



29 September 2015

Australian Securities Exchange (**ASX**)
Level 40, Central Park
152-158 St George's Park
Perth, WA 6000

DISPATCH OF NOTICE OF MEETING & CORPORATE UPDATE

Dispatch of Notice of Meeting

Red Gum Resources Limited (**Company**) (**Red Gum**) (ASX: **RGX**) is pleased to confirm that it has today dispatched to shareholders its Notice of Meeting (**NoM**) to approve the terms of the transaction detailed in the announcement made 3 August 2015 "Acquisition of Profitable and Growing Security Businesses" (**Transaction**).

Please find attached a copy of the NoM and its relevant proxy form.

Updated Transaction Timetable

Following today's dispatch of the Company's NoM, please see below an updated indicative timetable of the Transaction:

Lodgement of Prospectus with ASX	20 October 2015
General Meeting of Shareholders	28 October 2015
Capital Raising offer close	2 November 2015
Completion of the Acquisitions	4 November 2015
Expected date for reinstatement to ASX	10 November 2015

Appointment of Executive

Red Gum is pleased to announce that Non-Executive Director, Josh Puckridge, has accepted an invite from the Board to become an executive director of the Company for the purposes, and period, of implementing and completing the Transaction.

Mr Puckridge will be paid \$10,000 per month as an Executive and on completion of the Reverse Takeover Mr Puckridge will revert back to a Non-Executive fee of \$3,000 per month.

The Board would like to thank Mr Puckridge for his considerable efforts over the last few months in the progression of the Transaction.

For, and on behalf of, the Board of Directors of Red Gum Resources Limited.

.....
Malcolm Lucas Smith
Company Secretary

Red Gum Resources Ltd
ACN: 119 641 986
79 Angas Street
Adelaide SA 5000

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RED GUM RESOURCES LIMITED
ACN 119 641 986
(to be renamed 'MCS Services Limited')

NOTICE OF GENERAL MEETING

For the General Meeting of the Company to be held at Level 31, Central Park, 152-158 St Georges Terrace, Perth, Western Australia on Wednesday, 28 October 2015 at 10.30am (WST)

This Notice and the accompanying Explanatory Memorandum should be read in their entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

Should you wish to discuss any matter please do not hesitate to contact the Company Secretary by telephone on (08) 8223 1680.

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RED GUM RESOURCES LIMITED (to be renamed 'MCS Services Limited')

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NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting of shareholders of Red Gum Resources Limited will be held at Level 31, Central Park, 152 - 158 St Georges Terrace, Perth, Western Australia on Wednesday, 28 October 2015 at 10.30am (WST).

The Explanatory Memorandum provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form part of this Notice.

The Directors have determined pursuant to regulations 7.11.37 and 7.11.38 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on Monday, 26 October 2015 at 5.00pm (WST).

Terms and abbreviations used in this Notice and the Explanatory Memorandum are defined in Schedule 1.

AGENDA

1. Resolution 1 – Change to Nature and Scale of Activities

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

"That, subject to each of the other Acquisition Resolutions being passed, pursuant to and in accordance with Listing Rule 11.1.2 and for all other purposes, the Company be authorised to make a significant change to the nature and scale of its activities resulting from the Acquisitions on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on this Resolution by any person (or any associate of such a person) who might obtain a benefit (except a benefit solely in their capacity as holders of ordinary securities) if this Resolution is passed.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chairperson 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.

2. Resolution 2 – Approval of the Acquisitions

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

"That, subject to each of the other Acquisition Resolutions being passed, pursuant to and in accordance with Listing Rule 7.1, and for all other purposes, Shareholders approve the Acquisitions and the allotment and issue of:

- (a) 30,000,000 Shares to the MCS Vendors (or their nominees); and
- (b) 18,000,000 Shares to Mr John Boardman (or his nominee),

*(together, the **Consideration Shares**), as part consideration for the Acquisitions on the terms and conditions set out in the Explanatory Memorandum."*

Voting Exclusion

The Company will disregard any votes cast on this Resolution by the MCS Vendors and Mr John Boardman or any person who might obtain a benefit (except a benefit solely in their capacity as holders of ordinary securities) if this Resolution is passed or an associate of any such persons.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chairperson 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. Resolution 3 – Approval of Issue of Deferred Consideration Shares to John Boardman

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

*"That, subject to each of the other Acquisition Resolutions being passed, pursuant to and in accordance with Listing Rule 7.1, and for all other purposes, Shareholders approve the allotment and issue of 6,000,000 Shares (**Deferred Consideration Shares**) to Mr John Boardman (or his nominee) as part consideration for the Intiga Acquisition on the terms and conditions set out in the Explanatory Memorandum."*

Voting Exclusion

The Company will disregard any votes cast on this Resolution by John Boardman (or his nominee) or any person who might obtain a benefit (except a benefit solely in their capacity as holders of ordinary securities) if this Resolution is passed or an associate of any such persons.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or

- (b) it is cast by the Chairperson 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. Resolution 4 – Approval of issue of Capital Raising Shares

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

*"That, subject to each of the other Acquisition Resolutions being passed, for the purposes of Listing Rule 7.1, and for all other purposes, Shareholders approve and authorise the Directors to issue 90,000,000 Shares (**Capital Raising Shares**) each at an issue price of \$0.05 per share (**Capital Raising**) on the terms and conditions set out in the Explanatory Memorandum."*

Voting Exclusion

The Company will disregard any votes cast on this Resolution by a person who may participate in the issue of the Capital Raising Shares and a person who might obtain a benefit (except a benefit solely in their capacity as holder of ordinary securities) if the Resolution is passed and any associates of those persons.

The Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chairperson as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

5. Resolution 5 – Change of Company Name

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

"That, subject to each of the other Acquisition Resolutions being passed, with effect from the date that ASIC alters the details of the Company's registration, in accordance with section 157 of the Corporations Act, the name of the Company be changed to 'MCS Services Limited'."

6. Resolution 6 – Approval of Issue of Facilitation Shares

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

*"That, subject to each of the Acquisition Resolutions being passed, pursuant to and in accordance with Listing Rule 7.1, and for all other purposes, Shareholders approve the allotment and issue of 8,000,000 Shares (**Facilitation Shares**) to the Facilitator (or its nominee) on the terms and conditions in the Explanatory Memorandum."*

Voting Exclusion

The Company will disregard any votes cast on this Resolution by the Facilitator (or its nominee) or any person who might obtain a benefit (except a benefit solely in their

capacity as holders of ordinary securities) if this Resolution is passed or an associate of any such persons.

The Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chairperson as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

7. Resolution 7 – Adoption of Executive Share Plan

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

"That, subject to each of the Acquisition Resolutions being passed, pursuant to and in accordance with Listing Rule 7.2 Exception 9, and for all other purposes, Shareholders approve the Executive Share Plan and the issue of Shares under the Executive Share Plan on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on this Resolution by a Director (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) and any of his associates.

The Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chairman 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.

In accordance with section 250BD of the Corporations Act, a vote on this Resolution must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such person if the vote is not cast on behalf of a person who is otherwise excluded from voting, and

- (a) the person is appointed as a proxy and the appointment specifies how the proxy is to vote; or
- (b) the person appointed as proxy is the Chairman and the appointment does not specify how the Chairman is to vote but expressly authorises the Chairman to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

8. Resolution 8 - Adoption of Employee Option Plan

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

"That, subject to each of the Acquisition Resolutions being passed, pursuant to and in accordance with Listing Rule 7.2 Exception 9, and for all other purposes, Shareholders approve the Employee Option Plan and the grant of Employee Options and the issue of the underlying Shares of such Employee Options, under the Employee Option Plan, on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on this Resolution by a Director (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) and any of his associates.

The Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chairman 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.

In accordance with section 250BD of the Corporations Act, a vote on this Resolution must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such person if the vote is not cast on behalf of a person who is otherwise excluded from voting, and

- (a) the person is appointed as a proxy and the appointment specifies how the proxy is to vote; or
- (b) the person appointed as proxy is the Chairman and the appointment does not specify how the Chairman is to vote but expressly authorises the Chairman to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

9. Resolution 9 – Appointment of Melissa Chapman as a Director

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

"That, subject to each of the other Acquisition Resolutions being passed, in accordance with Article 36.3 of the Constitution and for all other purposes, with effect from Completion, Melissa Chapman be appointed as a Director."

10. Resolution 10 – Election of Josh Puckridge as a Director

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

"That, pursuant to Article 36.3 of the Constitution and for all other purposes, Josh Puckridge, Director, who was appointed as an addition to the Board on 27 May 2015, being eligible is elected as a Director on the terms and conditions in the Explanatory Memorandum."

11. Resolution 11 – Election of Thomas Pickett as a Director

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

"That, pursuant to Article 36.3 of the Constitution and for all other purposes, Thomas Pickett, Director, who was appointed as an addition to the Board on 27 May 2015, being eligible is elected as a Director on the terms and conditions in the Explanatory Memorandum."

12. Resolution 12 – Directors Deeds of Indemnity, Access and Insurance

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

"That, pursuant to and in accordance with chapter 2D of the Corporations Act and for all other purposes approval be given to the Company to:

- (a) indemnify Mr Josh Puckridge, Mr Thomas Pickett and Ms Melissa Chapman (together, the **Officers**) during their Office and after the cessation of that Office, in respect of certain claims made against the Officers in relation to the period of their Office;*
- (b) use its reasonable endeavours to procure an insurance policy and pay the premiums of insurance as assessed at market rates for the Officers in respect of certain claims made against the Officers in relation to the period of their Office (except to the extent such insurance cannot be procured at a reasonable cost or is otherwise unavailable to the Company);*
- (c) use its reasonable endeavours to ensure that the Officers are at all times covered under an insurance policy for the period of seven years from the date that the Officers ceases to hold Office (**Insurance Run-Off Period**), which will be on terms not materially less favourable to the Officers than the terms of insurance applicable at the date of termination of their Office, and to continue to pay those premiums during that Insurance Run-Off Period (except to the extent such insurance cannot be procured at a reasonable cost or is otherwise unavailable to the Company); and*
- (d) provide the Officers with access, upon the termination of their Office, for a period of not less than seven years following that termination, to any Company*

records which are either prepared or provided by them during the period of their Office,

on the terms and conditions in the Explanatory Memorandum.”

Voting Exclusion

The Company will disregard any votes cast on this Resolution by the Officers and any of their associates.

The Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chairman 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.

In accordance with section 250BD of the Corporations Act, a vote on this Resolution must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such person if the vote is not cast on behalf of a person who is otherwise excluded from voting, and

- (a) the person is appointed as a proxy and the appointment specifies how the proxy is to vote; or
- (b) the person appointed as proxy is the Chairman and the appointment does not specify how the Chairman is to vote but expressly authorises the Chairman to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

BY ORDER OF THE BOARD

Josh Puckridge
Non-Executive Director

Dated: 25 September 2015

RED GUM RESOURCES LIMITED (to be renamed 'MCS Services Limited')

ACN 119 641 986

EXPLANATORY MEMORANDUM

1. Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at Level 31, Central Park, 152 - 158 St Georges Terrace, Perth, Western Australia on Wednesday, 28 October 2015 at 10.30am (WST).

This Explanatory Memorandum should be read in conjunction with, and forms part of, the Notice. The purpose of this Explanatory Memorandum is to provide information to Shareholders in deciding whether or not to pass the Resolutions.

This Explanatory Memorandum includes the following information to assist Shareholders in deciding how to vote on the Resolutions:

Section 2:	Action to be taken by Shareholders
Section 3:	Overview of the Acquisitions and Change of Nature and Scale of Activities
Section 4:	Resolution 1 - Change to Nature and Scale of Activities
Section 5:	Resolution 2 – Approval of the Acquisitions
Section 6:	Resolution 3 - Approval of Issue of Deferred Consideration Shares to John Boardman
Section 7:	Resolution 4 – Approval of Issue of the Capital Raising Shares
Section 8:	Resolution 5 – Change of Company Name
Section 9:	Resolution 6 – Approval of Issue of Facilitation Shares
Section 10:	Resolution 7 - Adoption of Executive Share Plan
Section 11:	Resolution 8 - Adoption of Employee Option Plan
Section 12:	Resolution 9 – Appointment of Melissa Chapman as a Director
Section 13:	Resolution 10 - Election of Josh Puckridge as a Director Resolution 11 - Election of Thomas Pickett as a Director
Section 14:	Resolution 12 - Directors Deeds of Indemnity, Access and

Insurance

Schedule 1:	Definitions and Interpretation
Schedule 2:	Risk Factors
Schedule 3:	Summary of Executive Share Plan
Schedule 4:	Summary of Employee Option Plan

A Proxy Form is enclosed with the Notice and this Explanatory Memorandum.

2. Action to be taken by Shareholders

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

Shareholders should read the Notice and this Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

2.1 Proxies

A Proxy Form is enclosed with the Notice and this Explanatory Memorandum. This is to be used by Shareholders if they wish to appoint a representative (a "proxy") to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions detailed in the Proxy Form. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

To vote by proxy, please complete and sign the enclosed Proxy Form and return it by:

- (a) post to 79 Angas Street, Adelaide, SA, Australia 5000; or
- (b) facsimile to the Company on + 61 8 8223 1685,

so that it is received not later than 48 hours prior to the Meeting. Proxy Forms received later than this time will be invalid.

Please note that:

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

If a Shareholder appoints a body corporate as its proxy and the body corporate wishes to appoint an individual as its representative, the body corporate should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that body corporate's representative. The authority may be sent to the

Company or the Share Registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative.

3. Overview of the Acquisitions and Change of Nature and Scale of Activities

3.1 Background

The Company is an Australian public company that has been listed on the Official List (ASX code: RGX) since 17 January 2012. The Company's principal activities are mineral exploration and the accumulation and acquisition of areas for mineral exploration in Latin America.

3.2 Background to the Acquisitions – Change of Nature and Scale of Activities

On 3 August 2015, the Company announced that it proposed to acquire the MCS Business and the Intiga Business through the acquisition of the entire issued share capital of MCS and Intiga. On 23 September 2015, the Company announced that it has entered into the Sale Agreements in respect of the Acquisitions.

In consideration for the Acquisitions, the Company will:

- (a) at Completion, pay the MCS Vendors (or their respective nominees) aggregate cash consideration of \$3,780,000 (**Cash Consideration**);
- (b) at Completion, issue the following Consideration Shares:
 - (i) an aggregate total of 30,000,000 Shares to the MCS Vendors (or their respective nominees); and
 - (ii) 18,000,000 Shares to Mr John Boardman (or his nominee); and
- (c) if the Company declares an audited net profit after tax of not less than \$1,920,000 for the financial year ending 30 June 2016 (**Financial Milestone**), the Company will issue a further 6,000,000 Shares to Mr John Boardman (or his nominee) (the **Deferred Consideration Shares**).

Completion is subject to various Conditions. A summary of the key terms of the Acquisitions, including the Conditions, is set out in Section 3.15.

3.3 Overview of MCS

MCS's Business

MCS is an established, growing and profitable security business and a member of the Security Agents Institute of WA. MCS specialises in providing security services at major commercial property sites and retail shopping centres throughout the Perth metropolitan area and regional country areas of Western Australia.

MCS also specialises in providing electronic security services which includes the design, supply, installation and commissioning of security alarms, CCTV, biometric and access control systems to the commercial, industrial and domestic sectors. In addition, MCS offers mobile patrols and response vehicle services to its existing clients

MCS currently employs over 300 operational staff and 40 supervisors in Western Australia.

MCS Structure

MCS was incorporated on 20 July 2005 and is currently 100% owned by Ms Maureen Simmons and Mr Paul Simmons (proposed CEO - refer to Section 3.9).

MCS Contracts and Revenue Model

The majority of MCS's revenue is generated from the provision of security personnel at major commercial property sites and retail shopping centres. MCS predominantly contracts to clients on a "cost plus margin" basis. The margin attributed to each contract is varied and is dependent on a number of factors including size of monitored area, location and risk profile.

Contracts currently held by MCS are expected to generate revenues of approximately \$12.28 million in the 2015-16 financial year.

Major Contracts

MCS currently provides security services in relation to the following venues:

- (a) Garden City, Karrinyup and Ocean Keys Shopping Centres;
- (b) Raine Square CBD;
- (c) Wanneroo, Secret Harbour, Swan View, Ballajura and Carnarvon Shopping Centres;
- (d) Innaloo Megaplex and Phoenix, Dog Swamp and Woodvale Shopping Centres;
- (e) Rockingham and Midland Gate Shopping Centres;
- (f) Hillarys Boat Harbour;
- (g) Cockburn Central, Belmont Forum, Mirrabooka Square, Wyatt Grove, Harvest Lakes and Carramar Shopping Centres;
- (h) Lakeside Joondalup Shopping Centre;
- (i) Armadale Central Shopping Centre;
- (j) Livingston and Ellenbrook Shopping Centres; and
- (k) Kingsway Shopping Centre.

3.4 Overview of Intiga

Intiga's Business

Intiga is an established security business and a member of the Australian Security Industry Association Limited. Intiga provides customer focused security professionals to sporting stadiums, events, retail, construction and resources industries in Western Australia. Intiga provides security services to clients at venues which include Nib stadium, Domain Stadium, Perth Convention and Exhibition Centre, Perth Concert Hall, His Majesty's Theatre, Coles Liquorland (WA) and the Crown Resort in Perth.

Intiga focuses on providing professional security personnel to entertainment venues other than bars and nightclubs, such as Nib Stadium and the Perth Concert Hall. This focus on venues other than bars and nightclubs is predicated on identifying venues that typically encounter less anti-social behaviour from patrons.

Intiga currently employs 115 operational staff and 10 supervisors in Western Australia.

Intiga Structure

Intiga has been operating since 2001 and was acquired by John Boardman Pty Ltd on 17 December 2010. Intiga is currently 100% owned by Mr John Boardman (proposed COO - refer to Section 3.9).

Intiga Contracts and Revenue Model

The majority of Intiga's revenue is generated from the provision of security personnel to the event, construction and mining industries. Similar to MCS, Intiga predominantly contracts to clients on a "cost plus margin" basis. The margin attributed to each contract is varied and is dependent on a number of factors including size of monitored area, location and risk profile.

Contracts currently held by Intiga are expected to generate revenues of approximately \$1.85 million in the 2015-16 financial year.

Overview of Intiga's Clients and Venues Where Intiga Provides Security Services

Key clients of Intiga and venues where Intiga provides its security services include, but are not limited to:

- (a) Nib Stadium – Home to Perth Glory FC and Western Force
- (b) Domain Stadium – Home to the West Coast Eagles and Fremantle Dockers
- (c) Crown Resort and Casino
- (d) Coles Liquorland (WA)
- (e) Spotless Facilities Services – Perth Convention and Exhibition Centre
- (f) The Theatre Trust – His Majesties Theatre and Perth Concert Hall
- (g) Educational Institutions and Universities – UWA and Murdoch University
- (h) Miscellaneous Events – Telethon, Woodside AGM, Wesfarmers AGM

3.5 Overview of the Company's business following Completion

Assuming Completion occurs, the Company will have in excess of 400 operational staff and provide security services to a significant portfolio of Western Australian clients. The Company will be able to provide the following services to its new clients and to existing clients of MCS and Intiga:

- (a) provision of security personnel (such as uniformed guards for shopping centers and sporting events);
- (b) installation and monitoring of commercial Closed Circuit Television Cameras (**CCTV**) systems; and
- (c) integrated commercial security systems (that incorporate CCTV, door entry systems and monitoring services).

While the Company will be able to provide this array of services to its clients, its focus will predominantly be the provision of uniformed security guards. The types of venues catered for include:

- For personal use only
- (a) shopping centres;
 - (b) major commercial property sites
 - (c) construction sites;
 - (d) sporting events (such as the Hopman Cup);
 - (e) sports stadiums (such as Nib Stadium);
 - (f) outdoor festivals and events (such as the Avon Decent and City to Surf);
 - (g) private businesses (for corporate events such as shareholder meetings); and
 - (h) trade shows (such as the Good Food & Wine Festival and the Perth Motor Show).

The Company believes it will have a competitive advantage in the provision of security personnel due to the significant industry experience of its proposed executives, Mr Paul Simmons and Mr John Boardman, who have a track record of winning contracts for the provision of security personnel. Refer to Section 3.9 for further details regarding Mr Simmons and Mr Boardman.

3.6 Strategy of the Company following Completion

Assuming Completion occurs, the Company will focus on growing MCS's and Intiga's revenues by focusing on the following areas of opportunity for expansion.

Metropolitan Perth Expansion

The Company is committed to growing MCS and Intiga's Perth metropolitan area contract base and has identified a number of targets that it is currently in discussion with. The targets involve security contracts in relation to:

- (a) high rise office space in Perth city; and
- (b) prominent Perth event venues.

Expansion into Maintenance and Cleaning Services

The Company intends to horizontally integrate its offering to clients by offering other services (such as cleaning and maintenance services) and cross selling these new services.

The Company may undertake this expansion by way of the future acquisition of an existing business, which is already established in a complimentary industry.

Expansion Interstate by Way of Acquisition

The Company has identified multiple targets for acquisition interstate. These targets present opportunities to immediately expand into other states of Australia.

Following Completion, the Company will seek to fund the acquisition of such targets, either in whole or in part, with listed Shares in the Company.

Western Australia Regional Expansion

The Company will focus on areas that it has identified as high value in regional Western Australia, such as Broome, Onslow, Port Hedland and other towns in the Pilbara region.

Typically, these areas present higher margin contracts than those in the metropolitan area. Clients in regional Western Australia include the operators of mine sites, shopping centers and port facilities.

MCS and Intiga are currently in negotiation with a number of potential clients from regional Western Australia and this will form part of the Company's focus, following Completion.

3.7 Industry Overview

Overview of Security Personnel Industry

The Company defines the security personnel industry as all guards, patrol services and crowd control services not provided by governmental departments such as Police and Fire departments.

Industry Characteristics

The industry has relatively low barriers to entry given the low degree of skill level or formal qualifications required by guards. This low barrier to entry has likely contributed to lack of concentration in the industry where only three suppliers of security personnel services are estimated to have achieved more than 5% of market share – together accounting for less than 20% of market share. SIS Australia Holdings Pty Ltd (operating as MSS Security) holds approximately 6.7% of the market, followed by Linfox Properties Limited with 6.5% and Wilson Parking Australia 1992 Pty Ltd with 5.4%. This sees 81% of the market held by companies with less than 5% market share (IBISWorld).

Drivers of Industry Activity

Multiple factors contribute to the level of activity in the industry, including:

- (a) the level of criminal activity: increased crime rates, both real and perceived, increase the demand for security services;
- (b) demand from general insurance: demand for security services may be driven by insurance provider requirements. This demand sees increases to both residential and commercial security services where policy holders may be required to maintain a certain a level of security services under their insurance policy; and
- (c) economic activity: the increase in economic activity drives the construction of commercial and residential of properties and centres. Similarly, as disposable income increases, so does the patronage of hospitality venues and sporting events by the general population.

Licensing, Regulation and Policy

To operate a security company, a security agent's license and/or a crowd controller's agents license is required which enables the license holder to offer or provide the following services:

- (a) security officers;
- (b) security bodyguards;
- (c) security consultants;
- (d) security installers; or
- (e) security crowd controllers.

Security companies in Western Australia are required to comply with the following legislation:

- (a) Security and Related Activities (Control) Act 1996; and
- (b) Security and Related Activities (Control) Regulations 1997.

3.8 Board Changes

Following Completion, the Board of the Company will consist of Mr Josh Puckridge, Mr Thomas Pickett and Ms Melissa Chapman. For further details regarding the qualifications and experience of Messrs Puckridge, Pickett and Ms Chapman, please refer to Sections 12.2, 13.2 and 13.3.

3.9 Management Appointments and Proposed Executive Service Agreements

Chief Executive Officer

Upon Completion, the Company will appoint Mr Paul Simmons as Chief Executive Officer (**CEO**). Mr Simmons is a shareholder and a director of MCS and has operated MCS since 2005. Mr Simmons has more than 35 years of experience in the security and law enforcement industry. His prior experience includes working as a police officer in the United Kingdom, a State security manager for the retail giant K-Mart and an equal partner in the privately owned Perth Security Services. Over the years, Mr Simmons has established a strong network in the Perth security industry, with much of MCS' business being borne from existing clients and contracts.

The principal terms of Mr Simmons proposed executive services agreement include:

- (a) the term of employment will be for a period of 2 years following Completion (with the Company having the ability to extend the term for an additional 2 years);
- (b) a base salary of \$160,000 (exclusive of statutory superannuation) per annum;
- (c) the Company will reimburse all reasonable operating costs of a vehicle for business purposes only including fuel, insurance and servicing costs;
- (d) subject to the adoption of the Executive Share Plan, which is the subject of Resolution 7, and receipt of any necessary Shareholder approvals at the time of issue, Mr Simmons will be issued the following Shares upon the achievement of the following milestones:

Number of Shares	Milestone	Deadline for Satisfaction of Milestone
10,000,000	Audited NPAT of greater than \$3.5m in a consecutive period of 12 months	24 months from Completion
5,000,000	Audited NPAT of greater than \$5m in a consecutive period of 12 months	24 months from Completion
5,000,000	Audited NPAT of greater than \$7.5m in a consecutive period of 12 months	36 months from Completion

- (e) a restraint of trade pursuant to which it is agreed that Mr Simmons will not, at any time during the term of his appointment (or for a period of 2 years after the

termination of his appointment), without the prior consent in writing of the Company, be engaged, employed, concerned or interested directly or indirectly in any business, company, proposal, project, assignment or development:

- (i) situated within Australia; and
- (ii) which is in or connected with the industry in which the Company, MCS or Intiga are concerned.

Chief Operating Officer

Upon Completion, the Company will appoint Mr John Boardman as Chief Operating Officer (**COO**). Mr Boardman is the sole shareholder and director of Intiga and has operated Intiga since 2010. Mr Boardman has operated a number of successful businesses since 2007, including training company Worldwide global training (trading as TTS-100 And Sec24 training), a company that provides industry training to WA security companies.

The principal terms of Mr Boardman's proposed executive services agreement include:

- (a) the term of employment will be for a period of 2 years following Completion (with the Company having the ability to extend the term for an additional 2 years);
- (b) a base salary of \$160,000 (exclusive of statutory superannuation) per annum;
- (c) the Company will reimburse all reasonable operating costs of a vehicle for business purposes only including fuel, insurance and servicing costs;
- (d) subject to the adoption of the Executive Share Plan, which is the subject of Resolution 7, and receipt of any necessary Shareholder approvals at the time of issue, Mr Boardman will be issued the following Shares upon the achievement of the following milestones:

Number of Shares	Milestone	Deadline for Satisfaction of Milestone
10,000,000	Audited NPAT of greater than \$3.5m in a consecutive period of 12 months	24 months from Completion
5,000,000	Audited NPAT of greater than \$5m in a consecutive period of 12 months	24 months from Completion
5,000,000	Audited NPAT of greater than \$7.5m in a consecutive period of 12 months	36 months from Completion

- (e) restraint of trade pursuant to which it is agreed that Mr Boardman will not, at any time during the term of his appointment (or for a period of 2 years after the termination of his appointment), without the prior consent in writing of the Company, be engaged, employed, concerned or interested directly or indirectly in any business, company, proposal, project, assignment or development:
 - (i) situated within Australia; and
 - (ii) which is in or connected with the industry in which the Company, MCS or Intiga are concerned.

3.10 Capital Raising

Subject to Shareholder approval, and as a condition to Completion, the Company is proposing to raise \$4,500,000 (before costs) through the offer of 90,000,000 Shares at an issue price of \$0.05 per Share (**Capital Raising**) for the purposes of:

- (a) satisfying the requirements of Chapters 1 and 2 of the Listing Rules (refer to Section 4);
- (b) satisfying payment of the Cash Consideration in respect of the MCS Acquisition;
- (c) furthering the New Businesses, following Completion; and
- (d) satisfying the costs associated with the Acquisitions and the Capital Raising.

Refer to Section 7 for details of the Capital Raising and Section 3.13 for details of the proposed use of funds raised pursuant to the Capital Raising.

3.11 Pro-forma Capital Structure

Upon Completion, the capital structure of the Company will be as follows:

	Number of Shares	Number of Options
Securities on issue as at the date of this Notice	55,610,212	5,505,414 ¹
Issue of Consideration Shares to the MCS Vendors	30,000,000	-
Issue of Consideration Shares to Mr Boardman²	18,000,000	-
Issue of Shares pursuant to the Capital Raising	90,000,000	-
Issue of the Facilitation Shares	8,000,000	-
Total^{2, 3}	201,610,212	5,505,414

Notes:

1. 1,391,730 quoted Options with an exercise price of \$4.40 expiring on 1 March 2016; 4,000,047 quoted Options with an exercise price of \$0.44 expiring 15 November 2017; and 113,637 unquoted Options with an exercise price of \$6.60 expiring 30 April 2016.
2. As noted above, a further 6,000,000 Deferred Consideration Shares may be issued, subject to the Company achieving the Financial Milestone.
3. As noted above, subject to the adoption of the Executive Share Plan and receipt of any necessary Shareholder approvals at the time of issue, the Company will be required to issue of up to a further 40,000,000 Shares to the CEO and COO upon the satisfaction of certain milestones (refer to Section 3.9).

3.12 Effect of the Acquisitions on control and substantial Shareholders

As at the date of the Notice, the following persons had a relevant interest in 5% or more of the Shares on issue:

Name	Number of Shares	Percentage of Shares
Nero Resource Fund Pty Ltd	3,927,077	7.06%
Willowdale Holdings Pty Ltd	3,014,286	5.42%

Based on the information known at the date of the Notice, upon Completion, the following persons will have a relevant interest in 5% or more of the Shares on issue:

Name	Number of Shares	Percentage of Shares
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Name	Number of Shares	Percentage of Shares
Mr John Boardman	18,000,000	8.93%
Mr Paul Simmons	15,000,000	7.44%
Ms Maureen Simmons	15,000,000	7.44%

3.13 Proposed Use of Funds

Following Completion, the Company intends to apply the funds as follows:

PROPOSED BUDGET	
Cash as at the date of this Notice	\$1,200,000
Proceeds from Capital Raising	\$4,500,000
Payment of Cash Consideration to MCS Vendors	\$(3,780,000)
Total Cash on Completion	\$1,920,000
USE OF FUNDS	
Working capital	\$1,320,000
Estimated Costs of the Acquisitions and Capital Raising ¹	\$600,000
Total	\$1,920,000

Notes:

1. Excludes payment of the Cash Consideration to the MCS Vendors.

The above table is a statement of the Board's current intention as at the date of this Notice. However, Shareholders should note that, as with any budget, the allocation of funds set out in the above table may change depending on a number of factors, including the outcome of operational and development activities, regulatory developments, market and general economic conditions. In light of this, the Board reserves the right to alter the way the funds are applied.

3.14 Pro-forma Statement of Financial Position

Pro-forma Statement of Financial Position

The pro-forma statement of financial position below is based on the audited accounts of the Company, MCS and Intiga as at 30 June 2015.

Description	Note	Year Ending 30-Jun-15 Company Audited	Year Ending 30-Jun-15 Consolidated Pro Forma
Cash & cash equivalents	A	1,216,564	1,920,000
Trade & other receivables		166,327	242,931
Inventory		0	32,131
Total Current Assets		1,382,891	2,195,062
Property, plant & equipment		0	392,792
Goodwill	B	0	6,180,000
Deferred tax asset		0	213,235
Total Non Current Assets		0	6,786,027
Total Assets		1,382,891	8,981,089
Trade & other payables		77,708	77,708
Provisions		0	121,123
Financial liabilities (Novated Leases)		0	15,482
Total Current Liabilities		77,708	214,313
Trade & other payables		0	13,375
Financial liabilities (Novated Leases)		0	5,039
Total Non Current Liabilities		0	18,415
Total Liabilities		77,708	232,727
Net Assets		1,305,183	8,748,361
Issued capital	C	11,621,646	18,921,649
Reserves		220,570	220,570
Retained Earnings		(10,537,033)	(10,393,858)
Total Equity		1,305,183	8,748,361

Actual and proposed transactions to arrive at Pro-forma Consolidated Statement of Financial Position

The Company's position is based on the existing structure and includes the audited financial accounts for the Company as at 30 June 2015. The Consolidated pro forma accounts as at 30 June 2015 are based on the audited accounts for the Company as at 30 June 2015 taking into account the following actual and proposed transactions:

- (a) the Capital Raising of \$4,500,000 (excludes estimated costs of the Acquisitions and the Capital Raising being approximately \$600,000) less payment of the Cash Consideration to the MCS Vendors at Completion;
- (b) goodwill comprising the Cash Consideration payment to the MCS Vendors at Completion and the issue of the Consideration Shares to the MCS Vendors and Mr John Boardman at Completion; and
- (c) Shares at \$0.05 per Share including the Capital Raising Shares, the Consideration Shares and the Facilitation Shares. The capital structure of the Company following Completion is 201,610,212 Shares.

3.15 Terms of the Acquisitions

On 23 September 2015, the Company entered into Sale Agreements with the MCS Vendors (in respect of the acquisition of MCS) and Mr John Boardman (in respect of the acquisition of Intiga).

The principal terms of the Sale Agreements are as follows:

- (a) In consideration for the Acquisitions, the Company will:
 - (i) at Completion, pay the MCS Vendors the Cash Consideration, being the sum of \$3,780,000;
 - (ii) at Completion, issue:
 - (A) an aggregate total of 30,000,000 Shares to the MCS Vendors; and

(B) 18,000,000 Shares to Mr John Boardman; and

(iii) subject to the satisfaction of the Financial Milestone, issue to Mr John Boardman the Deferred Consideration Shares, being 6,000,000 Shares.

(b) Completion is conditional upon the satisfaction or waiver of, the following conditions precedent, including the following which remain outstanding at the date of this Notice:

(i) the Company completing financial and legal due diligence, in relation to MCS and Intiga, to its satisfaction;

(ii) the Company obtaining all necessary Shareholder approvals required under the Corporations Act and the Listing Rules;

(iii) the Company completing the Capital Raising;

(iv) The Company entering into executive services service agreements with the CEO and COO on the terms set out in Section 3.9;

(v) The Company adopting the Executive Share Plan and the Employee Option Plan;

(vi) MCS and Intiga being free of any finance leases, hiring agreements and other similar arrangements, including leases and conditional purchase agreements;

(vii) all necessary statutory and regulatory approvals and any other third party consents or waivers necessary or desirable, to complete the Acquisitions, being obtained; and

(viii) both the MCS Acquisition and the Intiga Acquisition becoming unconditional, other than in relation to the condition requiring the other to become unconditional,

(the **Conditions**).

(c) At Completion, Mr Edwin Bulseco will resign and, prior to his resignation, the Company will procure the appointment of Ms Melissa Chapman as a Director.

(d) From Completion, the Company will be responsible for the entitlements of the employees of MCS and Intiga, and indemnifies and holds MCS and Intiga harmless from all claims in respect of the employees. The Company will be responsible for acquiring the entitlements of guards of MCS at Completion (**Guards' Entitlements**), up to a maximum of \$200,000 (**Guards' Entitlement Threshold**). To the extent that the Guards' Entitlements exceed the Guards' Entitlement Threshold, the Company shall be entitled to pay the amount of any excess out of the MCS Retained Cash. Each of the MCS Vendors and John Boardman shall be responsible for the respective entitlements of the MCS and Intiga employees who are not guards, and who do not accept employment with the Company at Completion.

(e) The MCS Vendors and Mr John Boardman will enter into voluntary restriction agreements in respect of 80% of their Consideration Shares, restricting the disposal of those Consideration Shares for a period of 12 months following re-admission of the Shares to ASX.

- (f) On or before Completion, the MCS Vendors will transfer 75% of the cash balance standing to the account of MCS as a dividend to the MCS Vendors and the remaining 25% of the cash balance standing to the account of MCS shall be retained by the Company (**MCS Retained Cash**).
- (g) On or before Completion, Mr John Boardman will transfer 75% of the cash balance standing to the account of Intiga as a dividend to Mr John Boardman and the remaining 25% of the cash balance standing to the account of Intiga shall be retained by the Company (**Intiga Retained Cash**).
- (h) As soon as practicable after Completion and, in any event, within 30 days of completion, the MCS Vendors (in relation to MCS) and John Boardman (in relation to Intiga) are required to provide reconciliation accounts, consisting of a balance sheet and the profit and loss statement to the Company, to indicate:
- (i) the income;
 - (ii) the profits; and
 - (iii) the liabilities of,

each of MCS and Intiga as at Completion and to ensure that, as at Completion, neither MCS nor Intiga had any amounts owing to third parties (**Reconciliation Accounts**).

The Company is then required to agree the Reconciliation Accounts with the MCS Vendors in respect of MCS (**MCS Reconciliation Accounts**) and with John Boardman in respect of Intiga (**Intiga Reconciliation Accounts**).

To the extent that the MCS Reconciliation Accounts indicate that there is a surplus of MCS Retained Cash (as a result of the MCS Retained Cash exceeding the liabilities or other amounts owing by MCS to third parties as at Completion), the Company shall pay the surplus amount to the MCS Vendors in equal proportions to the nominated bank accounts of the MCS Vendors. To the extent that the MCS Reconciliation Accounts indicate that there is insufficient MCS Retained Cash (as a result of the MCS Retained Cash being insufficient to satisfy the amount of liabilities or other amounts owing by MCS to third parties as at Completion), the MCS Vendors are jointly and severally liable to pay the amount of the shortfall to the nominated bank account of the Company.

To the extent that the Intiga Reconciliation Accounts indicate that there is a surplus of Intiga Retained Cash (as a result of the Intiga Retained Cash exceeding the liabilities or other amounts owing by Intiga to third parties as at Completion), the Company shall pay the surplus amount to the nominated bank account of John Boardman. To the extent that the Intiga Reconciliation Accounts indicate that there is insufficient Intiga Retained Cash (as a result of the Intiga Retained Cash being insufficient to satisfy the amount of liabilities or other amounts owing by Intiga to third parties as at Completion), John Boardman is liable to pay the amount of the shortfall to the nominated bank account of the Company.

- (i) The MCS Vendors and John Boardman have provided customary warranties in relation to MCS and Intiga, respectively.
- (j) The MCS Sale Agreement may be terminated by the MCS Vendors and the Company:
 - (i) by agreement in writing; or

- (ii) where the Conditions have not been satisfied (or waived) by the End Date.

Either the MCS Vendors or the Company (**Non-Defaulting Party**) may terminate the MCS Sale Agreement if:

- (i) the other party (**Defaulting Party**) fails to perform and comply, in all material respects, with its obligations under the MCS Sale Agreement; or
- (ii) the Defaulting Party fails to deliver all documents and instruments required to be delivered at Completion or fails to perform all of its obligations at Completion,

but only where the Defaulting Party does not remedy any such failure within 10 business days of the Non-Defaulting Party giving the Defaulting Party written notice setting out details of the specific failure to perform, comply or deliver.

The Intiga Sale Agreement may be terminated by John Boardman and the Company:

- (i) by agreement in writing; or
- (ii) where the Conditions have not been satisfied (or waived) by the End Date.

Either John Boardman or the Company (**Non-Defaulting Party**) may terminate the Intiga Sale Agreement if:

- (i) the other party (**Defaulting Party**) fails to perform and comply, in all material respects, with its obligations under the Intiga Sale Agreement; or
- (ii) the Defaulting Party fails to deliver all documents and instruments required to be delivered at Completion or fails to perform all of its obligations at Completion,

but only where the Defaulting Party does not remedy any such failure within 10 business days of the Non-Defaulting Party giving the Defaulting Party written notice setting out details of the specific failure to perform, comply or deliver.

- (k) The MCS Vendors and John Boardman have provided certain indemnities in favour of the Company in respect of certain tax liabilities, losses arising from breach of warranty, losses relating to litigation in respect of an event occurring prior to completion and losses resulting from the material amendment or termination of client contracts prior to Completion.

3.16 Advantages of the Acquisitions

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

- (a) exposure to the future potential cash flows of established and profitable businesses;
- (b) in the current market environment there is a greater likelihood of restoring Shareholder value by changing the nature of the Company's business to focus on the security industry rather than remaining a junior mineral explorer;

- For personal use only
- (c) the potential increase in market capitalization of the Company, following Completion, may lead to increased coverage from investment analysts, access to improved equity capital market opportunities and increased liquidity; and
 - (d) reduced foreign exchange exposure by divesting foreign projects in favour of local businesses that deal in Australian dollars.

3.17 Disadvantages of the Acquisitions

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

- (a) the Company will be changing the nature and scale of its activities to become a company focused on the provision of security services, which may not be consistent with the objectives of some Shareholders;
- (b) should the Acquisitions be completed, existing Shareholders will have their voting power reduced. As such, the ability of the existing Shareholders to influence decisions, including the composition of the Board or the acquisition or disposal of assets will be reduced accordingly
- (c) following the issue of the Consideration Shares, the MCS Vendors and Mr John Boardman will become the largest Shareholders of the Company;
- (d) should the Acquisitions be completed, the Company will be exposed to the risks of the New Businesses (refer to Schedule 2 for further information); and
- (e) the Company will seek to re-comply with the ASX Listing Rules if the Acquisition Resolutions are approved. There is no guarantee that the Company will successfully re-comply with the requirements or that ASX will quote all securities of the Company on passing of the Acquisition Resolutions.

3.18 Risk Factors

Shareholders should be aware that if the Acquisition Resolutions are approved and the Acquisitions are completed, the Company will be changing the nature and scale of its activities which will result in it being subject to various risk factors (in addition to those that are presently applicable). These risks are both specific to the industry in which MCS and Intiga operate and also relate to the general business and economic environment in which the Company will operate. Based on the information available, a non-exhaustive list of these risk factors is detailed in Schedule 2.

3.19 Restricted Securities

Chapter 9 of the Listing Rules prohibits holders of Restricted Securities from disposing of those securities or an interest in those securities, or agreeing to dispose of those securities or an interest in those securities, for the relevant restriction periods.

ASX has provided the Company with in-principle advice that it will not treat any of the Consideration Shares, Facilitation Shares or Capital Raising Shares as Restricted Securities. However, as noted in Section 3.15(e), the MCS Vendors and John Boardman have agreed to enter into voluntary restriction agreements in respect of 80% of the Consideration Shares to be issued to them. The effect of those voluntary restriction agreements will be to restrict the MCS Vendors and John Boardman from disposing of 80% of the Considerations Shares which will be held by them, or disposing of in an interest in 80% of the Consideration Shares which will be held by them (or agreeing to do

any of those things) for a period of 12 months from the date of re-admission of the Shares to ASX.

3.20 Plans for the Company if the Acquisitions are not completed

If the Company does not complete the Acquisitions, it will continue with its current business activities and will investigate, and as required, undertake due diligence on, new opportunities to complement its existing business. In addition, if the Company does not complete the Acquisitions, the Capital Raising will not be completed. However, the Company may need to undertake an alternative capital raising in the near future to ensure that it can continue as a going concern.

3.21 Existing Projects

The Company maintains an interest in the La Negra Project, Chile.

The Company discontinued active exploration activities on this project in April 2014.

Following Completion, the Company will assess its options regarding this existing project, including divestment.

3.22 Indicative Timetable

The following is an indicative timetable for Completion and re-compliance with Chapters 1 and 2 of the Listing Rules.

Event	Indicative Date*
Lodgement of Prospectus with ASX	20 October 2015
Meeting	28 October 2015
Capital Raising offer closes	2 November 2015
Completion of the Acquisitions	4 November 2015
Expected date for reinstatement of the Company's securities to trading on the ASX	10 November 2015

*The above timetable is indicative only and subject to change. The Directors reserve the right to amend the timetable without notice and will keep Shareholders updated (via ASX announcements) on the timing of the Completion.

3.23 Directors' Recommendation

The Directors unanimously recommend that Shareholders vote in favour of the Acquisition Resolutions.

3.24 Interdependence of Resolutions

The Acquisition Resolutions are interdependent, meaning that Shareholders must pass each of the Acquisition Resolutions for the Acquisitions and the Capital Raising to proceed.

3.25 Forward Looking Statements

The forward looking statements in this Explanatory Memorandum are based on the Company's current expectations about future events. However, they are subject to known

and unknown risks, uncertainties and assumptions, many of which are outside the control of the Company and the Directors, which could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by the forward looking statements in this Explanatory Memorandum. These risks include but are not limited to, the risks detailed in Schedule 2. Forward looking statements include those containing words such as 'anticipate', 'estimates', 'should', 'will', 'expects', 'plans' or similar expressions.

4. Resolution 1 – Change to Nature and Scale of Activities

4.1 General

Resolution 1 seeks approval from Shareholders for a change to the nature and scale of the activities of the Company as a result of the Acquisitions.

Resolution 1 is an ordinary resolution. Resolution 1 is subject to the approval of each of the other Acquisition Resolutions.

The Chairperson will cast all available proxies in favour of Resolution 1.

4.2 Listing Rule 11.1

Chapter 11 of the Listing Rules requires Shareholders to approve any significant change in the nature or scale of an ASX-listed company's activities. The Acquisitions will have the effect of changing the nature, and increasing the scale, of the Company's activities.

Accordingly, the Company must:

- (a) under Listing Rule 11.1.1, notify ASX of the proposed change;
- (b) under Listing Rule 11.1.2, obtain shareholder approval to undertake the change, if required by ASX; and
- (c) under Listing Rule 11.1.3, meet the requirements of Chapters 1 and 2 of the Listing Rules as if the Company was applying for admission to the official list of ASX, if required by ASX. ASX has confirmed that the Company will need to re-comply with the requirements of Chapters 1 and 2 of the Listing Rules. The Company proposes to undertake the Capital Raising pursuant to Resolution 4 as part of the process of satisfying the requirements of re-compliance.

Trading of Shares will be suspended on the morning of the day of the Meeting. If Shareholders pass all of the Acquisition Resolutions, trading of Shares on ASX will be suspended until the Company satisfies the requirements of Chapters 1 and 2 of the Listing Rules in accordance with Listing Rule 11.1.3. It is anticipated that the re-quotation of the Company's securities will occur in early November 2015 (refer to Section 3.22). If Shareholders do not approve all of the Acquisition Resolutions, trading of Shares on ASX will resume following the release of the results of the Meeting.

See Section 3 for further information on the Acquisitions and the likely effect that the Acquisitions will have on the Company.

A voting exclusion statement in respect of Resolution 1 is included in the Notice.

5. Resolution 2 – Approval of the Acquisitions

5.1 General

As outlined in Section 3.2, the Company is proposing to acquire the New Businesses through the acquisition of the entire issued share capital of MCS and Intiga.

The Acquisitions are subject to the Conditions set out in Section 3.15 above, including the requirement to obtain Shareholder approval. A detailed description of the Acquisitions and New Businesses are outlined in Section 3.

Resolution 2 seeks Shareholder approval of the Acquisitions and, in particular, Shareholder approval, pursuant to Listing Rule 7.1, for the issue of the following Consideration Shares:

- (a) an aggregate of 30,000,000 Shares to the MCS Vendors; and
- (b) 18,000,000 Shares to Mr John Boardman.

Resolution 2 is an ordinary resolution. Resolution 2 is subject to the approval of each of the other Acquisition Resolutions.

The Chairperson will cast all available proxies in favour of Resolution 2.

5.2 Listing Rule 7.1

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

Given the Considerations Shares to be issued under Resolution 2 will exceed the 15% threshold set out in Listing Rule 7.1, and none of the exceptions contained in Listing Rule 7.2 apply, Shareholder approval is required under Listing Rule 7.1.

5.3 Specific Information Required by Listing Rule 7.3

For the purposes of Shareholder approval of the issue of the Consideration Shares and the requirements of Listing Rule 7.3, information is provided as follows:

- (a) A maximum of 48,000,000 Shares will be issued.
- (b) The Consideration Shares will be issued no later than three months after the date of the Meeting (or such longer period of time as ASX may in its discretion allow).
- (c) The Consideration Shares will be issued for nil cash consideration as they are being issued as part consideration for the Acquisitions. Accordingly, no funds will be raised from the issue of the Consideration Shares.
- (d) The Consideration Shares will be issued to the MCS Vendors and Mr John Boardman, who are not related parties of the Company, as follows:
 - (i) Mr Paul Simmons (or his nominee) - 15,000,000 Shares;
 - (ii) Ms Maureen Simmons (or her nominee) - 15,000,000 Shares; and
 - (iii) Mr John Boardman (or his nominee) - 18,000,000 Shares.

- (e) The Consideration Shares will be fully paid ordinary shares and will rank equally in all respects with the Company's existing Shares on issue.
- (f) The allotment of the Consideration Shares will occur on Completion which is expected to occur in early November 2015.
- (g) A voting exclusion statement is included in the Notice.

6. Resolution 3 – Approval of Issue of Deferred Consideration Shares to John Boardman

6.1 General

As outlined in Section 3, as part consideration for the Intiga Acquisition, the Company is required to issue 6,000,000 Shares to Mr Boardman upon achieving the Financial Milestone.

Resolution 3 seeks Shareholder approval pursuant to Listing Rule 7.1 for the issue of the Deferred Consideration Shares.

Resolution 3 is an ordinary resolution. Resolution 3 is subject to the approval of each of the other Acquisition Resolutions.

The Chairperson will cast all available proxies in favour of Resolution 3.

6.2 Listing Rule 7.1 and 7.3.2

A summary of Listing Rule 7.1 is set out in Section 5.2.

Listing Rule 7.3.2 provides that for Shareholders to approve an issue of equity securities, this Notice must include the date by which the Company will issue the securities, such date being no later than 3 months after the date of the Meeting.

The Company has been granted a waiver from Listing Rule 7.3.2 by ASX to the extent necessary to permit the Deferred Consideration Shares to be issued at a date more than 3 months after the date of the Meeting (**Waiver**).

The effect of Resolution 3 will be to allow the Company to issue the Deferred Consideration Shares without using the Company's 15% capacity under Listing Rule 7.1.

6.3 Specific Information Required by Listing Rule 7.3

For the purposes of Shareholder approval of the issue of the Deferred Consideration Shares and the requirements of Listing Rule 7.3, information is provided as follows:

- (a) A maximum of 6,000,000 Shares will be issued.
- (b) Pursuant to the Waiver, the Deferred Consideration Shares will be issued no later than 30 September 2016.
- (c) The Deferred Consideration Shares will be issued for nil cash consideration as they are being issued as part consideration for the Intiga Acquisition. Accordingly, no funds will be raised from the issue of the Deferred Consideration Shares.
- (d) The Deferred Consideration Shares will be issued to Mr John Boardman, who is not a related party of the Company.

- (e) The Deferred Consideration Shares will be fully paid ordinary shares and will rank equally in all respects with the Company's existing Shares on issue.
- (f) A voting exclusion statement is included in the Notice.

7. Resolution 4 – Approval of issue of Capital Raising Shares

7.1 General

Resolution 4 seeks Shareholder approval, pursuant to Listing Rule 7.1, for the issue of 90,000,000 Shares each at an issue price of \$0.05 to raise \$4,500,000 (before costs of the Capital Raising).

The Company intends to undertake the Capital Raising to the general public pursuant to the Prospectus, issued in accordance with the Corporations Act. As set out in Section 3.10, the Company will seek to raise a minimum of \$4,500,000. The funds raised from the Capital Raising will be applied towards the payment of the Cash Consideration for the MCS Acquisition, the costs of the Capital Raising, furthering the New Businesses and general working capital for the Company, following Completion. The proposed use of funds is set out in Section 3.13.

A summary of Listing Rule 7.1 is provided in Section 5.2 above.

Resolution 4 is an ordinary resolution and is subject to the approval of each of the other Acquisition Resolutions.

The Chairperson will cast all available proxies in favour of Resolution 4.

7.2 Specific Information Required by Listing Rule 7.3

For the purposes of Shareholder approval of the issue of the Capital Raising Shares and the requirements of Listing Rule 7.3, information is provided as follows:

- (a) The maximum number of Shares the Company may issue under the Capital Raising is 90,000,000 Shares.
- (b) The Company will issue the Capital Raising Shares no later than three months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).
- (c) The Capital Raising Shares will be issued at an issue price of \$0.05 each.
- (d) The Capital Raising Shares will be issued to the general public which will exclude related parties of the Company.
- (e) The Capital Raising Shares will be fully paid ordinary shares and will rank equally in all respects with the Company's existing Shares on issue.
- (f) The funds raised from the issue of the Capital Raising Shares will be applied towards:
 - (i) the satisfaction of the cash component of the MCS Acquisition;
 - (ii) furthering the New Businesses of the Company following Completion;

- (iii) the satisfaction of the costs associated with the Acquisitions and the Capital Raising; and
- (iv) working capital.
- (g) The issue of the Capital Raising Shares may occur progressively, subject to paragraph (b) above.
- (h) A voting exclusion statement is included in the Notice.

7.3 ASX Waiver

Listing Rule 2.1 Condition 2 provides that the issue price or sale price of all securities for which an entity seeks quotation (except options) must be at least \$0.20. ASX has granted the Company a waiver from Listing Rule 2.1 Condition 2 to the extent necessary to allow the issue price of the Shares to be issued pursuant to the Capital Raising to be less than \$0.20, on the condition that the issue price is not less than \$0.05 each and Shareholders approve the issue price.

8. Resolution 5 – Change of Company Name

As part of the Acquisitions, the Directors have determined to change the Company's name to "MCS Services Limited". Resolution 5 seeks Shareholder approval for the change of name in accordance with section 157 of the Corporations Act.

Resolution 5 is a special resolution. Resolution 5 is subject to the approval of each of the other Acquisition Resolutions.

The change of name will take effect from when ASIC alters the details of the Company's registration.

The Chairperson will cast all available proxies in favour of Resolution 5.

9. Resolution 6 – Approval of Issue of Facilitation Shares

9.1 General

As announced on 3 August 2015, the Company proposes to issue 8,000,000 Shares to the Facilitator, who assisted in facilitating the Acquisitions.

Resolution 6 seeks Shareholder approval, pursuant to Listing Rule 7.1, for the issue of the Facilitation Shares to Facilitator (or its nominees).

A summary of Listing Rule 7.1 is provided in Section 5.2 above.

Shareholder approval of the issue of the Facilitation Shares means that this issue will not reduce the Company's 15% placement capacity under Listing Rule 7.1.

Resolution 6 is an ordinary resolution. Resolution 6 is subject to the approval of each of the Acquisition Resolutions.

The Chairperson will cast all available proxies in favour of Resolution 6.

9.2 Specific information required by Listing Rule 7.3

For the purposes of Shareholder approval of the issue of the Facilitation Shares and the requirements of Listing Rules 7.3, information is provided as follows:

- For personal use only
- (a) the maximum number of Shares the Company will issue under Resolution 6 is 8,000,000 Shares;
 - (b) the Company will issue and allot the Facilitation Shares no later than 3 months after the date of the Meeting (or such longer period of time as ASX may in its discretion allow);
 - (c) the Facilitation Shares will be issued at a deemed issue price of \$0.00001 per Facilitation Share;
 - (d) the Facilitation Shares will be issued to the Facilitator (or its nominee), who are not related parties of the Company;
 - (e) the Facilitation Shares are fully paid ordinary shares and will rank equally in all respects with the Company's existing Shares on issue;
 - (f) the allotment of the Facilitation Shares will occur in one allotment, following Completion on a date to be advised by the Company and which is expected to occur in early November 2015; and
 - (g) a voting exclusion statement is included in the Notice.

10. Resolution 7 – Adoption of Executive Share Plan

10.1 General

Resolution 7 seeks Shareholder approval, pursuant to Listing Rule 7.2, Exception 9, to adopt the Executive Share Plan and to enable the Shares issued under the Executive Share Plan to be exempt from contributing towards the rolling annual limit of 15% of issued Shares, prescribed by Listing Rule 7.1.

A summary of the Executive Share Plan, to be adopted pursuant to Resolution 7, is set out in Schedule 3.

The Executive Share Plan is intended to assist the Company to attract and retain the Executives. The Board believes that grants made to the Executives will provide a powerful tool to underpin the Company's employment and engagement strategy, and that the Executive Share Plan will:

- (a) enable the Company to incentivise and retain the Executives needed to achieve the Company's business objectives;
- (b) link the reward of the Executives with the achievement of strategic goals and the long term performance of the Company;
- (c) align the financial interest of the Executives with those of Shareholders; and
- (d) provide incentives to the Executives to focus on superior performance that creates Shareholder value.

The Chairperson will cast all available proxies in favour of Resolution 7.

10.2 ASX Listing Rules

A summary of Listing Rule 7.1 is provided in Section 5.2 above.

Listing Rule 7.2, Exception 9 operates as one of the exceptions to Listing Rule 7.1. The effect of Shareholder approval under Listing Rule 7.2, Exception 9 is that any issue of

securities under the Executive Share Plan is treated as having been made with the approval of Shareholders for the purposes of Listing Rule 7.1. Approval under Listing Rule 7.2, Exception 9 lasts for a period of three years.

10.3 Specific Information Required under Listing Rule 7.2

In accordance with the requirements of Listing Rule 7.2 Exception 9(b), the following information is provided:

- (a) a summary of the material terms of the Executive Share Plan is set out in Schedule 3;
- (b) as the Executive Share Plan is being approved for the first time, no securities have been issued under it; and
- (c) a voting exclusion statement has been included in the Notice for the purposes of Resolution 7.

11. Resolution 8 – Adoption of Employee Option Plan

11.1 General

Resolution 8 seeks Shareholder approval, pursuant to Listing Rule 7.2, Exception 9, to adopt the Employee Option Plan and to enable Employee Options issued under the Employee Option Plan, and Shares issued upon the exercise of the Employee Options, to be exempted from contributing towards the rolling annual limit of 15% of issued Shares, prescribed by Listing Rule 7.1.

A summary of the Employee Option Plan, to be adopted pursuant to Resolution 8, is set out in Schedule 4.

The Employee Option Plan is intended to assist the Company to attract and retain key staff, whether employees or contractors. The Board believes that grants made to the employees and contractors under the Employee Option Plan will provide a powerful tool to underpin the Company's employment and engagement strategy, and that the Employee Option Plan will:

- (a) enable the Company to incentivise and retain the employees and contractors needed to achieve the Company's business objectives;
- (b) link the reward of the employees and contractors with the achievement of strategic goals and the long term performance of the Company;
- (c) align the financial interest of the employees and contractors with those of Shareholders; and
- (d) provide incentives to the employees and contractors to focus on superior performance that creates Shareholder value.

The Chairperson will cast all available proxies in favour of Resolution 8.

11.2 ASX Listing Rules

A summary of Listing Rule 7.1 is provided in Section 5.2 above.

Listing Rule 7.2, Exception 9 operates as one of the exceptions to Listing Rule 7.1. The effect of Shareholder approval under Listing Rule 7.2, Exception 9 is that any issues of

securities under the Employee Option Plan are treated as having been made with the approval of Shareholders for the purposes of Listing Rule 7.1. Approval under Listing Rule 7.2, Exception 9 lasts for a period of three years.

11.3 Specific information required by Listing Rule 7.2

In accordance with the requirements of Listing Rule 7.2 Exception 9(b), the following information is provided:

- (a) a summary of the material terms of the Employee Option Plan is set out in Schedule 4;
- (b) as the Employee Option Plan is being approved for the first time, no securities have been issued under it; and
- (c) a voting exclusion statement has been included in the Notice for the purposes of Resolution 8.

12. Resolution 9 – Appointment of Melissa Chapman as a Director

12.1 Background

Under the Sale Agreements, MCS and Intiga have nominated Ms Melissa Chapman as their nominee to be appointed as a Director of the Company.

Article 36.3 of the Constitution provides that the Company in general meeting may by ordinary resolution appoint any person as Director.

Ms Melissa Chapman, having consented to act, seeks approval to be appointed as a Director with effect from Completion.

The Chairperson will cast all available proxies in favour of Resolution 9.

12.2 Proposed Director Profile - Ms Melissa Chapman

Ms Chapman is a certified practising accountant with over 12 years of experience in the finance industry. She has worked extensively in Australia and the United Kingdom including five years as Group Financial Controller for the Beny Steinmetz Group. Ms Chapman holds a Bachelor of Accounting from Murdoch University and has been a member of CPA Australia since 2000. Ms Chapman has also completed a Graduate Diploma of Corporate Governance with Chartered Secretaries of Australia Ltd.

13. Resolution 10 and 11 – Election as Directors

13.1 Background

Article 36.1 of the Constitution provides that the Directors may at any time appoint a person as an addition to the Board but only if the total number of Directors does not exceed the maximum number specified in the Constitution.

Under Listing Rule 14.4 and Article 36.2 of the Constitution, any Director so appointed shall only hold office until the next annual general meeting of members of the Company and shall then be eligible for re-election.

Mr Josh Puckridge and Mr Thomas Pickett were appointed on 27 May 2015 as additions to the Board. Resolutions 10 and 11 provide that Mr Puckridge and Mr Pickett seek re-election as Directors.

Mr Puckridge's and Mr Pickett's qualifications and experience are outlined below.

Resolutions 10 and 11 are ordinary resolutions.

The Chairman intends to exercise all available proxies in favour of Resolutions 10 and 11.

13.2 Director Profile - Mr Josh Puckridge

Mr Puckridge is currently executive Director of Discovery Resources Limited (ASX: DIS) and is Non-Executive Director of Krucible Metals Limited (ASX: KRB) and Naracoota Resources Limited (ASX: NRR). Mr Puckridge has robust experience within funds management, and mergers and acquisitions. Mr Puckridge was a former founding Director and Secretary of Windward Resources Limited (ASX: WIN).

13.3 Director Profile - Mr Thomas Pickett

Mr Pickett holds a Bachelor of Laws and was admitted as a solicitor of the Supreme Court of Queensland in 1996. Mr Pickett has broad experience in the mining industry and has held a number of corporate roles in the mining and finance industries. Mr Pickett was also a director of CuDeco Ltd (ASX:CDU) from 2002 to 2005, and continued as in-house counsel until 2009 where he was involved in all aspects of the company's governance and compliance, and operations and implementation of policies and procedures surrounding mine planning. Mr Pickett is also Non-Executive Director of Discovery Resources Limited (ASX: DIS) and Executive Chairman of Cannindah Resources Limited (ASX: CAE).

14. Resolution 12 – Directors Deeds of Indemnity, Access and Insurance

14.1 General

The purpose of Resolution 12 is to enable the Company to provide the Officers with a reasonable level of protection in relation to claims made against them in relation to the period of their Office.

Resolution 12 is an ordinary resolution.

Given the duties and responsibilities of directors of a public company and their potential liabilities, the Directors consider it appropriate that they be suitably protected from certain claims made against them. The proposed protection will not extend to the extent it is prohibited by the Corporations Act.

As a person may be called to account for his or her actions several years after ceasing to hold Office, it is considered reasonable that suitable protection should extend for a period of time after a Director has ceased to hold Office.

It is generally recognised that a director or former director of a company may face considerable difficulty in properly answering or defending any claim made against them, particularly, as is often the case, where the claim is brought after the director ceases to hold Office. Difficulties may arise by reason of the following:

- (a) **No indemnity after cessation of Office**

While the Constitution provides Directors with an indemnity in respect of claims made while they hold Office, the indemnity arguably ceases if they cease to hold Office. Without the benefit of an indemnity, the cost of defending such a claim in respect of the actions of a Director or former Director, even if the claim is ultimately proven to be without merit, can be considerable and beyond the financial resources of the individual Director.

(b) **Maintenance of insurance policies**

Directors' and officers' insurance policies generally only provide cover for claims made during the currency of the insurance policy. Generally, unless insurance premiums continue to be paid after the time a person ceases to hold Office, claims made after cessation of Office will not be covered by the insurance policy. The cost to a former Director of personally maintaining insurance cover after ceasing to hold Office can be prohibitive, particularly given the number of years for which insurance must be maintained and given the former Director is unlikely to be receiving income from the Company.

(c) **Access to Board papers**

In accordance with section 198F of the Corporations Act, directors have a right to inspect the books of the Company:

- (i) whilst they hold Office; and
- (ii) for 7 years after ceasing to hold Office,

at all reasonable times for the purposes of a legal proceeding to which the person is a party, that the person proposes in good faith to bring or that the person has reason to believe will be brought against him or her

Despite this statutory right, Directors may require access to company documents which are relevant to the director's Office and not strictly required for the purpose of anticipated, threatened or commenced legal proceedings. Furthermore, although a proceeding may be instituted within six years after a cause of action arises, that six year period is calculated from the date the damage is found to have occurred – this may be long after the conduct which allegedly caused the damage occurred.

Given these difficulties, a person may be unwilling to become or to remain as a director of a public company without suitable protection being provided by the Company. The benefit to the Company in providing such protection is that it will continue to be able to attract persons of suitable expertise and experience to act as Directors.

The Chairman intends to exercise all available proxies in favour of Resolution 12.

If the Chairman is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolution 12, by signing and returning the Proxy Form, you are considered to have provided the Chairman with an express authorisation for the Chairman to vote the proxy in accordance with the Chairman's intention, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

14.2 **Summary of the Deed of Indemnity, Insurance and Access**

The Company will, subject to Shareholder approval, enter into a deed, which will require:

- For personal use only
- (a) the Company to indemnify the Officers during their Office and after the cessation of that Office, in respect of certain claims made against the Officers in relation to the period of their Office to the extent allowable under the Corporations Act;
 - (b) the Company to use its reasonable endeavours (subject to cost and availability) to maintain an insurance policy and pay the premiums of insurance as assessed at market rates for the Officers to the extent available under the Corporations Act, in respect of certain claims made against the Officers in relation to the period of their Office (except to the extent such insurance cannot be procured at a reasonable cost or is otherwise unavailable to the Company) and to continue to pay those premiums for a period of up to seven years following the termination of their Office;
 - (c) the Company to provide the Officers with access, upon ceasing for any reason to hold Office and for a period of up to seven years following that cessation, to any Company records which are either prepared or provided by the director during the period which the person held Office.

The deed will also require the Officers to maintain confidentiality and to protect the Company's intellectual property.

14.3 Summary of indemnity and insurance provisions in the Corporations Act

In considering Resolution 12, please note the following limitations in the Corporations Act concerning the provision of indemnities and insurance to Company officers. The deed for which Shareholder approval is sought under Resolution 12 complies with these limitations.

(a) Section 199A of the Corporations Act

The Corporations Act sets out specific prohibitions to the Company's ability to grant indemnities for liabilities and legal costs.

The Company is prohibited from indemnifying its officers against a liability if it is a liability:

- (i) to the Company and any of its related bodies corporate;
- (ii) to a third party that arose out of conduct involving a lack of good faith; or
- (iii) for a pecuniary penalty order or a compensation order under the Corporations Act (such orders being made for breaches such as breaches of director's duties, the related party rules and insolvent trading rules).

The Company is also prohibited from indemnifying its officers against legal costs incurred:

- (i) in defending actions where an officer is found liable for a matter for which he or she cannot be indemnified by the Company as set out immediately above;
- (ii) in defending criminal proceedings where the officer is found guilty;
- (iii) in defending proceedings brought by ASIC or a liquidator for a court order if the grounds for making the order are found by the court to be established; or

- (iv) in connection with proceedings for relief to the director under the Corporations Act where the court denies the relief.

(b) **Section 199B of the Corporations Act**

If the Company, or a related body corporate of the Company, pays the premium on an insurance policy in favour of a Director, section 199B of the Corporations Act requires the Company to ensure that the relevant contract of insurance does not cover liabilities incurred by the officer arising out of conduct involving either:

- (i) a wilful breach of duty in relation to the Company; or
- (ii) contravention of the provisions relating to an officer making improper use of information or improper use of his or her position for his or her advantage or gain, or to the detriment of the Company.

14.4 Section 200B of the Corporations Act

In accordance with section 200B of the Corporations Act, to give a benefit in connection with a person's retirement from an office, the Company must obtain Shareholder approval in the manner set out in section 200E of the Corporations Act.

The Directors consider that as the:

- (a) proposed payment of insurance premiums;
- (b) benefit of the indemnity in relation to liabilities incurred during the period a Director and officer holds office; and
- (c) Director's and Officer's access to Company records,

which continue for a period of up to 7 years after the relevant director ceases to hold Office, each may be viewed as the provision of a benefit given "in connection with" the retirement for the purposes of section 200B of the Corporations Act.

14.5 Section 208 of the Corporations Act

In accordance with section 208 of the Corporations Act, to give a financial benefit to a related party, the Company must obtain Shareholder approval unless the giving of the financial benefit falls within an exception in sections 210 to 216 of the Corporations Act.

The provision of insurance and indemnity to the Officers, who are Directors (or a proposed Director in the case of Ms Chapman) may involve the provision of a financial benefit to a related party of the Company within the prohibition of section 208 of the Corporations Act. However, the Directors consider that the payment of insurance premiums and the provision of indemnities by the Company are "reasonable in the circumstances" of the Company and, therefore, are exceptions from the prohibition in section 208 of the Corporations Act and, as a result, Shareholder approval is not required for the purposes of Chapter 2E of the Corporations Act.

14.6 Director recommendation

As Messrs Puckridge and Pickett may have a personal interest in the outcome of Resolution 12, neither wishes to make a recommendation as to how to vote on Resolution 12.

The remaining Director, Mr Edwin Bulseco, recommends that Shareholders vote in favour of this Resolution.

Schedule 1 – Definitions and Interpretation

In the Notice and this Explanatory Memorandum, unless the context otherwise requires:

Acquisitions means the MCS Acquisition and the Intiga Acquisition.

Acquisition Resolutions means Resolutions 1 to 9.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ABN 98 008 624 691) and, where the context requires, the Australian Securities Exchange operated by ASX Limited.

Board means the board of Directors from time to time.

Capital Raising has the meaning given in Resolution 4.

Capital Raising Shares has the meaning given in Resolution 4.

Cash Consideration has the meaning in given in Section 3.2.

CEO has the meaning given in Section 3.9.

Chairperson means the person appointed to chair the Meeting.

Closely Related Party means:

- (a) a spouse or child of the member; or
- (b) has the meaning given in section 9 of the Corporations Act.

Company means Red Gum Resources Limited ACN 119 641 986.

Completion means the completion of the Acquisitions in accordance with the Sale Agreements.

Conditions has the meaning given in Section 3.15.

Consideration Shares has the meaning given in Resolution 2.

COO has the meaning given in Section 3.9.

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

Defaulting Party has the meaning given in Section 3.15(j).

Deferred Consideration Shares has the meaning given in Resolution 3.

Director means any director of the Company and **Directors** means all of them.

Eligible Employees has the meaning given in Schedule 4.

Employee Option Plan means the Red Gum Resources Limited Employee Option Plan with the terms and conditions set out in Schedule 4.

Employee Options has the meaning in Section 11.1.

End Date means on or before 30 November 2015 or such other date as agreed in writing between the Company, MCS and Intiga.

Executives means the CEO and the COO.

Executive Share Plan means the Red Gum Resources Limited Executive Share Plan with the terms and conditions set out in Schedule 3.

Exercise Conditions means the performance, vesting or other conditions (if any) determined by the Board and specified in an Employee Option Offer which are, subject to the Employee Option Plan, required to be satisfied, reached or met before an Employee Option can be exercised.

Exercise Price means the amount payable by the holder of an Employee Option on the exercise of the Employee Option.

Explanatory Memorandum means this explanatory memorandum.

Facilitator means Risely Resources Pty Ltd ACN 147 700 052.

Facilitation Shares has the meaning given in Resolution 6.

Financial Milestone has the meaning given in Section 3.2(c).

Guards' Entitlements has the meaning given in Section 3.15(d).

Guards' Entitlement Threshold has the meaning given in Section 3.15(d).

Insurance Run-Off Period has the meaning given in Resolution 12.

Intiga means John Boardman Pty Ltd, trading as Intiga Security ABN 62 147 925 559.

Intiga Acquisition means the acquisition of all of the shares in Intiga pursuant to the Intiga Sale Agreement.

Intiga Business means the security business carried on by Intiga.

Intiga Reconciliation Accounts has the meaning given in Section 3.15(h).

Intiga Retained Cash has the meaning given in Section 3.15(g).

Intiga Sale Agreement means the sale agreement between the Company and Intiga dated 23 September 2015.

Key Management Personnel means persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

Listing Rules means the official listing rules of ASX.

MCS means MCS Security Group Pty Ltd ACN 114 919 925.

MCS Acquisition means the acquisition of all of the shares in MCS pursuant to the MCS Sale Agreement.

MCS Business means the security business carried on by MCS.

MCS Reconciliation Accounts has the meaning given in Section 3.15(h).

MCS Retained Cash has the meaning given in Section 3.15(f).

MCS Sale Agreement means the sale agreement between the Company and MCS dated 23 September 2015.

MCS Vendors means Mr Paul Simmons and Ms Maureen Simmons.

Meeting means the general meeting of the Company to be held at Level 31, Central Park, 152-158 St Georges Terrace, Perth, Western Australia on Wednesday, 28 October 2015, at 10.30am (WST).

New Businesses means the MCS Business and Intiga Business.

Non-Defaulting Party has the meaning given in Section 3.15(j).

Notice means the notice convening the Meeting which accompanies this Explanatory Memorandum.

NPAT means net profit after tax.

Offer has the meaning given in Schedule 4.

Office means office as a Director.

Officers has the meaning given in Resolution 12.

Official List means the official list of the ASX.

Option means an option to acquire a Share.

Prospectus means the prospectus to be issued by the Company pursuant to the Capital Raising.

Proxy Form means the proxy form attached to the Notice.

Reconciliation Accounts has the meaning given in Section 3.15(h).

Relevant Interest has the meaning given in the Corporations Act.

Resolution means a resolution in the Notice.

Restricted Securities has the meaning given in the Listing Rules.

Sale Agreements means the MCS Sale Agreement and Intiga Sale Agreement.

Schedule means a schedule to this Explanatory Memorandum.

Section means a section of this Explanatory Memorandum.

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

Shareholder means a registered holder of a Share.

Share Registry means Computer Share Investor Services Pty Limited.

WST means Western Standard Time, being the time in Perth, Western Australia.

In the Notice and this Explanatory Memorandum, headings and words in bold are for convenience only and do not affect the interpretation of the Notice and this Explanatory Memorandum and, unless the context otherwise requires:

- (a) words importing the singular include the plural and vice versa;
- (b) words importing a gender include any gender;

- (c) other parts of speech and grammatical forms of a word or phrase defined in the Notice or this Explanatory Memorandum have a corresponding meaning;
- (d) a reference to a statute, regulation, proclamation, ordinance or by-law includes all statutes, regulations, proclamations, ordinances or by-laws amending, consolidating or replacing it, and a reference to a statute includes all regulations, proclamations, ordinances and by-laws issued under that statute;
- (e) a reference to a document includes all amendments or supplements to, or replacements or novations of, that document;
- (f) a reference to a body (including, without limitation, an institute, association or authority), whether statutory or not:
 - (i) which ceases to exist; or
 - (ii) whose powers or functions are transferred to another body,is a reference to the body which replaces it or which substantially succeeds to its powers or functions;
- (g) **“include”** and **“including”** are not words of limitation; and
- (h) **“\$”** is a reference to Australian currency.

Schedule 2 – Risk Factors

There are a number of risks associated with the Acquisitions that may have an impact on the financial returns received by Shareholders. These risks are important for Shareholders to understand.

Shareholders are already exposed to a number of risks through their existing shareholding in the Company. A number of these risks are inherent in investing in securities generally.

The risk factors include, but are not limited to, those detailed below. Additional risks not presently known to the Company, or if known, not considered material, may also have an adverse impact.

Specific Risks

1. Conditional Acquisitions and Re-compliance with Chapters 1 and 2 of the Listing Rules

As part of the Company's change in nature and scale of activities, ASX will require the Company to re-comply with Chapters 1 and 2 of the Listing Rules. A Prospectus will be issued to assist the Company to re-comply with these requirements. The Shares will be suspended from the date of the Meeting. It is anticipated that the Shares will remain suspended until Completion, re-compliance by the Company with Chapters 1 and 2 of the Listing Rules and compliance with any further conditions ASX imposes on such reinstatement. There is a risk that the Company will not be able to satisfy one or more of those requirements and that its Shares will consequently remain suspended from quotation.

Further, if any of the Conditions are not satisfied (or waived), the Acquisitions will not proceed.

2. Failure to renew existing contracts or win new contracts

The Company and the New Businesses ability to renew contracts with existing customers and win new contracts with existing and new customers is fundamental to the Company's business, growth and profitability. The Company will face competition in the security industry following Completion. New contracts, including contracts entered into with an existing customer where a previous contract has expired, are usually subject to a competitive process. There is a risk that the Company and the New Businesses may not win these contracts for any of a number of reasons. These include, for example:

- (a) lower pricing from competitors;
- (b) increased competition;
- (c) the Company's inability to differentiate its services and to market them effectively;
- (d) the Company's failure to maintain the quality or efficiency of its service offerings or to anticipate, identify or react to changes in customer preferences or requirements;
- (e) the Company's failure to react to new developments in service delivery technology; and
- (f) negative perceptions adversely affecting the Company's brand and reputation as a result of the eventuation of some of the other risk factors listed in this Schedule 2.

Failure to successfully renew existing contracts or to win new contracts could negatively impact the Company's financial performance, including, in the case of a failure to retain an existing customer of the New Businesses, by leaving the Company with excess capacity or redundancy costs, and adversely impact its ability to grow its operations.

3. Failure to properly understand customer requirements and customer demand

A large number of the New Businesses' material contracts are long term contracts, and many are not able to be terminated by the New Businesses unless the customer is in breach. The Company and New Businesses may from time to time enter into contracts where the agreed revenue is insufficient to cover the costs of delivering the security services or to provide adequate profit margins. This can occur for a number of reasons, including a failure to properly understand the scope and requirements of a contract, a failure to assess accurately the costs of delivering the contracted services, a failure to properly model the drivers of customer demand or a failure to adhere to the business' internal risk assessment and contracting process guidelines. The risk of such failures occurring may increase as the Company seeks to expand its services into new markets. If the Company enters into low margin contracts, the Company's revenue and profitability could be adversely impacted.

4. Risks associated with increased staff numbers

An increase in the New Businesses contracts may result in an increase the number of contracted and employed staff of the Company. This greater number of staff could result in a greater risk of worker's compensation claims made against the Company. The increased risk of these claims may also result in a disproportionate increase in the Company's insurance premiums. Accordingly, the increased costs associated with a greater number of worker's compensation claims and heightened insurance premiums may result in a decrease in the Company's profitability.

5. Public Liability Exposure

An increase in the New Businesses contracts may result in an increase in the number of locations the Company operates and the number of members of the general public that are likely to interact with the Company and its staff. This increases the potential for public liability claims made against the Company and may result in a disproportionate increase in the Company's insurance premiums. The increased costs associated with a greater number of public liability claims and heightened insurance premiums may result in a decrease in the Company's profitability.

6. Counterparty risks and costs

The New Businesses may experience counterparty risk in the form of new clients failing or refusing to pay fees in relation to services provided by the New Businesses under contract. The Company may incur expenses in attempting to recover the fees due under the contracts. Further, the amount of any fees recovered by the Company may be less than the expenses incurred.

7. Deregulation of Industry

Governmental changes in policy may occur whereby the industry becomes deregulated and the licences that the New Businesses maintain are no longer required. This may result in a significant decline in the barriers to entry of the industry and may result in increased competition and a reduction in margins, which may lead to a reduction in the Company's profitability.

8. Insurance risks

Whilst the Company will endeavour to maintain appropriate insurances for the New Businesses, there is no guarantee that such insurances will be available to the Company at economically viable premiums (or potentially at all). Further, in the event of claim, there can be no guarantee that the level of insurance held by the Company will be sufficient. As a result, the

Company risks being adversely affected by not carrying sufficient insurance or not being able to obtain insurance on suitable terms.

9. Risk of termination or renegotiation during the contract term

Some customers have a right to terminate contracts in certain circumstances, including where a party acquires control of MCS or Intiga (as the case may be), or where MCS or Intiga (as the case may be) is in material breach of the contract. In addition, contracts with government entities customarily contain a right for the customer to terminate for convenience. Termination of the New Businesses' services by a customer before the end of a contract's term will reduce the Company's future revenue and, in some situations, may leave the Company with excess capacity or excess labour or redundancy costs. Upon termination, the Company may not receive adequate compensation, or any compensation, for such losses and costs.

From time to time, customers may seek to renegotiate existing contracts for various reasons during the term of the contract. To the extent such customers have a right to terminate a contract (for convenience or otherwise), they may seek to use this right as leverage in the renegotiation process. Although the frequency of contract renegotiations has historically been low, the frequency of contract renegotiations may increase in the future. If contract renegotiations lead to the parties entering into new contracts on terms less favourable to the Company, or if the parties fail to reach an agreement and the customer terminates the existing contract, the Company's revenue and profitability could be adversely impacted. The Company may have potential liabilities for redundancies and other liabilities as a consequence of any contracts that are renegotiated or terminated before they would otherwise expire.

10. Customers may choose to change from outsourcing to in-sourcing of services

The Company's and the New Businesses' financial performance depends on customers continuing to outsource security services. The Company's anticipated future growth depends in part on security services being outsourced in the future. A reduction in outsourcing may result from a variety of factors, including changing economic conditions or industry trends, changes in the specific strategies of customers or poor performance by outsourced service providers. A decline in outsourcing of security services by customers, or an increase in customers taking security services back in-house ("in-sourcing") may adversely affect the Company's future revenue and profitability and its prospects for growth.

11. Reliance on key personnel

The Company and New Businesses currently employ a number of key management and personnel, and the Company's future depends on retaining and attracting suitable qualified personnel.

In particular, Mr Paul Simmons and Mr John Boardman will be crucial to the Company in their respective roles as CEO and COO, and, as the respective founders of MCS and Intiga, they have valuable relationships with customers.

There is no guarantee that the Company will be able to attract and retain suitable qualified personnel, and a failure to do so could materially adversely affect the Company's business, operating results and financial prospects.

12. Licence risk

The New Businesses rely on the grant and maintenance of a Commercial Agent's Licence, Crowd Control Licence, Investigator's Licence, Inquiry Agent's Licence, Security Consultant's Licence and a Security Agent's Licence (together the **Licences**). The *Security and Related Activities (Control) Act 1996* (WA) provides that these Licences can only be issued to a natural person. While a natural person may hold the Licences on behalf of a body corporate if they are an officer of the body, the Licences terminate automatically (and are non-transferable) if the

person ceases to be an officer of the body corporate. The Licences are currently held by Paul Simmons in relation to MCS and Gary Hodgson in relation to Intiga.

If Paul Simmons or Gary Hodgson cease to be involved with the New Businesses, a new officer approved to hold the relevant Licences will be required in order to operate the business. If a new Licence holder is required, there is a risk that delays could occur in the approval of a new Licence holder which, if protracted, could result in the New Businesses experiencing business interruption until such time as appropriate Licences are granted to a new holder.

13. Contract risk

Some of the New Businesses contracts may be terminated for reasons outside of the the Company's control. The loss of contracts may adversely affect the Company's operating results and profitability.

14. Competition

The New Businesses operate in markets with established competitors and no assurance can be given that the actions of existing or future competitors will not have a material adverse effect on the businesses operations or financial condition of the Company. The market for security services is highly competitive and the New Businesses' ability to compete will in part depend on their ability to provide quality services.

General Risks

15. Market Conditions

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (a) general economic outlook;
- (b) introduction of tax reform or other new legislation;
- (c) interest rates and inflation rates;
- (d) changes in investor sentiment toward particular market sectors;
- (e) the demand for, and supply of, capital; and
- (f) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and technology related stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

16. Taxation

There is the potential for further changes to tax laws and changes in the way tax laws are interpreted. Any change to the current rates of taxes imposed on the Company is likely to affect returns to Shareholders.

The Company obtains external expert advice on the application of the tax laws to its operations. An interpretation of taxation laws by a revenue authority that is contrary to the Company's interpretation of those laws may increase the amount of tax to be paid.

In addition, an investment in the Shares involves tax considerations which may differ for each Shareholder. Each prospective Shareholder is encouraged to seek professional tax advice in connection with any investment in the Company.

17. Economic and government risks

The future viability of the Company is also dependent on a number of other factors affecting performance of all industries and not just the security industry including, but not limited to, the following:

- (a) general economic conditions in jurisdictions in which the Company operates;
- (b) changes in government policies, taxation and other laws in jurisdictions in which the Company operates;
- (c) the strength of the equity and share markets in Australia and throughout the world, and in particular investor sentiment towards the security sector;
- (d) movement in, or outlook on, interest rates and inflation rates in jurisdictions in which the Company operates; and
- (e) natural disasters, social upheaval or war in jurisdictions in which the Company operates.

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Schedule 3 - Summary of Executive Share Plan

Information about the Executive Share Plan is set out below. A copy of the Executive Share Plan can be obtained by contacting the Company.

Outline of the Executive Share Plan

This section gives a brief outline of how the Board intends to implement the Executives' participation under the Executive Share Plan.

Participation

Carefully designed, performance linked, equity plans are widely considered to be very effective in providing long term incentives to the Executives. They are also used to attract and retain the Executives by providing them with the opportunity to participate in the creation of a valuable personal asset – a financial stake in the Company.

As part of the Company's strategy, the Board wishes to be in a position to grant Shares under the Executive Share Plan to the Executives to achieve the objectives outlined above.

Overview of the Executive Share Plan and terms and conditions

The Board is aware of general Shareholder concern that long-term equity based rewards for Executives should be linked to achievements by the Company. Accordingly, the Shares under the Executive Share Plan will only be issued upon the satisfaction of certain performance conditions.

The main features of the Executive Share Plan (and the terms and conditions to be attached to the Executive Share Plan) are summarised as follows:

Eligible Executive: The Company may from time to time make an invitation to an Executive of the Company.

Invitation: Each invitation to an eligible Executive must be in writing and must specify the number of Shares being offered, the subscription price (if any), the manner in which the subscription price is to be paid, and the date by which the invitation must be accepted, the performance conditions, and other matters required under the Corporations Act, Listing Rules or any regulatory instrument issued by ASIC.

Excluded Information: If the Shares under the Executive Share Plan are not issued in reliance of an applicable ASIC class order, the issue of the Shares must be postponed until such time as any excluded information in respect of the Company (as defined in section 708A(7) of the Corporations Act) ceases to be excluded information and the Company shall upon the issue of the Shares give ASX a notice that complies with section 708A(5)(e) of the Corporations Act or lodge a prospectus with ASIC that qualifies the Shares for resale under section 708A(11) of the Corporations Act.

Restrictions: The Board may, in its sole discretion, impose restrictions on the ability of an Executive to deal with the Shares issued under the Executive Share Plan for an identified period of time, following their issue, and may request the application of a holding lock to ensure that such dealing restrictions are observed.

Limits on Entitlement: An offer of Shares may only be made under the Executive Share Plan if the number of Shares that may be issued, when aggregated with:

- (a) the number of Shares which would be issued if each outstanding offer, right or option to acquire unissued Shares, made or acquired pursuant to the Executive Share Plan

or any other incentive scheme, was to be accepted or exercised (as the case may be); or

- (b) the number of Shares issued during the previous 3 years pursuant to the Executive Share Plan or any other incentive scheme,

but disregarding an offer made or Share issued by way of or as a result of:

- (a) an offer to a person situated at the time or receipt of the offer outside of Australia;
- (b) an offer that did not need disclosure to investors because of section 708 of the Corporations Act; or
- (c) an offer made under a disclosure document,

must not exceed 10% (or such other maximum number permitted under any ASIC class order providing relief from the disclosure regime of the Corporations Act) of the total number of issued Shares as at the time of the offer.

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Schedule 4 - Summary of Employee Option Plan

Information about the Employee Option Plan is set out below. A copy of the Employee Option Plan can be obtained by contacting the Company.

Outline of the Employee Option Plan

This section gives a brief outline of how the Board intends to implement initial participation under the Employee Option Plan.

Participation

Carefully designed, performance linked, equity plans are widely considered to be very effective in providing long term incentives to staff. They are also used to attract and retain staff by providing them with the opportunity to participate in the creation of a valuable personal asset – a financial stake in the Company.

As part of the Company's strategy, the Board wishes to be in a position to grant Employee Options under the Employee Option Plan to employees (excluding Directors) to achieve the objectives outlined above. An Employee Option is a right to subscribe for a Share during the exercise period, subject to the satisfaction of any additional Exercise Conditions that are attached to the Employee Option, as determined by the Board.

Overview of the Employee Option Plan and terms and conditions

The Board is aware of general Shareholder concern that long-term equity based rewards for staff should be linked to achievements by the Company. Employee Options granted under the Employee Option Plan to eligible participants may be subject to Exercise Conditions as determined by the Board from time to time. The Exercise Conditions must be satisfied in order for the Employee Options to be exercisable. Upon Employee Options being duly exercised, Shares are issued or transferred to the participant in accordance with the Employee Option Plan.

The Board considers the Employee Option Plan a crucial mechanism to encourage and retain high level executive and employee performance. The Board intends to implement the Employee Option Plan, and set the Exercise Conditions, in a manner designed to incentivise and reward high level executive and employee performance.

The main features of the Employee Option Plan (and the terms and conditions to be attached to the Employee Option Plan) are summarised as follows:

Eligible Participants: The eligible participants under the Employee Option Plan are the employees and the contractors of the Company (**Eligible Employees**).

Limits on Entitlement: An offer of Employee Options may only be made under the Employee Option Plan if the number of Shares that may be acquired on exercise of those Employee Options, when aggregated with:

- (a) the number of Shares which would be issued if each outstanding offer, right or option to acquire unissued Shares, being an offer made or right or option acquired pursuant to the Employee Option Plan or any other incentive scheme, was to be accepted or exercised (as the case may be); or
- (b) the number of Shares issued during the previous 3 years pursuant to the Employee Option Plan or any other incentive scheme;

but disregarding an offer made or Employee Option acquired or Share issued by way of or as a result of:

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- (a) an offer to a person situated at the time or receipt of the offer outside of Australia;
 - (b) an offer that did not need disclosure to investors because of section 708 of the Corporations Act; or
 - (c) an offer made under a disclosure document,

must not exceed 10% (or such other maximum number permitted under any ASIC class order providing relief from the disclosure regime of the Corporations Act) of the total number of issued Shares as at the time of the offer. For the avoidance of doubt, where an Employee Option lapses without being exercised, the Shares concerned shall be excluded from the calculation.

Consideration Payable: Employee Options will be issued for no consideration but may have an Exercise Price payable by the Eligible Employee at the time of exercise.

Offer and Exercise Conditions: The Employee Options issued under the Employee Option Plan to Eligible Employees may be subject to Exercise Conditions, determined by the Board from time to time and expressed in a written offer letter (**Offer**) made by the Company to the Eligible Employee which is subject to acceptance by the Eligible Employee within a specified period. The Board in its absolute discretion determines whether Exercise Conditions have been met.

Expiry Date & Lapse: Employee Options will have such expiry date, being the last exercise date, as the Board may determine in its absolute discretion and specify in the Offer. Irrespective of whether an Exercise Condition of an Employee Option has been achieved, any Employee Options which have not been exercised by the expiry date will lapse.

Retirement, Disability, Redundancy, Death or Removal as a Director: Under the Employee Option Plan, upon total and permanent disability, redundancy, death of a participant, or any other circumstances as the Board may determine, then in respect of those Employee Options which have not lapsed, the Board may at its discretion bring forward the first exercise date and waive or vary any Exercise Conditions in regard to the Employee Option.

Assignment: The Offer is personal to the Eligible Employee and the Eligible Employee may not in whole or in part assign, transfer or in any other manner, deal with the Offer.

Takeover Bid or Change of Control: All Employee Options automatically vest if:

- (a) a takeover bid (as defined in the Corporations Act) for the Company's issued Shares is made and the bidder obtains voting power (as defined in the Corporations Act) in the Company of 50% or more and the takeover offers are made or declared unconditional (which includes where the takeover offers are unconditional other than for the happening of the events or circumstances set out in section 652C(1) and (2) of the Corporations Act or the condition set out in section 625(3) of the Corporations Act);
- (b) the Company announces that Shareholders have at a Court convened meeting of Shareholders voted in favour, by the necessary majority, of a proposed scheme of arrangement (excluding a merger by way of scheme of arrangement for the purposes of a corporate restructure (including change of domicile, consolidation, sub division, reduction or return) of the issued capital of the Company) and the Court, by order, approves the scheme of arrangement under section 411(4)(b) of the Corporations Act; or
- (c) an event or transaction by which an entity obtains or is to obtain voting power (as defined in the Corporations Act) in the Company of 50% or more is approved or accepted by a majority of members of the Company.

New Issues: Eligible Employees are not entitled to participate in any new issue to existing holders of Shares, unless they have become entitled to exercised their Employee Options and they do so before the record date for the determination of entitlements to the new issue of Shares and participate as a result of being Shareholders.

Pro Rata Issue of Shares: If, during the term of any Employee Options, the Company makes a pro rata issue of Shares to the Shareholder, and no Share has been issued in respect of an Employee Option before the record date for determining entitlements to the issue, the Exercise Price of the Employee Option may be reduced by the Board.

Bonus Issue: If, during the term of any Employee Options, the Company completes a bonus issue, the number of Shares each Employee Options holder is then entitled, shall be increased by that number of securities which the holder would have been issued if the Employee Options then held by the holder were exercised immediately prior to the record date for the bonus issue.

No Conferred Rights: The Employee Option Plan:

- (a) does not confer on an employee of the Company the right to receive an Offer;
- (b) does not confer on an employee of the Company the right to continue as an employee;
- (c) do not affect the rights which the Company or any of its subsidiaries may have to terminate the Eligible Employee's employment;
- (d) may not be used to increase damages in an action brought against the Company or any of its subsidiaries in respect of that termination; and
- (e) does not confer any voting rights to an Eligible Employee, rights to dividends or any other form of benefit prior to the Employee Options being exercised.

Amendment: The Board may amend the Employee Option Plan at any time, subject to consent requirements and the Listing Rules to the extent any such amendment would adversely affect the rights of holders of existing Employee Options.

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PROXY FORM

RED GUM RESOURCES LIMITED
ACN 119 641 986

GENERAL MEETING

I/We
of:

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

Name:

OR: the Chair of the Meeting as my/our proxy.

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Meeting to be held at the offices of DLA Piper, Level 31 Central Park, 152-158 St Georges Terrace, Perth WA 6000, on Wednesday, 28 October 2015 at 10.30am (WST), and at any adjournment thereof.

AUTHORITY FOR CHAIR TO VOTE UNDIRECTED PROXIES ON REMUNERATION RELATED RESOLUTIONS

Where I/we have appointed the Chair as my/our proxy (or where the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on all resolutions of the General Meeting.

CHAIR'S VOTING INTENTION IN RELATION TO UNDIRECTED PROXIES

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

Voting on business of the Meeting		FOR	AGAINST	ABSTAIN
Resolution 1	Change to Nature and Scale of Activities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Approval of the Acquisitions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Approval of Issue of Deferred Consideration shares to John Boardman	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval of issue of Capital Raising Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Change of Company Name	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Approval of Issue of Facilitation Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Adoption of Executive Shares Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Adoption of Employee Option Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9	Appointment of Melissa Chapman as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 10	Election of Josh Puckridge as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 11	Election of Thomas Pickett as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 12	Directors Deeds of Indemnity, Access and Insurance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

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

Signature of Shareholder(s):

Individual or Shareholder 1

Sole Director/Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Date: _____

Contact name: _____

Contact ph (daytime): _____

E-mail address: _____

Consent for contact by e-mail
in relation to this Proxy Form: YES NO

Proxy Notes:

A Shareholder entitled to attend and vote at the Meeting may appoint a natural person as the Shareholder's proxy to attend and vote for the Shareholder at that Meeting. If the Shareholder is entitled to cast 2 or more votes at the Meeting the Shareholder may appoint not more than 2 proxies. Where the Shareholder appoints more than one proxy the Shareholder may specify the proportion or number of votes each proxy is appointed to exercise. If such proportion or number of votes is not specified each proxy may exercise half of the Shareholder's votes. A proxy may, but need not be, a Shareholder of the Company.

If a Shareholder appoints a body corporate as the Shareholder's proxy to attend and vote for the Shareholder at that Meeting, the representative of the body corporate to attend the Meeting must produce the Certificate of Appointment of Representative prior to admission. A form of the certificate may be obtained from the Company's share registry.

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

Joint Holding: where the holding is in more than one name all of the holders must sign.

Power of Attorney: if signed under a Power of Attorney, you must have already lodged it with the registry, or alternatively, attach a certified photocopy of the Power of Attorney to this Proxy Form when you return it.

Companies: a Director can sign jointly with another Director or a Company Secretary. A sole Director who is also a sole Company Secretary can also sign. Please indicate the office held by signing in the appropriate space.

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's Share Registry.

Proxy Forms (and the power of attorney or other authority, if any, under which the Proxy Form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the Proxy Form (and the power of attorney or other authority) must be deposited at or received by facsimile transmission at the registered office of the Company (79 Angas Street, Adelaide, SA 5000 or facsimile (08) 8223 1685 if faxed from within Australia or +618 8223 1685 if faxed from outside Australia) not less than 48 hours prior to the time of commencement of the Meeting (WST).

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