigger-based targeted offers to be sent to customers based on pre-defined segmentation and business rules.
- 6.2.5 Mobile Engagement - *Muulla* is a white label, modular, mobile customer engagement solution. Muulla is loyalty platform agnostic and can integrate with third party suppliers if required – e.g. if a client has an existing loyalty solution, Muulla can integrate with that loyalty solution. Muulla delivers functional capabilities including location-based push adverts, vouchers, loyalty, ordering, payment, data beacons, and analytics and reporting. It is suitable for a wide range of business including: Retailers, Shopping malls, Retail banks, Mobile network operators, Brands & payment processors. CSB has recently launched their own app AirBux as part of their D2C business strategy.
- 6.2.6 Health & Wellness - *LifeIQ* is a social, health and wellbeing lifestyle engagement platform that enables members to access a host of information and health tips to improve their health and wellbeing. This helps them make informed and knowledgeable health decisions, and then recognizes and rewards them. CSB will earn advertising revenue from an engaged, active subscriber base, driven by relevant and customized health and wellness content. CSB is engaged with Mobile Embrace (MBE) to provide the platform and content behind their Fiitr LifeIQ app. The app is available via carrier-billing and users pay a weekly subscription fee, for which CSB shares in a portion. In addition to the Fiitr app, CSB will be launching their own LifeIQ app as part of their D2C business in order to reach customers directly. Revenue is earned from lead generation and advertising as well as the development of a large subscription based database of engaged users and the tracking of their health and behavioural data.

6.3 Current and Future Business Operations

- 6.3.1 CSB provides a diverse range of cloud based digital engagement technology solutions to global brands in the online, social, retail, travel and health & wellness sectors.
- 6.3.2 Up until 2013 CSB revenue was solely generated from the supply of Business to Business (B2B) solutions focused on achieving incremental and measurable revenue growth and profits for their clients. CSB's customer engagement products can be implemented as independent product modules or as fully integrated end-to-end solutions for Retailers, Restaurants, Brand Owners, Media Owners, Insurers and Quick Service Restaurants. The CSB platform evolved from the loyalty program to a fully integrated digital customer engagement platform delivered via multiple channels, including:
- In-store Retail
 - E-Commerce
 - Mobile

- Social Media

- 6.3.3 From 2014, CSB created a new revenue stream with a hybrid Business to Customer (B2C) strategy enabling the ability to earn additional success-based marginal revenue. CSB is now well-positioned to deliver its own Direct to Customer (D2C) strategy where it will a) directly own the customer relationship and b) benefit directly from their engagement with businesses that utilize its D2C mobile technology to access the end user.
- 6.3.4 CSB intends to grow its revenue by moving from its dependence on traditional B2B relationships to a D2C strategy. This exploits the high growth prospects available through mobile applications that enable communications and transactions directly with the consumer. This strategy will allow CSB to disrupt the retail and health and wellness industry sectors where its products have a competitive advantage.
- 6.3.5 CSB's existing business model comprises three major revenue streams including:
- A one-off program and technology license fee including set-up and customisation
 - Annuity/recurring fees for CRM management, membership and loyalty services
 - Growing revenue from voucher redemption, subscriptions and ad-hoc service fees.
- 6.3.6 While these B2B corporate service relationships have established a solid recurring earnings base to date, CSB will now focus on its D2C strategy by leveraging and implementing its Social, Mobile, Analytics and Cloud based technology (SMAC) as a Software as a Service (SaaS) business model, to significantly boost future revenue.
- 6.3.7 Besides a flat rate monthly fee that merchants would pay to access the SaaS solution, the benefit to CSB of the SaaS model is the potential for additional on-going commission-based revenue streams from merchants using CSB's technology. CSB earns a monthly technology license fee plus up to a 20% success-based revenue from revenues these clients generate from using the CSB technology in the SaaS environment.
- 6.3.8 With the D2C strategy, CSB aims to create a new market place with a unique point of difference that introduces a new third tier currency called "AirBux" through the consolidation of existing second tier currencies that may include, amongst others, PayPal, Cash, Visa, Debit, Loyalty Points, Airline Points and existing CSB client points.
- 6.3.9 AirBux represents an opportunity for CSB to service SME retail merchants with a cost effective, open-loop Smartphone customer engagement solution that includes loyalty and is integrated at point of sale. CSB's mobile customer engagement platform, 'Muulla' will power this branded SaaS product and will provide a creative content-management application that delivers geo-location advertising capability for SME's. AirBux will be available for download as a mobile application for iPhone and Android devices. AirBux will thus provide retailers with a new inventive, relevant, cost-effective, location-based channel to communicate directly with their customers. Each participating merchant pays a monthly membership fee, with additional upside in revenue from transactional contingent fees. Add on services such as ordering and brand-specific rewards provide potential future revenue.
- 6.3.10 Other revenue streams will include:
- In-App purchases

- Display Advertising
- Voucher Redemption
- Aggregated interpreted data
- Affiliate marketing commissions

6.3.11 CSB intends to drive revenue growth by increasing its strategic partner program and investing in marketing and a strong sales team. The funds raised from the Capital Raising conditional to the Transaction will be used by CSB to:

- Fast track its technology upgrade into a Software as a Service (SaaS) model whilst leveraging its CRM know-how to drive its D2C strategy
- Hire additional key business development and support staff to drive this D2C strategy more quickly
- Invest in marketing and promotional collateral and attend trade shows to promote its product suite in existing and new markets
- Increase working capital and cash reserves.
- Consolidate relationships with blue chip customers and global strategic partners
- Expand operations and traction in existing territories - Australia, Asia and Africa
- Actively seek new strategic partnerships in existing and new territories
- Enter the US and European markets at the appropriate time

6.4 Historical Financial Information

6.4.1 The following companies comprise the consolidated group of CSB:

CSB Engage Pte Ltd (parent entity)	CSB Engage Asia Pte Ltd
Endless Rewards Pty Ltd#	CSB Engage (SA) Pty Ltd
CSB Engage (Aus) Pty Ltd	LifeIQ Pte Ltd
Onit Media Pte Ltd	LifeIQ Pty Ltd

name has been changed to Mobecom Pty Ltd to secure the name

6.4.2 Set out below is a summary of the consolidated financial performance of CSB for the financial years ended 30 June 2014 (“2014”), 30 June 2015 (“2015”) and 30 June 2016 (“2016”). The statements below are shown in Singapore dollars, being the reporting currency of CSB. The exchange rate as at 30 June 2016 was AU\$1:SG\$1.0027.

Consolidated Statements of Financial Performance			
SG\$	FY2014	FY2015	FY2016
Revenue	1,741,682	1,638,504	1,940,895
Cost of sales	(630,861)	(384,567)	(264,074)
Gross profit	1,110,821	1,253,937	1,676,821
Other income	322,678	595,212	426,123
Selling and distribution expenses	(151,289)	(200,336)	(111,173)
Administrative expenses	(3,172,868)	(2,803,810)	(3,359,071)
Finance costs	(47,850)	(150,486)	(218,336)
Operating loss before tax	(1,938,508)	(1,305,483)	(1,585,637)
Income tax benefit	107,425	141,139	(5,507)
Non-recurring expenses	-	-	(243,105)
Foreign currency translation differences	133,462	16,787	10,664
Total comprehensive income	(1,697,621)	(1,147,557)	(1,823,585)

6.4.3 Detailed below is the consolidated balance sheet of CSB as at 30 June 2016 which has been audited. The statement below is shown in Singapore dollars, being the reporting currency of CSB. There is no material exchange difference between the Australian and Singapore dollar as at 30 June 2016.

Consolidated Balance Sheet as at 30 June 2016	
	SG\$
<u>CURRENT ASSETS</u>	
Cash assets	355,345
Trade and other receivables	577,275
Loans – unsecured	64,922
	<u>997,542</u>
<u>NON-CURRENT ASSETS</u>	
Property, plant and equipment	12,667
Prepayments and Deposits	33,565
Intangible assets	351,222
	<u>397,454</u>
TOTAL ASSETS	<u>1,394,996</u>
<u>CURRENT LIABILITIES</u>	
Trade and other payables	1,210,643
Borrowings	1,232,333
Loans – unsecured	1,435,587
	<u>3,878,563</u>
TOTAL LIABILITIES	<u>3,878,563</u>
NET ASSETS	<u>(2,483,567)</u>
<u>EQUITY</u>	
Share capital	2,832,599
Foreign currency translation reserve	160,913
Retained profits	(5,769,420)
Outside equity interest	292,341
TOTAL EQUITY	<u>SG\$(2,483,567)</u>
TOTAL EQUITY	<u>AU\$(2,476,879)</u>

6.4.4 Subsequent to 30 June 2016, the following material transactions have occurred in CSB:

- a) CSB, through LifeIQ Pty Ltd, acquired the business of Seventeenthundred from Expect Australia Pty Ltd effective from 1 July 2016, for the following consideration:
 - \$300,000 payable on the execution date of 2 September 2016
 - \$300,000 payable 30 days after 30 June 2017 (or finalisation of management accounts) should revenue of Seventeen Hundred exceed \$1.2m for the 12 months ending 30 June 2017.
- b) CSB Engage Pte Ltd acquired the balance of the equity in LifeIQ Pte Ltd, being the 48.05% it did not already hold. Consideration for this transaction was 23,061,706 shares in CSB.
- c) CSB raised working capital from Tulla in the form of Convertible Notes to fund the acquisition of Seventeen Hundred and working capital requirements totalling \$1,100,000 (\$700,000 in July 2016 and \$400,000 in December 2016). Given these are effectively equity instruments to be exchanged for Waratah shares as part of the Transaction, the proceeds would increase the net asset position of CSB by \$1,100,000.

7 OVERVIEW OF WARATAH

7.1 Corporate Overview

- 7.1.1 Waratah was officially listed on the ASX on 17 July 2008.
- 7.1.2 The Company holds exploration assets in Gabon, including the Mekambo-Est Iron Ore Project, the Tchibanga Licence, the Waka Licence and Makokou Licence.
- 7.1.3 The Mekambo-Est Iron Ore Project is located within Gabon within a five kilometre zone of its border with the Republic of Congo. Mekambo-Est licence was granted in December 2011 for an initial 3-year period with an option to extend for a further 6 years. The Company has been actively pursuing the renewal of this licence and lodged its formal renewal application on 15 January 2016. The Company awaits confirmation of the issuance of the Mekambo-Est licence, however it is uncertain whether this licences will be renewed.
- 7.1.4 The Tchibanga, Waka and Makokou licences have recently expired and due to in-country political uncertainty it is uncertain whether these licences will be renewed.

7.2 Financial Information

- 7.2.1 Set out below is the Audited Consolidated Profit and Loss Statements of Waratah for the financial years ended 30 June 2014 (“FY2014”), 30 June 2015 (“FY2015”) and 30 June 2016 (“FY2016”).

WARATAH RESOURCES LIMITED			
CONSOLIDATED PROFIT AND LOSS STATEMENT			
	FY2014	FY2015	FY2016
	Audited	Audited	Audited
Revenue	30,373	424,135	1,993
Cost of sales	-	(325,112)	-
Administration and other costs	(267,848)	(340,493)	(202,521)
Compliance costs	(114,435)	(106,910)	(98,843)
Consultancy expenses	(253,331)	(215,490)	(612,558)
Depreciation	(553)	-	(477)
Employee benefits, management fees and on costs	(201,170)	(363,443)	(392,524)
Exploration and evaluation costs	(782,506)	(518,136)	(377,690)
Freight expenses	(9,003)	-	-
Interest paid	-	(57,015)	(1,065)
Bad debts expense	-	(1,320,698)	-
Plant and equipment adjustment	270,533	(100,000)	(120,533)
Settlement costs	-	(400,000)	-
Loss before income tax	(1,327,940)	(3,323,162)	(1,804,218)
Income tax benefit	497,410	1,478,287	-
Loss after income tax	(830,530)	(1,844,875)	(1,804,218)

7.2.2 Set out below is the Audited Consolidated Balance Sheet of Waratah as at 30 June 2016.

WARATAH RESOURCES LIMITED	
CONSOLIDATED BALANCE SHEET	
	30 June 2016
	Audited
<u>CURRENT ASSETS</u>	
Cash and cash equivalents	145,380
Trade and other receivables	109,167
Other assets	11,722
Assets held for re-sale	50,000
	316,269
<u>NON-CURRENT ASSETS</u>	
Plant and equipment	1,907
Exploration and evaluation expenditure	385,112
	387,019
TOTAL ASSETS	703,288
<u>CURRENT LIABILITIES</u>	
Trade and other payables	723,706
	723,706
TOTAL LIABILITIES	723,706
NET ASSETS	(20,418)
<u>EQUITY</u>	
Issued capital	24,056,428
Reserves	(47,840)
Accumulated losses	(24,029,006)
TOTAL EQUITY	(20,418)

7.2.3 The Auditors Report for FY2016 included a qualification relating to the carrying value of the Company's exploration and evaluation assets as the asset represents the cost of its Mekambo-Est iron licence which expired in December 2014 and for which the renewal process is still unresolved. The Auditors Report also contained an emphasis of matter regarding the going concern of the Company due to the losses incurred and its deficiency in net assets.

7.3 Public Announcements

7.3.1 Set out below are the announcements made by the Company in the last six months:

<u>Date</u>	<u>Headline</u>	<u>Pages</u>
25/11/2016	Results of Meeting	2
21/11/2016	Company Update	2
26/10/2016	Quarterly Activities and Cashflow Report	7
26/10/2016	Change of Director's Interest Notice	2
26/10/2016	Change of Director's Interest Notice	3
26/10/2016	Appendix 3B	12
25/10/2016	Notice of Annual General Meeting/Proxy Form	10
03/10/2016	Appendix 4G	11
03/10/2016	Annual Report to shareholders	68
28/09/2016	Results of Meeting	2
26/08/2016	Notice of General Meeting/Proxy Form	14
25/08/2016	Private Placement and Appendix 3B	14
19/08/2016	Private Placement	2
29/07/2016	Quarterly Activities and Cashflow Report	7
25/07/2016	Company Update	5
29/06/2016	Change of Company Address	1
08/06/2016	Company Update	1
30/05/2016	Response to ASX Query	12
26/05/2016	Resignation of Director	3
12/05/2016	Request for Suspension	1
11/05/2016	Suspension from Official Quotation	1
11/05/2016	Term Sheet with CSB Engage	2

8 VALUATION METHODOLOGIES

8.1 Selection of Methodology

8.1.1 In order to assess the fairness of the Transaction a value needs to be attributed to Waratah shares before and after the Transaction.

8.1.2 In assessing the value of Waratah and CSB we have considered a range of valuation methods. ASIC Regulatory Guide 111 *Content of Expert Reports* states that in valuing a company the expert should consider the following commonly used valuation methodologies:

- Net Asset Value: the amount that would be available for distribution to security holders on an orderly realisation of assets;
- Market Value of Shares: the quoted price for listed securities in a liquid and active market;
- Capitalisation of Future Maintainable Earnings: the value of trading operations based on the capitalisation of future maintainable earnings;
- Discounted Cash Flow: the net present value of future cash flows;
- Comparable Market Transactions: the identification of comparable sale transactions.

We consider each of these valuation methodologies below.

8.1.3 *Net Asset Value*

The asset approach to value is based on the assumption that the value of all assets (tangible and intangible) less the value of all liabilities should equal the value of the entity.

This approach is generally not appropriate where assets are employed productively and are earning more than the cost of capital.

However, as Waratah and CSB do not have a history of profit, an earnings or discounted cash flow approach is not appropriate. We have therefore chosen the net asset value approach to attribute a value to Waratah shares before and after the Transaction. Given the fact that CSB has traded at a loss in prior years it is difficult to have reasonable grounds to attribute a value to the CSB business or its intellectual property. For this reason we have used the book value of the net assets of CSB as the most reasonable basis for its value being acquired by Waratah.

8.1.4 *Market Value of Shares as Quoted on the ASX*

This method involves the valuation of an entity based on its actively traded equities, which represent the market capitalisation of the share capital of the entity, in a liquid and knowledgeable market.

Any assessment of the market value of the quoted equities needs to consider the following:

- The liquidity of the quoted equity based on the volume and frequency of trading;
- The number of ‘unusual’ and/or ‘abnormal’ trades that occur; and

- The timing and level of dissemination of information to the market.

If a quoted ordinary equity is traded in an active, liquid and knowledgeable market, then the market price of the quoted ordinary equity should represent the ‘fair’ market value of the quoted ordinary equity.

Waratah shares have been publicly listed however they have been suspended from trading since 11 May 2016. Given that the Waratah shares have not traded since 1 May 2016, the share price at that time would not reflect publicly available information released since that time and therefore is not a reasonable representation of the current fair market value of Waratah.

8.1.5 *Capitalisation of Future Maintainable Earnings*

Under the earnings based valuation method, the value of the asset is determined by capitalising the estimated future maintainable earnings of the asset at an appropriate capitalisation rate or multiplier of earnings. The multiple is a coefficient, representing the risk that the asset may not achieve projected earnings.

This method is appropriate in valuing an asset when there is a history of earnings, the asset is established and it is assumed the earnings are sufficiently stable to be indicative of ongoing earnings potential.

This method is not considered appropriate for this report given the history of trading losses in both Waratah and CSB.

8.1.6 *Discounted Cash Flow – Net Present Value*

Discounted cash flow valuations involve calculating the value of an asset on the basis of the net cash flow that will be generated from the asset over its life. The cash flows are discounted to reflect the time value of money and the risk involved with achieving the projected cash flows. A terminal value at the end of the explicit projected period is then determined and that value is also discounted back to the valuation date to give an overall value of the asset.

Although the discounted cash flow approach relies on the availability of long-term earnings and cash flow projections, it is particularly suited to situations where cash flows are not stable or where significant cash outflows will be incurred prior to cash inflows being earned.

The use of the discounted cash flow method has not been used as Waratah currently has no profitable business activity and there is not a reasonable basis for determining forecast assumptions regarding the growth of the CSB business.

8.1.7 *Comparable Market Transactions*

This methodology involves the identification of comparable sale transactions and trading multiples for a similar business or asset to that being valued. Given the lack of profitability in both companies, a market based approach has not been considered appropriate.

8.2 Premium for Control

- 8.2.1 When considering transactions involving a substantial equity holding of a company, it is appropriate to address whether a premium for control should attach to the Transaction. A premium for control is the difference between the price for each share that a buyer would be prepared to pay to obtain a controlling interest in a company and the price per share that would be required to purchase a share that does not carry with it a controlling interest. In most cases, the value of a controlling interest in the shares in a company significantly exceeds the listed market value of the shares. This reflects the fact that:
- a) the owner of a controlling interest in the shares in a company obtains access to all free cash flows of the company being acquired, which it would otherwise be unable to do as a minority shareholder;
 - b) the controlling shareholder can direct the disposal of surplus assets and the redeployment of the proceeds;
 - c) the controlling shareholder can control the appointment of directors, management policy and the strategic direction of the company;
 - d) the entity taking over the company is often able to increase the value of the entity being acquired through synergies and/or rationalisation savings.
- 8.2.2 Empirical evidence indicates that the average premium for control (over and above the market price of the company's shares) in successful takeovers in Australia generally range between 20% and 35% above the listed market price of the company's shares three months prior to the announcement of the bid (assuming no speculation of the takeover is reflected in the pre-bid price). However, the appropriate premium for control depends on the specific circumstances and, in particular, the level of synergy benefits able to be extracted by potential acquirers and the degree of confidence about the level and achievability of potential synergies and their timing.
- 8.2.3 Caution must be exercised in assessing the value of a company or business based on the market rating of comparable companies or businesses. The premium for control is an outcome of the valuation process, not a determinant of value. Premiums are paid for reasons that vary from case to case and may be substantial due to synergy or other benefits available to the acquirer. In other situations premiums may be minimal or even zero. It is inappropriate to apply a premium of 20-35% without having regard to the circumstances of each case. In some situations there is no premium. There are transactions where no corporate buyer is prepared to pay a price in excess of the prices paid by institutional investors through a capital raising.
- 8.2.4 A shareholder or group of associated shareholders are deemed to influence a company when they have control of more than 20% of the issued shares in a company. At this time a premium for control should normally be considered.
- 8.2.5 A premium for control is relevant to the Transaction, as it will result in CSB Shareholders holding a relevant voting interest in Waratah of up to 69.35% (prior to any shares being issued as a result of the exercise of Options) as well as the following:
- a) CSB Shareholders will obtain full control of Waratah and Shareholders may have no future opportunity to obtain a premium from the sale of their Shares;
 - b) CSB Shareholders will obtain control over decision making regarding the acquisition

and disposal of assets and the redeployment of the proceeds, control over the appointment of directors, management policy and the strategic direction of Waratah.

8.2.6 We have included a premium for control in valuing the Company's listing when applying the net assets method, as a proxy for the value of a public listed company.

8.3 Minority Interest Discount

8.3.1 The value of a minority shareholding is subject to a discount factor as the minority shareholder is not in a position to direct, and often not in a position to influence, the distribution of dividends, the investment of retained profits or the strategy and tactics of the company's operations.

8.3.2 Waratah's existing Non-Associated shareholders interest will decrease to 13.2%, assuming no existing shareholders participate in the Capital Raising. We have discounted the post-Transaction value per share on a control basis by 5% to arrive at a post-Transaction value on a minority basis. Given a minority discount is calculated as the inverse of the control premium, this equates to a control premium of approximately 5.26%. We believe this control premium and minority discount is reasonable after considering the following factors:

- a) Waratah has a history of trading losses and no current income generating assets;
- b) Waratah will have no profitable business activity immediately prior to completion of the Transaction. There are no profitable operations in which CSB is obtaining control over and Non-Associated shareholders losing control of;
- c) CSB shareholders will not gain any synergy benefits from obtaining control of Waratah;
- d) There is a lack of surplus assets currently held by Waratah that Non-Associated shareholders are losing control of to CSB;
- e) The assessment of advantages and disadvantages associated with Waratah entering into the Transaction detailed at section 11.

9 VALUE OF WARATAH PRIOR TO THE TRANSACTION

9.1 The value of Waratah's shares based on its net asset position is shown in the table below:

	Notes	\$
Net Assets 30/6/2016	1	(20,418)
Less exploration and evaluation assets	2	(385,112)
Post balance date placement	3	672,000
Post balance date cash burn	4	(572,000)
Current estimated net asset position		(305,530)
Premium for control	5	500,000
Value on control basis		194,470
Number of shares on issue		661,911,334
Value per share		\$0.0003
Value per share – post consolidation (1:28)		\$0.0082

Notes

1. Audited net asset position of Waratah as at 30 June 2016, detailed at section 7.2.
2. Removal of the carrying value of the Company's exploration and evaluation assets as they represent the cost of its licences which have expired and for which the renewal process is still unresolved.
3. Waratah have undertaken the following share issues after 30 June 2016:

Date issued	Shares issued	Issue Price	Funds raised
19/08/2016	81,142,857	\$ 0.0070	568,000
25/10/2016	14,857,142	\$ 0.0070	104,000

We note that at 30 June 2016 \$82,000 of the above funds raised was held in a share application trust account and noted in the activities report for the quarter ended 30 June 2016 as cash received. It was included in payables as at 30 June 2016 therefore the movement of this amount to issued capital still in August 2016 has the same effect of increasing net assets.

4. Management's estimated cash burn from 1 July 2016 to the completion of the Transaction.
5. The value of a listed company varies depending on the subsequent regulatory requirements, including necessary compliance with ASX listing requirements. The ASX Listing Rules will require Waratah to reapply for listing following completion of the Transaction, which will require Waratah to meet ASX listing requirements. Considering the current situation of the Company, the absence of other offers available, the relisting requirements should the Transaction proceed, and our experience concerning the values placed on listed shells, we have allocated a value for the listed company shell of \$500,000, also representing a premium for control.

9.2 Therefore based on the above we have valued Waratah shares at **\$0.0082** per share on a post-consolidation controlling interest basis.

10 VALUE OF WARATAH AFTER THE TRANSACTION

10.1 The value of Waratah's shares based on its net asset position is shown in the table below:

	Notes	\$
Net Assets of Waratah	1	(305,530)
Net Assets of CSB being acquired	2	(2,276,879)
Pre-IPO share issues	3	230,000
Minimum Capital Raise		5,000,000
Estimated Costs of Minimum Capital Raise		(380,000)
Net asset value		2,267,591
Number of shares on issue – post Transaction		165,460,583
Value per share		\$0.0137
Minority discount		5%
Value per share – post Transaction, minority basis		\$0.0130

Notes

1. Net asset position of Waratah detailed at section 9.
2. Net assets of CSB being acquired, comprising:
Net assets at 30 June 2016 of *negative* \$2,476,879 (as detailed at section 6.4.3)
Capital raisings totalling \$1,100,000 after 30 June 2016
Cash payment for the acquisition of Seventeen Hundred of \$300,000 (as detailed at section 6.4.4)
Management's estimated cash burn from 1 July 2016 to the completion of the Transaction of \$600,000.
3. Pre-IPO funds received from Kempson Capital, Sir Warwick Andrew and Mr Neil Herbert as detailed at section 2.1.

10.2 Therefore based on the above we have valued Waratah shares at **\$0.0130** per share on a post-transaction, minority interest basis.

10.3 Options for up to 5,700,000 shares in the capital of Waratah may be issued pursuant to the Transaction. Certain performance criteria must be satisfied before the Options may be exercised, as described in Schedule 3 of the Explanatory Memorandum.

10.4 Due to the uncertainty of achieving the performance criteria associated with the exercise of the Options, we have not incorporated the effect of the Options in our valuation. However, should any of the performance criteria be met it would be expected that there would be an uplift in the value of the group and the Waratah shares post-Transaction.

11 ADVANTAGES & DISADVANTAGES OF THE TRANSACTION

11.1 Approach to assessing Fairness and Reasonableness

HCC has followed the guidelines of ASIC Regulatory Guide 111 in assessing the fairness and reasonableness of the Transaction. In forming its conclusions in this report, HCC compared the advantages and disadvantages for Non-Associated Shareholders if the Transaction proceeds.

11.2 Advantages of the Transaction

- 11.2.1 The continuing viability of the Company as a going concern depends on identifying suitable opportunities that will sustain a viable business. The Transaction presents a significant investment opportunity and, as such, will allow the Company to diversify its business interests and continue as a going concern.
- 11.2.2 Given the Company's limited capital and lack of income producing assets it will have difficulty in creating significant long-term value for shareholders in its current state. The Directors of Waratah have determined that the CSB business has the potential to increase Waratah shareholder value and provide the Company with a future business direction.
- 11.2.3 The Transaction may provide an opportunity for Waratah shareholders to experience growth in the value of shares and significantly boost Waratah's market capitalisation given the potential of the CSB business. The Company will be acquiring a business which has the potential to increase shareholder value, increase liquidity of the Waratah shares and provide the Company with a viable future business.
- 11.2.4 The Company considers that the board and management team of Waratah following completion of the Transaction has the experience and skills required to successfully expand the Company.
- 11.2.5 The Capital Raising is a condition of the Transaction and will provide working capital to facilitate the continued growth and development of the CSB business.
- 11.2.6 The Waratah Board are of the opinion that the Transaction is in the best interests of the Company's Shareholders and in the absence of a superior alternative proposal is a strategic opportunity for the Company.

11.3 Disadvantages of the Transaction

- 11.3.1 The Company will be changing the nature of its activities to those of CSB, which may involve inherent risks associated with the CSB business. These activities and risks may not be consistent with the objectives of all Non-Associated Shareholders and will reduce the possibility of alternative opportunities for the Company.
- 11.3.2 Following completion of the Transaction, the CSB Shareholders will collectively be the largest Shareholders of the Company and they will have the ability to significantly influence or control the Company. The Transaction may potentially reduce the likelihood

of a takeover bid being made for the Company as a result of the controlling interest that the CSB Shareholders will have after Completion.

- 11.3.3 The Transaction and the associated issue of shares under the Capital Raising will have a significant dilutionary effect on the shareholdings of the existing Waratah Shareholders. Although the total market capitalisation of Waratah will increase as a result of the Transaction, Waratah's existing Non-Associated shareholders interest will decrease to 13.2% prior to any existing shareholders participating in the Capital Raising.

12 CONCLUSION AS TO FAIRNESS AND REASONABLENESS

12.1 Fairness

- 12.1.1 In order to assess whether the Transaction is fair, we need to compare the pre-transaction value on a control basis with the post-transaction values on a minority basis, as the existing Non-Associated Shareholders of Waratah will lose control of the Company to the Shareholder of CSB after the Transaction.
- 12.1.2 Based on the analysis contained in section 9 of this report, the value of the Waratah shares prior to the Transaction is **\$0.0082** per share on a post-consolidation, controlling interest basis.
- 12.1.3 Based on the analysis contained in section 10 of this report, the value of the Waratah shares after the Transaction is **\$0.0130** per share on a post-consolidation, minority interest basis.
- 12.1.4 Therefore as the value of Waratah shares on a minority basis post-transaction is greater than the value of Waratah shares on a control basis pre-transaction, in our opinion the Transaction is **fair**.

12.2 Reasonableness

ASIC Regulatory Guide 111 states that a transaction is reasonable if:

- The Transaction is fair; or
- Despite not being fair the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the close of the offer.

We have concluded that the Transaction is reasonable. In forming our opinion we have also considered the following relevant factors.

- The continuing viability of the Company as a going concern depends on identifying suitable opportunities that will sustain a viable business. The Transaction presents a significant investment opportunity and, as such, will allow the Company to diversify its business interests and continue as a going concern.
- Given the Company's limited capital and lack of income producing assets it will have difficulty in creating significant long-term value for shareholders in its current state. The Directors of Waratah have determined that the CSB business has the potential to increase Waratah shareholder value and provide the Company with a future business direction.
- The Transaction may provide an opportunity for Waratah shareholders to experience growth in the value of shares and significantly boost Waratah's market capitalisation given the potential of the CSB business. The Company will be acquiring a business which has the potential to increase shareholder value, increase liquidity of the Waratah shares and provide the Company with a viable future business.

- The Company considers that the board and management team of Waratah following completion of the Transaction has the experience and skills required to successfully expand the Company.
- The Capital Raising is a condition of the Transaction and will provide working capital to facilitate the continued growth and development of the CSB business.
- The Waratah Board are of the opinion that the Transaction is in the best interests of the Company's Shareholders and in the absence of a superior alternative proposal is a strategic opportunity for the Company.
- We are unaware of any alternative proposal at the date of this report that would realise better value for Waratah shareholders.

Having considered the potential of CSB business and the alternatives of not proceeding with the Transaction, in our opinion the Non-Associated Shareholders of Waratah should benefit if the Transaction proceeds and therefore, in our opinion the Transaction is *fair and reasonable*.

Yours faithfully
Hall Chadwick Corporate (NSW) Limited



DAVID KENNEY

APPENDIX I - SOURCES OF INFORMATION

- Waratah Audited Financial Reports for the financial years ended 30 June 2014, 30 June 2015 and 30 June 2016;
- CSB Engage Pte Ltd Consolidated Financial Statements for the financial years ended 30 June 2014, 30 June 2015 and 30 June 2016;
- Management accounting information regarding material events subsequent to 30 June 2016 for both Waratah and CSB;
- Share purchase agreement between Waratah and CSB Shareholders to acquire 100% of the shares in CSB;
- Waratah Notice of General Meeting and Explanatory Memorandum;
- Waratah Company registry details;
- CSB Information Memorandum, September 2015;
- Publicly available information on Waratah, CSB and the market in which CSB operates;
- Regulatory Guide 74 'Acquisitions Approved by Members';
- Regulatory Guide 111 'Content of Expert Reports';
- Regulatory Guide 112 'Independence of Expert's Reports';
- APES 225 'Valuation Services'.

APPENDIX II - STATEMENT OF DECLARATION & QUALIFICATIONS

Confirmation of Independence

Prior to accepting this engagement HCC determined its independence with respect to Waratah and CSB with reference to ASIC Regulatory Guide 112 (RG 112) titled “Independence of Expert’s Reports”. HCC considers that it meets the requirements of RG 112 and that it is independent of Waratah and CSB.

Also, in accordance with s648 (2) of the Corporations Act we confirm we are not aware of any business relationship or financial interest of a material nature with Waratah, its related parties or associates that would compromise our impartiality.

Mr David Kenney, a director of Hall Chadwick Corporate (NSW) Limited, has prepared this report. Neither he nor any related entities of Hall Chadwick Corporate (NSW) Limited have any interest in the promotion of the Transaction nor will Hall Chadwick Corporate (NSW) Limited receive any benefits, other than normal professional fees, directly or indirectly, for or in connection with the preparation of this report. Our fee is not contingent upon the success or failure of the proposed transaction, and has been calculated with reference to time spent on the engagement at normal professional fee rates for work of this type. Accordingly, HCC does not have any pecuniary interests that could reasonably be regarded as being capable of affecting our ability to give an unbiased opinion under this engagement.

HCC provided a draft copy of this report to the Directors and management of Waratah for their comment as to factual accuracy, as opposed to opinions, which are the responsibility of HCC alone. Changes made to this report, as a result of the review by the Directors and management of Waratah have not changed the methodology or conclusions reached by HCC.

Reliance on Information

The statements and opinions given in this report are given in good faith and in the belief that such statements and opinions are not false or misleading. In the preparation of this report HCC has relied upon information provided on the basis it was reliable and accurate. HCC has no reason to believe that any information supplied to it was false or that any material information (that a reasonable person would expect to be disclosed) has been withheld from it. HCC evaluated the information provided to it by Waratah and CSB as well as other parties, through enquiry, analysis and review, and nothing has come to our attention to indicate the information provided was materially mis-stated. We believe the information relied upon provides reasonable grounds upon which to base this report.

Our procedures and enquiries do not include verification work, nor constitute an audit or review in accordance with Australian Auditing Standards (AUS). HCC does not imply and it should not be construed that it has audited or in anyway verified any of the information provided to it, or that its enquiries could have verified any matter which a more extensive examination might disclose.

The sources of information that we relied upon are outlined in Appendix I of this report.

Waratah has provided an indemnity to HCC for any claims arising out of any mis-statement or omission in any material or information provided by Waratah to HCC in preparation of this report.

Qualifications

Hall Chadwick Corporate (NSW) Limited (“HCC”) carries on business at Level 40, 2 Park Street, Sydney NSW 2000. HCC holds Australian Financial Services Licence No. 227902 authorising it to provide financial product advice on securities to retail clients. HCC’s representatives are therefore qualified to provide this report.

Consent and Disclaimers

The preparation of this report has been undertaken at the request of the Directors of Waratah. It also has regard to relevant ASIC Regulatory Guides. It is not intended that the report should be used for any other purpose than to accompany the Notice of General Meeting to be sent to Waratah shareholders. In particular, it is not intended that this report should be used for any purpose other than as an expression of HCC’s opinion as to whether or not the proposed Transaction is fair and reasonable to Non-Associated shareholders of Waratah.

HCC consent to the issue of this report in the form and context in which it is included in the Notice of General Meeting to be sent to Waratah shareholders. Shareholders should read all documents issued by Waratah that consider the proposed Transaction in its entirety, prior to proceeding with a decision. HCC had no involvement in the preparation of these additional documents.

This report has been prepared specifically for the Non-Associated shareholders of Waratah. Neither HCC, nor any member or employee thereof undertakes responsibility to any person, other than a Non-Associated shareholder of Waratah, in respect of this report, including any errors or omissions howsoever caused. This report is "General Advice" and does not take into account any person's particular investment objectives, financial situation and particular needs. Before making an investment decision based on this advice, you should consider, with or without the assistance of a securities advisor, whether it is appropriate to your particular investment needs, objectives and financial circumstances.

Our procedures and enquiries do not include verification work, nor constitute an audit or review in accordance with Australian Auditing Standards (AUS).

Our opinions are based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time. Furthermore, financial markets have been particularly volatile in recent times. Accordingly, if circumstances change significantly, subsequent to the issue of the report, our conclusions and opinions may differ from those stated herein. There is no requirement for HCC to update this report for information that may become available subsequent to this date.

APPENDIX III - FINANCIAL SERVICES GUIDE

Hall Chadwick Corporate (NSW) Limited (“HCC”) carries on business at Level 40, 2 Park Street, Sydney NSW 2000. HCC holds Australian Financial Services Licence No. 227902 authorising it to provide financial product advice on securities to retail clients.

The Corporations Act 2001 requires HCC to provide this Financial Services Guide (“FSG”) in connection with its provision of an independent expert’s report (“Report”) which is included in a Notice of Meeting (“Notice”) provided to members by the company or other entity for which HCC prepares the Report.

HCC does not accept instructions from retail clients. HCC provides no financial services directly to retail clients and receives no remuneration from retail clients for financial services. HCC does not provide any personal retail financial product advice to retail investors nor does it provide market-related advice to retail investors.

When providing Reports, HCC’s client is the Entity to which it provides the Report. HCC receives its remuneration from the Entity. In respect of the Report for Waratah Resources Limited (“Waratah”) in relation to the proposed acquisition of all the issued shares in CSB Engage Pte Ltd (“CSB”), HCC will receive a fee for its services estimated to be \$25,000, excluding GST.

No related body corporate of HCC, or any of the directors or employees of HCC or of any of those related bodies or any associate receives any remuneration or other benefit attributable to the preparation and provision of the Report.

HCC is required to be independent of the Entity in order to provide a Report. The guidelines for independence in the preparation of Reports are set out in Regulatory Guide 112 issued by the Australian Securities & Investments Commission. The following information in relation to the independence of HCC is stated in Appendix II:

“Hall Chadwick Corporate (NSW) Limited (“HCC”) has a license to prepare reports under the Corporations Act and its representatives are qualified to provide this report. Prior to accepting this engagement HCC determined its independence with respect to Waratah and CSB with reference to ASIC Regulatory Guide 112(RG 112) titled “Independence of Expert’s Reports”. HCC considers that it meets the requirements of RG 112 and that it is independent of Waratah and CSB.

Also, in accordance with s648 (2) of the Corporations Act we confirm we are not aware of any business relationship or financial interest of a material nature with Waratah, its related parties or associates that would compromise our impartiality.

Mr David Kenney, a director of Hall Chadwick Corporate (NSW) Limited, has prepared this report. Neither he nor any related entities of Hall Chadwick Corporate (NSW) Limited have any interest in the promotion of the Transaction nor will Hall Chadwick Corporate (NSW) Limited receive any benefits, other than normal professional fees, directly or indirectly, for or in connection with the preparation of this report. Our fee is not contingent upon the success or failure of the proposed transaction, and has been calculated with reference to time spent on the engagement at normal professional fee rates for work of this type. Accordingly, HCC does not have any pecuniary

interests that could reasonably be regarded as being capable of affecting our ability to give an unbiased opinion under this engagement.”

HCC has internal complaints-handling mechanisms and is a member of the Financial Ombudsman Service, membership number 11442.

HCC is only responsible for the Report and this FSG. Complaints or questions about the Notice should not be directed to HCC who is not responsible for that document. HCC will not respond in any way that might involve any provision of financial product advice to any retail investor.

Schedule 5

Proxy Form

See attachment.



All Correspondence to:

- ✉ By Mail: Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001 Australia
- 📠 By Fax: +61 2 9290 9655
- 💻 Online: www.boardroomlimited.com.au
- ☎ By Phone: (within Australia) 1300 737 760
(outside Australia) +61 2 9290 9600

YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded before 11:00am (AEST) on Saturday 29 April 2017

TO VOTE ONLINE

- STEP 1: VISIT www.votingonline.com.au/waratahgm2017
- STEP 2: Enter your Postcode OR Country of Residence (if outside Australia)
- STEP 3: Enter your Voting Access Code (VAC):

BY SMARTPHONE



Scan QR Code using smartphone
QR Reader App

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.
If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a securityholder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- (a) complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together in the same envelope.

STEP 2 VOTING DIRECTIONS TO YOUR PROXY

To direct your proxy how to vote, mark one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of securities are to be voted on any item by inserting the percentage or number that you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item for all your securities your vote on that item will be invalid.

Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

STEP 3 SIGN THE FORM

The form must be signed as follows:

Individual: This form is to be signed by the securityholder.

Joint Holding: where the holding is in more than one name, all the securityholders should sign.

Power of Attorney: to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received by 11:00am (AEST) on Saturday 29 April 2017. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

- 💻 Online www.votingonline.com.au/waratahgm2017
- 📠 By Fax +61 2 9290 9655
- ✉ By Mail Boardroom Pty Limited
GPO Box 3993,
Sydney NSW 2001 Australia
- 👤 In Person Boardroom Pty Limited
Level 12, 225 George Street,
Sydney NSW 2000 Australia

Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

Waratah Resources Limited

ACN 125 688 940

Your Address

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes. Please note, you cannot change ownership of your securities using this form.

PROXY FORM

STEP 1 APPOINT A PROXY

I/We being a member/s of Waratah Resources Limited and entitled to attend and vote hereby appoint:

the Chair of the Meeting (mark box)

OR if you are NOT appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered securityholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the General Meeting of Waratah Resources Limited to be held at Boardroom Pty Limited, Level 12, 225 George Street, Sydney NSW 2000 on Monday 1 May 2017 at 11:00am (AEST) and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

The Chair of the Meeting intends to vote undirected proxies in favour of each of the items of business.

STEP 2 VOTING DIRECTIONS
 * If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

	FOR	AGAINST	ABSTAIN*		FOR	AGAINST	ABSTAIN*
Resolution 1 Consolidation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 9 Appointment of Rod Walker as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Approval of Proposed Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 10 Appointment of Todd Ruppert as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Change in Nature and Scale of activities of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 11 Appointment of David Fisher as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 Issue of Consideration Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 12 Appointment of Neil Joseph as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 Adoption of Incentive Option Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 13 Issue of Director Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 Issue of Options – Neil Joseph	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 14 Approval for issue of options and convertible notes to Sir Warwick Andrew	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7 Issue of Promoter Securities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 15 Approval for issue of options and convertible notes to Neil Herbert	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8 Change of Company Name	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 16 Approval for issue of shares and options to Todd Ruppert	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

STEP 3 SIGNATURE OF SECURITYHOLDERS
 This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1	Securityholder 2	Securityholder 3
<div style="border: 1px solid black; height: 30px; width: 100%;"></div>	<div style="border: 1px solid black; height: 30px; width: 100%;"></div>	<div style="border: 1px solid black; height: 30px; width: 100%;"></div>
Sole Director and Sole Company Secretary	Director	Director / Company Secretary

Contact Name..... Contact Daytime Telephone..... Date / / 2017