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**ESTRELLA RESOURCES LIMITED**  
**ACN 151 155 207**  
**(to be renamed Data Labs Limited)**

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## **NOTICE OF GENERAL MEETING**

**A General Meeting of the Company will be held at the Boardroom of Hall Chadwick, Level 40, 2 Park Street, Sydney on Monday, 1 February 2016 at 11am (AEDT).**

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**The Independent Expert has concluded the proposed transaction, the subject of Resolution 3, is fair and reasonable to the non-associated Shareholders for the reasons described in the Independent Expert's Report.**

*This Notice of General Meeting should be read in its 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 by telephone on (02) 9078 7671***

# **ESTRELLA RESOURCES LIMITED**

## **ACN 151 155 207**

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### **NOTICE OF GENERAL MEETING**

Notice is hereby given that a general meeting of Shareholders of Estrella Resources Limited (**Company**) will be held at the Boardroom of Hall Chadwick, Level 40, 2 Park Street, Sydney on Monday, 1 February 2016 at 11am (AEDT) (**Meeting**).

The Explanatory Memorandum to this Notice 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 regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on 30 January 2016 at 7pm (AEDT).

Terms and abbreviations used in this Notice and Explanatory Memorandum are defined in Section 13.

### **AGENDA**

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#### **1. Resolution 1 – Approval of change to nature and scale of activities**

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, for the purposes of Listing Rule 11.1.2 and for all other purposes, Shareholders approve the significant change to the nature and scale of the Company's activities resulting from the 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 a person who might obtain a benefit (except a benefit solely in the capacity of a holder of ordinary securities) if the Resolution is passed, and any associates of those persons.

However, the Company 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 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.

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## 2. Resolution 2 – Approval of acquisition of Data Laboratories Ltd

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, for the purposes of Listing Rule 7.1, and for all other purposes, Shareholders approve the issue of up to 275,000,000 Shares (**Consideration Shares**) to the Vendors as consideration for the 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 the Vendors and a person who might obtain a benefit (except a benefit solely in the capacity of a holder of ordinary securities) if the Resolution is passed, and any associates of those persons.

However, the Company 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 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.

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## 3. Resolution 3 – Approval of issue of Jones Securities to Mr Sam Jones

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, for the purposes of section 611 item 7 of the Corporations Act and for all other purposes, Shareholders approve the issue of up to:*

- (a) 207,547,170 Shares (being part of the Consideration Shares); and
- (b) 150,000,000 Performance Rights (comprising 37,500,000 Class A Performance Rights, 37,500,000 Class B Performance Rights, 37,500,000 Class C Performance Rights and 37,500,000 Class D Performance Rights) (and 150,000,000 Shares on exercise of the Performance Rights),

*(together the **Jones Securities**) to Mr Sam Jones under the terms of the Acquisition Agreement 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 (and any associate of such a person) who may participate in the issue of the Jones Shares.

### Expert's Report

Shareholders should carefully consider the report prepared by the Independent Expert for the purposes of the Shareholder approval under section 611 item 7 of the Corporations Act. The

Independent Expert's Report comments on the fairness and reasonableness of the transaction the subject of this Resolution to the non-associated Shareholders in the Company. The Independent Expert has determined that the transaction is fair and reasonable to the non-associated Shareholders in the Company.

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## 4. Resolution 4 – Approval to issue Capital Raising Shares

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, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve and authorise the Directors to issue up to 160,000,000 Shares (**Capital Raising Shares**) each at an issue price of \$0.025 (**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.

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 person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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## 5. Resolution 5 – Approval to grant Adviser Options

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, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve and authorise the Directors to grant up to 25,000,000 Adviser Options, each exercisable at \$0.025 on or before 30 June 2020, on the terms and conditions set out in the Explanatory Memorandum."*

### Voting Exclusion

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

However, the Company 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 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.

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## **6. Resolution 6 – Approval to grant Adviser Options to Mr Tim Andrew**

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, for the purposes of Listing Rule 10.11 and for all other purposes, Shareholders approve and authorise the Directors to grant up to 15,000,000 Adviser Options, each exercisable at \$0.025 on or before 30 June 2020, to Mr Tim Andrew (or his nominee) on the terms and conditions set out in the Explanatory Memorandum."*

### **Voting Exclusion**

The Company will disregard any votes cast on this Resolution by Mr Tim Andrew and his nominee and any associates of those persons.

However, 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 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.

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## **7. Resolution 7 – Appointment of Mr Sam Jones as a Director**

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

*"That, in accordance with Article 15.1(b) of the Constitution, and with effect from Completion of the Acquisition, Mr Sam Jones be appointed as a Director."*

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## **8. Resolution 8 – Appointment of Mr Tim Andrew as a Director**

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

*"That, in accordance with Article 15.1(b) of the Constitution, and with effect from Completion of the Acquisition, Mr Tim Andrew be appointed as a Director."*

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## **9. Resolution 9 – 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 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 Data Labs Limited."*

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## 10. Resolution 10 – Adoption of Data Labs Option Plan

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, for the purposes of Listing Rule 7.2 Exception 9(b), as an exception to Listing Rule 7.1, and for all other purposes, approval is given for the establishment of the “Data Labs Option Plan” and the issue of securities, including Options and Shares on exercise of Options, thereunder, on the terms and conditions summarised 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 associates of those 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 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.

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## 11. Resolution 11 – Approval of grant of Plan Options to Mr Tim Andrew

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

*“That, subject to Resolution 10 being passed, for the purposes of Listing Rule 10.14, and for all other purposes, approval be given to the Company to grant up to 10,000,000 Initial Plan Options to Mr Tim Andrew (and/or his Affiliates) under the Option Plan, on the terms and conditions set out in the Explanatory Statement.”*

### **Voting Exclusion**

The Company will disregard any votes cast on this Resolution by any Director who is eligible to participate in the Option Plan and any of their associates.

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 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.

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## 12. Resolution 12 – Approval of grant of Plan Options to Mr Howard Digby

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

*“That, subject to Resolution 10 being passed, for the purposes of Listing Rule 10.14, and for all other purposes, approval be given to the Company to grant up to 2,000,000 Initial Plan Options to Mr Howard Digby (and/or his Affiliates) under the Option Plan, on the terms and conditions set out in the Explanatory Statement.”*

### Voting Exclusion

The Company will disregard any votes cast on this Resolution by any Director who is eligible to participate in the Option Plan and any of their associates.

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 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.

Dated 30 December 2015

**BY ORDER OF THE BOARD**



**Guy Robertson**

Director

## **EXPLANATORY MEMORANDUM**

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### **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 the Boardroom of Hall Chadwick, Level 40, 2 Park Street, Sydney on Monday, 1 February 2016 at 11am (AEDT).

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

A Proxy Form is located at the end of the Explanatory Memorandum.

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### **2. Action to be taken by Shareholders**

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 attached to the Notice. 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 thereon. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- (a) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.



## 2.2 Voting Prohibition by Proxy Holders

In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote on the basis of that appointment on Resolutions 3 and 10 to 12 if:

- (a) the person is either:
  - (i) a member of the Key Management Personnel of the Company; or
  - (ii) a Closely Related Party of such a member, and
- (b) the appointment does not specify the way the proxy is to vote on Resolutions 3 and 10 to 12.

However, the prohibition does not apply if:

- (a) the proxy is the Chairman; and
- (b) the appointment expressly authorises the Chairman to exercise the proxy even if Resolutions 3 and 10 to 12 are connected directly or indirectly with remuneration of a member of the Key Management Personnel of the Company.

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## 3. Summary of the Acquisition

### 3.1 Background

The Company is a mineral exploration company with interests in exploration licences prospective for copper and gold in Chile. Following an extended period of difficult market conditions for junior resources companies, the Company has actively explored acquisitions or investments in other sectors.

The Company announced on 12 November 2015 that it had entered into a share sale agreement with the major shareholder of Data Laboratories Limited (**Data Labs**) to acquire 100% of the issued capital of Data Labs (**Acquisition**). Data Labs is a UK company that has developed a Software-as-a-Service product, “Talent Lab”, which is next generation people analytics software, delivered via the cloud, which enables the transformation of human capital data into actionable insights through cutting-edge data visualisation.

### 3.2 Capital Raising

The Company will seek to raise a minimum of \$3,500,000 and a maximum of \$4,000,000, by way of a Share placement to the general public via a prospectus, at an issue price of \$0.025 per Share. Shareholders may participate in the Capital Raising.

Resolution 4 seeks Shareholder approval for the Capital Raising (refer to Section 7).

The Company has executed a mandate for Patersons Securities Limited to act as lead manager of the Capital Raising. See Section 3.12 for details of the fees payable to Patersons in respect to this mandate.

The Company has received firm commitments for the minimum amount of \$3,500,000 under the Capital Raising.

### 3.3 Data Labs Overview

#### (a) Overview of Data Labs Business

Data Labs is the owner of an enterprise-grade SaaS human capital data aggregation and front end visualisation platform for organisations (the **Talent Lab Platform** or **Talent Lab**).

Data Labs' business model is software-as-a-service (**SaaS**), with a recurring subscription fee payable by clients on a per User basis.

Data Labs was incorporated in November 2014 by founder, Mr Sam Jones, to commercialise the Talent Lab Platform.

The core competencies of Data Labs are product design and engineering, specifically in data journalism. Data Labs see broad application of its underlying platform across multiple sectors beyond its use in the Talent Lab Platform for human capital management.

#### (b) Overview of Talent Lab Platform

The fundamental business need that the Talent Lab Platform addresses is that organisations are generally unsophisticated when it comes to gathering insights from their human capital information.

There are two main reasons for this.

1. **Data not in one place.** Human Resource Information Systems (**HRIS**) are traditionally antiquated, with an over reliance on spread sheets. To compound this, organisations often run multiple HRIS platforms, separate performance management systems and payroll systems. (Only 13% of companies have a single HR system).
2. **Unable to tell the story with data.** Many organisations rely heavily on spreadsheets of data to communicate information, which occasionally get converted to PowerPoint slides. This medium is often not the best way to engage business leaders. New user interfaces are a top driver for replacement, and external research shows that the #1 driver of change is the need for a more compelling, consumer like experience.

The Talent Lab Platform addresses these two issues. First, the software allows Users to aggregate data from multiple source into a single platform, before distributing the data across 11 interactive visualisation modules that have been designed to engage an audience in minutes.

The Talent Lab Platform has not been designed to compete with HRIS and enterprise resource planning (**ERP**) providers such as Oracle, SAP, Workday. These organisations are extremely mature and offer a broad service to their clients. Instead, Talent Lab Software has been designed as a strategic tool to “plug in” to such ERP platforms, converting source data into a high definition format that is engaging and ready for the boardroom.

There are two components to the Talent Lab Platform, the data aggregation platform and the front-end visualisation software.

## **Data Aggregation Platform**

The data aggregation platform was developed in Microsoft.net and serves as the administration layer for the Talent Lab Platform. The first step for a User is to import their data into the platform, from one or more sources. Data upload is currently only available via .csv format. In 2016, Data Labs is proposing to introduce Application Programming Interface (**API**) connectors into the platform to automate data upload processes.

A User can merge data from multiple sources, clean data and edit data within the platform.

An administrator of the platform can create new User accounts and assign user-based permissions for each new User, determining what level of data they can see. For example some users in a company may not be allowed to see data from outside their business area or about people in other departments or more senior to them.

When data has been uploaded, and new Users have been created, the data is then distributed to the Talent Lab Platform front-end visualisation software.

## **Talent Lab Front End Visualisation Software**

Talent Lab provides a User with 11 compelling, easy-to-understand visual modules, named List, Table, Bar chart, Partition, Cluster, Scatter, Maps, Talent Target, Timeline, Distribution, Dashboard and Word Cloud. A 12<sup>th</sup> module will be delivered in 2016 called "Hierarchy".

A User is able to export any view from the software via html links, PDFs, screen shots or raw data in a .csv file.

A distinct advantage of the software is the sole focus on human capital management. Every company or organisation has people and all large organisations have a people management function. It is this focus that allows Data Labs to deliver the same product to many organisations across various industry groups and geographies in a highly flexible, but guided format. Data Labs can get a client live in hours, rather than weeks. Other visualisation platforms offer generic visualisation, requiring customisation.

## **Delivery Methods**

The Talent Lab Platform is available as an on-premise or hosted solution. Data Labs global hosting partner is Microsoft Azure.

The software is currently available via the browser. In 2016, Data Labs is proposing to deliver an iOS and Android application for the software.

The Talent Lab typical usage pattern for the roll-out of the Talent Labs Platform to a new client is as follows:

- Client purchases a license, either on-premise or hosted delivery is selected.
- Data Labs provide an instance of the software to the client.
- Following training (on-site or virtual), the client unifies people information from multiple sources into the Talent Lab Platform.
- The software converts the imported data into 11 stunning, prebuilt visualisation modules in minutes.

- The User can create a dashboard for incorporating into their people related processes including the creation of workforce strategies and ongoing workforce planning and management.
- Using multiple views, the User can identify potential “outliers” in the data that may lead to pivotal people decisions. Having a solid understanding of the available data and the stories behind the data enhances decision making. For most executives, this understanding is aided by better visualisation.
- Share insights and findings with key stakeholders in the organisation.
- Act on the insights gained.

(c) **Talent Lab Product Road Map**

Regarding the core product, Talent Lab, Data Labs will add a series of modules in 2016. This will include Hierarchy, to show reporting lines in a company. Secondly, Data Labs will embed an employee survey feature into the application.

Data Labs will also build connectors into the application, specifically joining marketplaces such as ADP Marketplace, an emerging platform that links a third party software product with ADP’s client base of over 600,000 companies, ranging from small businesses to industry giants.

(d) **Derivative Products, Talent Lab**

Outside of developing the core platform, Talent Lab, there are a series of derivative products which Data Labs are exploring utilising the underlying data aggregation and front end visualisation platforms. If successful, these could yield significant revenue for the Data Labs as extensions of the core product. These include the following:

- **Talent Lab for Sport.** Data Labs is in discussions with a leading US based sports league to adapt the Talent Lab Platform for player analytics. This would be made available for fans via the league's website. This project is designed to generate revenue, but also create publicity for the Talent Lab brand.
- **Talent Lab for Government.** Data Labs also sees potential application of the Talent Lab Platform in the public sector, helping states understand their demographics as well as stretching across healthcare, emergency services, education. Data Labs has commenced discussions in Singapore and have met the Singapore government on several occasions.
- **Talent Lab for Safety.** As an example, Data Labs is in discussions with a leading resources organisation in Australia regarding adapting the Talent Lab Platform to be used for understanding safety metrics related to human capital.

(e) **Pricing**

The Data Labs business model is software-as-a-service (**SaaS**), with a recurring license fee payable by clients.

Talent Lab has been designed to be of value to a business with only a small number of employees and to a business with many thousands of employees. As such, Data Labs is proposing to adopt 3 tiers of pricing to attract customers from all parts of the market. The proposed pricing for a 12-month Talent Lab Software license is as follows:

Tier 1 – Organisations with under 500 staff – Price US\$24,000 a year (single User)

Tier 2 – Organisations with under 10,000 staff – US\$60,000 a year (up to 10 Users)

Tier 3 – Organisations with over 10,000 staff – US\$108,000 a year (unlimited Users)

Where the Talent Lab Platform is sold to a client through a Channel Partner or a reseller, Data Labs will pay part of the license fee received from that client to the Channel Partner or the reseller (see section (f) below).

In addition to the license fee, Data Labs will also charge a hosting charge of approximately 15% of the license fee, most of which will be passed on to Data Labs' hosting partner. Basic training services are included in the license fees. Additional services will be charged as agreed with specific clients.

These prices are subject to change and discounts may apply at the Company's absolute discretion and as a result of confidential negotiations with clients. At the date of this Notice, Data Labs is not currently charging the full rates set out above to any customers.

**(f) Sales Strategy**

With such a huge addressable market, Data Labs has defined 3 channels to market

1. Direct: Reaching customers directly, including through digital marketing / search engine optimisation, account management, Data Labs hosted events and industry events.
2. Channel Partners: Partnering with leading consultants across business improvement, strategy, talent / diversity. Talent Lab to act as an "accessory" to their consulting practise. Data Labs currently has an agreement in place with its first Channel Partner, under which Data Labs agrees to pay 30% of year 1 software license revenue to the channel partner. Payment of commissions in year 2 and beyond may be negotiated, depending on the role of the Channel Partner in renewing the client subscription and will be no more than 30% of that year's software licence revenue.
3. Technology Resellers: Talent Lab is made available via technology marketplaces such as SFDC, ADP Marketplace, App First. Data Labs also intends to join vendor programs for Oracle, SAP and Workday in 2016. Fees to technology resellers are anticipated to be 30% of revenue for every transaction, including renewal.

Following completion of the Acquisition and the Capital Raising, Data Labs intends to deploy the following sales and marketing initiatives and resources:

- Digital marketing manager based in Singapore who will be responsible for driving online content (LinkedIn, Twitter) related to the brand. They will drive the attendance of Talent Lab's community events,
- Talent Labs community events where the products will be showcased to a large group of potential customers once a month in different regions. This starts with a Singapore event in Jan 2016.
- Account Manager for Asia Pacific. This role will be filled by a sales professional who performs a variety of duties aimed at managing Data Labs client relationships. Based in Singapore, the role will ultimately be replicated in other key markets (USA, UK, Australia). The Account Manager will be responsible for direct enterprise sales and will also work to build and support the channel community and channel development initiatives.

- Channel development to include appointing management consulting firms, technology resellers, as Channel Partners and build these channels alongside the direct marketing channel.
- feature at a minimum of 5 industry events starting with the Workforce Analytics series sponsored by IBM, and HR Tech ( largest industry conference, held in Las Vegas in October 2016).

The Data Labs business has only been operating for a short period of time. The Data Labs business should therefore be considered as having a limited operating history. Whilst some revenue is currently being produced the business is still loss making. The Data Labs business should accordingly be considered high risk and speculative.

#### **(g) Software Development**

Talent Lab was launched in beta in June 2015. Data Labs tested the front end application with a total of 18 companies for informal testing over an 8 week period. This originally included only 6 modules. Since the inception of the Talent Lab product, US\$1,100,000 has been invested in product design and software development and testing.

Since the beta testing completed, Data Labs added additional functionality, including a further 5 modules, taking the product total to 11.

The Talent Lab Platform is now ready to commercialise. As of 10 December 2015, Data Labs has signed one customer contract. The software will be implemented in late January 2016 in London to this client.

The software is being evaluated by numerous global blue chip organisations as potential clients. To support the strategy of aiming for global scale, Data Labs is designing its processes and documentation to minimise the amount of personal interaction needed to “on-board” and support customers and pilot sites. This process is currently in development. As much as possible, Data Labs proposes to on-board clients with a low touch strategy through a well-designed self-service platform and strong business processes.

Expected software development costs for Data Labs include the cost of a full time Development Manager recently hired by Data Labs, and monthly service fees for outsourced developers.

Following completion of the Acquisition and the Capital Raising, Data Labs intends to focus on the following software development initiatives:

- addition of a new “Hierarchy” module to the Talent Labs Platform;
- addition of a new employee engagement survey facility to the Talent Labs Platform;
- development of the Talent Lab for sports product referred to in Section 3.3(d); and
- development of the interface for Android and IOS platform versions of the Talent Lab Platform.

### **3.4 Industry Overview**

The Talent Lab human capital analytics software sits at the nexus of two dynamic markets, the market for Human Capital Management (**HCM**) software and the market for data analytics and visualisation platforms.

Data Labs is also deliberately marketing the Talent Lab Platform as an application that takes people analytics outside of the HR corridors and directly into the offices of the C-suite managers.

(a) **Overview of the HCM software market**

HCM software encompasses a wide range of solutions deployed to help companies manage their workforce. Software in the marketplace ranges from entire suites offered by major vendors such as SAP and Oracle, or cloud hosted services from companies like ADP, and point solutions for niche tasks. The sector is relatively dynamic for a number of reasons with a number of new players entering the market in recent years; some achieving significant success, such as Workaday.

A number of factors describe the state of HCM software today:

- Many HR departments within companies feel they are “underinvested” in HCM software compared to software for other areas of the business.
- Major platforms in use today are often in excess of 5 years old.
- According to leading information technology research and advisory firm Gartner, HCM products are expected to reach USD10 billion in revenue this year with talent management alone expected to reach revenue of USD4.5 billion.

(b) **Overview of the Data Visualisation Market**

Data Visualisation is the representation of data in a pictorial or graphical format. Data Analytics is the use of data to determine useful information with which to make decisions to run a business, project or operation. Often this is challenging, limited by the tools to interpret large amounts of data and present it in a form that can reveal patterns and trends in a meaningful way. Data visualisation is used to make the process simpler and easier to understand for decision makers. Powerful data visualisation can significantly improve data analytics by spotting important outliers and trends.

Data visualisation is a part of Enterprise software suites offered by major software providers and also offered by specialist companies such as Tableaux. Recent entrants such as DOMO have also found rapid success, indicating that the market for powerful data analytics is growing strongly.

(c) **People Analytics**

This market segment is also called “Workforce Analytics” or “HR Analytics” or “HCM Analytics”. While this is a well-defined segment with many software companies aiming to address it, the current HCM tools and even the latest data analytics software may not always provide the answer. According to research by CEB, 82% of business leaders don’t trust existing talent data and 83% of them don’t believe talent analytics tools used are focussed on the right issues anyway. The same survey found that 95% of HR leaders planned to increase investment in HR data and analytics in the next 2 years.

Talent Lab is aimed at taking advantage of the momentum and market needs in both the HCM and data visualisation markets, and addressing the gaps in both because it is a data visualisation platform focused on people data.

### 3.5 Management of Data Labs

The key management personnel of Data Labs (who will become the key management personnel of the Company following Completion) are as follows:

(a) Mr Sam Jones (Managing Director and Chief Executive Officer)

Mr Sam Jones is currently Chief Executive Officer of Data Labs, and from Completion, will become Managing Director and Chief Executive Officer of the Company.

Refer to Section 9.2 for a brief profile of Mr Jones.

The principal proposed terms of the executive services agreement with Mr Jones for the position of Managing Director and Chief Executive Officer of the Company are as follows:

- (i) Remuneration and other benefits, including:
  - (A) A base salary of SGD180,000 per annum plus a relevant statutory pension for a Singaporean resident.
  - (B) 25 days paid annual leave per annum.
  - (C) Life insurance, and comprehensive health insurance for Mr Jones and his family.
  - (D) Payment of school fees for Mr Jones' children to attend school in Singapore (estimated to be SGD90,000 per annum).
- (ii) The agreement may be terminated:
  - (A) by either party without cause with 6 months' notice, or in the case of the Company, immediately with payment in lieu of notice; or
  - (B) promptly following material breach or in the case of misconduct.
- (iii) Other industry standard provisions for a senior executive of a public listed company.

As part of Mr Jones employment arrangements Mr Jones will be granted 150,000,000 Performance Rights. Refer to Section 6.1 for further details.

(b) Ms Sarah-Louise Jones (Chief Operating Officer)

Ms Jones is currently Chief Operating Officer of Data Labs, and from Completion, will become Chief Operating Officer of the Company, based in Singapore.

Ms Jones has 15 years' experience in change management and strategic HR roles, working for large global IT and finance organisations in London and the Asia Pacific. Throughout her career, Ms Jones has led programs that implement large-scale change, enhance people performance and transform organisation efficiency and effectiveness.

Ms Jones started her career as a management consultant with Accenture, where she worked in a program management capacity, leading teams of 20+ people on



multi-million dollar organisation transformation programs. More recently Ms Jones has operated in senior strategic HR roles where she has supported executive leadership teams in defining and implementing talent strategies to better develop, leverage and retain their workforce.

Ms Jones has a Business Studies degree and is an ICF Accredited Certified Coach.

The principal proposed terms of the executive services agreement with Ms Jones for the position of Chief Operating Officer are as follows:

- (i) A base salary of SGD180,000 per annum plus a relevant statutory pension for a Singaporean resident, plus annual bonuses at the Board's discretion.
- (ii) 25 days paid annual leave per annum.
- (iii) The agreement may be terminated:
  - (A) by either party without cause with 1 month's notice, or in the case of the Company, immediately with payment in lieu of notice; or
  - (B) promptly following material breach or in the case of misconduct.
- (iv) Other industry standard provisions for a senior executive of a public listed company.

As part of Ms Jones' employment arrangements, Ms Jones will be entitled to participate in the Option Plan. However, no decision has been made as to the number or terms of those Plan Options at this stage.

### 3.6 Use of Funds

Following completion of the Acquisition and the Capital Raising, the Company intends to apply funds as follows:

| PROPOSED USE OF FUNDS                                     | \$3,500,000<br>Minimum Capital<br>Raising | \$4,000,000<br>Maximum Capital<br>Raising |
|-----------------------------------------------------------|-------------------------------------------|-------------------------------------------|
| Cash on hand at 30 September 2015 – Company and Data Labs | \$1,367,624                               | \$1,367,624                               |
| Proceeds from Capital Raising                             | \$3,500,000                               | \$4,000,000                               |
| <b>Total Cash on completion of re-compliance</b>          | <b>\$4,867,624</b>                        | <b>\$5,367,624</b>                        |
| <b>USE OF FUNDS</b>                                       |                                           |                                           |
| Software development                                      | \$1,213,151                               | \$1,347,945                               |
| Sales and marketing                                       | \$1,409,178                               | \$1,565,753                               |
| Corporate and administration                              | \$793,562                                 | \$881,735                                 |
| Working Capital                                           | \$846,647                                 | \$967,105                                 |

| <b>PROPOSED USE OF FUNDS</b> | <b>\$3,500,000<br/>Minimum Capital<br/>Raising</b> | <b>\$4,000,000<br/>Maximum Capital<br/>Raising</b> |
|------------------------------|----------------------------------------------------|----------------------------------------------------|
| Costs of the offer           | \$605,086                                          | \$635,086                                          |
| <b>Total</b>                 | <b>\$4,867,624</b>                                 | <b>\$5,367,624</b>                                 |

**Note:**

1. If more than the \$3,500,000 minimum but less than the \$4,000,000 maximum is raised, the funds will be applied in priority as follows, firstly to costs of the offer, then to sales and marketing and software development, then to corporate and administration and finally to working capital.

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 expenditure allocation, the 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 and environmental factors. In light of this, the Board reserves the right to alter the way the funds are applied.

It should be noted that the Company may not be self-funding through its own operational cash flow following the expenditure in the table above. Accordingly, the Company may require additional capital beyond this point, which will likely involve the use of additional debt or equity funding.

### **3.7 Board Changes**

Following the completion of the Acquisition, the Company will seek changes to its Board of Directors, with two of the existing Directors stepping down from their positions.

The outgoing Directors will be replaced on the Board by Mr Sam Jones as Managing Director and Chief Executive Officer, and Mr Tim Andrew as a non-executive Director. Shareholder approval for these appointments is being sought pursuant to Resolutions 7 and 8. Refer to Section 9 for more information on the qualifications of each of these nominees.

If the appointment of Mr Sam Jones and Mr Tim Andrew as Directors is not approved by Shareholders, then they will be appointed by the Directors and will need to meet the good fame and character requirements of the ASX. In order for the ASX to assess whether the director is of good fame and character, the director must provide to the ASX a criminal history check, a bankruptcy check and a statutory declaration providing specific confirmations relating to the director's history.

Under the Acquisition Agreement, Data Labs has the right to appoint a third nominee to the Board. If Data Labs nominates a third nominee to be appointed after the date of this Notice, but prior to re-listing, that person will also need to meet the good fame and character requirements of the ASX.

If Data Labs does not exercise its right to appoint a third nominee to the Board prior to re-listing, the Company may seek to appoint a non-executive Chairman to the Board following re-listing. Mr Tim Andrew will be appointed as interim Chairman of the Board.

### 3.8 Terms of the Acquisition

The Company has entered into a binding share sale agreement with Data Labs and Mr Sam Jones, the major shareholder of Data Labs (**Acquisition Agreement**) and binding agreements with each of the other shareholders of Data Labs, pursuant to which the Vendors have agreed to sell 100% of the issued capital of Data Labs to the Company. The principal terms of the transaction encapsulated under the Acquisition Agreement are as follows:

- (a) The consideration is 275,000,000 Consideration Shares;
- (b) The Company will conduct a capital raising to raise at least the minimum amount required to meet the requirements to re-comply with Chapters 1 and 2 of the Listing Rules through the issue of Shares at a price and volume to be agreed by Data Labs and the Company pursuant to a prospectus.
- (c) The Acquisition is conditional upon, and subject to, a number of conditions which remain outstanding at the date of this Notice, including:
  - (i) the Company obtaining all necessary shareholder approvals as are required to give effect to the transactions contemplated by the Acquisition Agreement by 31 March 2016; and
  - (ii) the parties obtaining all necessary regulatory approvals on terms acceptable to the parties as are required to give effect to the transactions contemplated by the Acquisition Agreement, including the Company re-complying with chapters 1 and 2 of the Listing Rules on terms which the Company believes are capable of satisfaction by 31 March 2016;
  - (iii) the Company completing the Capital Raising by 31 March 2016;
  - (iv) Data Labs obtaining any third party consents or approvals required, including from counterparties to contracts, to give effect to the Acquisition by 31 March 2016;
  - (v) the Company conducting technical, financial and legal due diligence on Data Labs and its assets and being satisfied with the results of such due diligence in its absolute discretion; and
  - (vi) Mr Sam Jones, the major shareholder of Data Labs, conducting financial and legal due diligence on the Company and being satisfied with the results of such due diligence in his absolute discretion.
- (d) On signing the Acquisition Agreement, the Company made an execution payment of \$250,000 to Data Labs to provide working capital. If the transaction does not complete then this amount will be converted to Shares at the same price per Share that the Company undertakes its next capital raising following termination of the Acquisition Agreement.
- (e) In connection with the Acquisition, the Company has agreed to grant 150,000,000 Performance Rights to Mr Sam Jones and up to 40,000,000 Adviser Options. Refer to Sections 6 and 8 for further details. Mr Jones and Data Labs have acknowledged that some or all of the Performance Rights and Adviser Options may be escrowed in accordance with the requirements of ASX and will execute, or procure the execution of, such form of escrow agreement as required by the ASX.

- (f) The Vendors have acknowledged that some or all of the Consideration Shares may be escrowed in accordance with the requirements of ASX and will execute such form of escrow agreement as required by the ASX.
- (g) Data Labs has the right to nominate three nominees to the Board of the Company. Data Labs has nominated Mr Sam Jones and Mr Tim Andrew as Directors. Refer to Section 3.7 for further details.
- (h) There are standard commercial warranties regarding Data Labs and its business provided by Mr Sam Jones, the major shareholder of Data Labs.

Resolution 2 seeks Shareholder approval for the issue of the Consideration Shares pursuant to the Acquisition.

### 3.9 Effect of the Acquisition on the Company

#### (a) Capital Structure

Below is a table showing the Company's current capital structure and the capital structure on completion of the Capital Raising (assuming the minimum of \$3,500,000 is raised at an issue price per Share of \$0.025 per Share) and issue of the Consideration Shares and other Securities contemplated by this Notice.

|                                                                              | Shares                   | Performance Rights | Options                 |
|------------------------------------------------------------------------------|--------------------------|--------------------|-------------------------|
| Balance at the date of this Notice                                           | 155,249,959              | -                  | 40,537,857 <sup>1</sup> |
| To be issued to the Vendors pursuant to the Acquisition                      | 275,000,000              | -                  | -                       |
| Incentive Performance Rights                                                 | -                        | 150,000,000        | -                       |
| Capital raising                                                              | 140,000,000 <sup>2</sup> | -                  | -                       |
| Adviser Options                                                              | -                        | -                  | 40,000,000              |
| Initial Plan Options                                                         | -                        | -                  | 12,000,000              |
| <b>Total</b>                                                                 | <b>570,249,959</b>       | <b>150,000,000</b> | <b>92,537,857</b>       |
| <b>Total fully diluted assuming conversion of all convertible securities</b> | <b>812,787,816</b>       | -                  | -                       |

Notes:

1. Existing unlisted Options comprising:
  - a. 126,250 Options exercisable at \$0.80 each, expiring 19 December 2016.
  - b. 150,000 Options exercisable at \$0.80 each, expiring 25 October 2016.
  - c. 375,000 Options exercisable at \$0.80 each, expiring 9 May 2017.
  - d. 118,750 Options exercisable at \$0.80 each, expiring 3 October 2018.
  - e. 112,500 Options exercisable at \$1.40 each, expiring 18 April 2016.
  - f. 750,000 Options exercisable at \$1.40 each, expiring 21 November 2018.

- g. 125,000 Options exercisable at \$1.40 each, expiring 18 December 2016.
  - h. 967,857 Options exercisable at \$0.20 each, expiring 31 December 2015.
  - i. 1,375,000 Options exercisable at \$0.40 each, expiring 13 November 2019.
  - j. 187,500 Options exercisable at \$1.40 each, expiring 7 March 2017.
  - k. 5,000,000 Options exercisable at \$0.044 each, expiring 31 May 2018.
  - l. 31,250,000 Options exercisable at \$0.024 each, expiring 31 March 2020.
2. Assumes the minimum of \$3,500,000 is raised under the Capital Raising. Will include an additional 20,000,000 Shares if the maximum of \$4,000,000 is raised under the Capital Raising.

(b) Mr Sam Jones' Voting Power

The following tables outline the voting power of Mr Sam Jones under various scenarios depending on whether the Performance Rights convert (and assuming none of the Options are exercised).

| Event causing the Share issue                                                                                                              | Number of Shares held by Mr Sam Jones | % of Share capital held by Mr Sam Jones on issue of the Shares |
|--------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|----------------------------------------------------------------|
| Prior to Completion of the Acquisition                                                                                                     | Nil                                   | 0%                                                             |
| On Completion of the Acquisition and Capital Raising                                                                                       | 207,547,170                           | 36.4% <sup>(1)</sup>                                           |
| On achievement of the Performance Conditions for the Class A Performance Rights prior to the expiry date of the Class A Performance Rights | 245,047,170                           | 40.3% <sup>(2)(3)</sup>                                        |
| On achievement of the Performance Conditions for the Class B Performance Rights prior to the expiry date of the Class B Performance Rights | 282,547,170                           | 43.8% <sup>(2)(4)</sup>                                        |
| On achievement of the Performance Conditions for the Class C Performance Rights prior to the expiry date of the Class C Performance Rights | 320,047,170                           | 46.9% <sup>(2)(5)</sup>                                        |
| On achievement of the Performance Conditions for the Class D Performance Rights prior to the expiry date of the Class D Performance Rights | 357,547,170 <sup>(2)</sup>            | 49.6% <sup>(2)(6)</sup>                                        |

- (1) Assumes the raising of the minimum amount under the Capital Raising of \$3,500,000. If the Company raises an additional \$500,000 under the Capital Raising, the voting power of Mr Jones will be 35.2%.
- (2) Assumes no other Shares are issued (including Shares on exercise of Options).

- (3) Assumes the raising of the minimum amount under the Capital Raising of \$3,500,000. If the Company raises an additional \$500,000 under the Capital Raising, the voting power of Mr Sam Jones will be 39.0%.
- (4) Assumes the raising of the minimum amount under the Capital Raising of \$3,500,000. If the Company raises an additional \$500,000 under the Capital Raising, the voting power of Mr Sam Jones will be 42.5%.
- (5) Assumes the raising of the minimum amount under the Capital Raising of \$3,500,000. If the Company raises an additional \$500,000 under the Capital Raising, the voting power of Mr Sam Jones will be 45.5%.
- (6) Assumes the raising of the minimum amount under the Capital Raising of \$3,500,000. If the Company raises an additional \$500,000 under the Capital Raising, the voting power of Mr Sam Jones will be 48.3%.

(c) Mr Sam Jones' Voting Power Increase/Decrease

Mr Sam Jones' voting power in the Company may change as follows:

- (i) Increase in Mr Sam Jones' voting power:
  - (A) Acquisition of Shares by Mr Sam Jones on and off market. Mr Jones could increase his Shareholding under the creep provisions of the Corporations Act allowing him to acquire 3% every 6 months; and
  - (B) Cancellation of Shares held by Shareholders other than Mr Sam Jones.
- (ii) Decrease in Mr Sam Jones' voting power:
  - (A) Disposal of Shares held by Mr Sam Jones;
  - (B) Issue of Shares by the Company to Shareholders other Mr Sam Jones;
  - (C) Conversion of a proportion of Performance Rights rather than all of the Performance Rights; and
  - (D) Exercise of Options by Option holders.

### 3.10 Effect on Control and Dilution

Below are tables showing the effect on control and dilution of the Company as a result of the Acquisition (on an undiluted and a fully diluted basis). Refer to Section 3.9 for further information on the potential voting power that Mr Sam Jones may acquire as a result of the Acquisition.

| Percentage of Shares held by different categories of Shareholder on completion of the Acquisition and the Capital Raising |                      |                      |
|---------------------------------------------------------------------------------------------------------------------------|----------------------|----------------------|
| Category of Shareholder                                                                                                   | Minimum Subscription | Maximum Subscription |
| Existing Securityholders at the date of this Notice                                                                       | 27.22%               | 26.30%               |
| Mr Sam Jones                                                                                                              | 36.40%               | 35.16%               |
| Vendors (other than Mr Sam Jones)                                                                                         | 11.83%               | 11.43%               |

**Percentage of Shares held by different categories of Shareholder on completion of the Acquisition and the Capital Raising**

| Category of Shareholder                                                                                        | Minimum Subscription | Maximum Subscription |
|----------------------------------------------------------------------------------------------------------------|----------------------|----------------------|
| Participants in the Capital Raising                                                                            | 24.55%               | 27.11%               |
| <b>Total</b>                                                                                                   | <b>100.00%</b>       | <b>100.00%</b>       |
| <b>Total number of Shares on issue</b>                                                                         | <b>570,249,959</b>   | <b>590,249,959</b>   |
| Note: The above assumes that no Options are exercised, and none of the Performance Rights have been converted. |                      |                      |

**Percentage of Shares held by different categories of Shareholder on a fully diluted basis**

| Category of Shareholder                                                                                                                                                                                                                        | Minimum Subscription | Maximum Subscription |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|----------------------|
| Existing Securityholders at the date of this Notice                                                                                                                                                                                            | 24.45%               | 23.85%               |
| Mr Sam Jones                                                                                                                                                                                                                                   | 44.65%               | 43.56%               |
| Vendors (other than Mr Sam Jones)                                                                                                                                                                                                              | 8.42%                | 8.22%                |
| Participants in the Capital Raising                                                                                                                                                                                                            | 17.48%               | 19.49%               |
| Recipients of Adviser Options                                                                                                                                                                                                                  | 5.00%                | 4.87%                |
| Recipients of Initial Plan Options                                                                                                                                                                                                             | 1.48%                | 1.44%                |
| <b>Total</b>                                                                                                                                                                                                                                   | <b>100.00%</b>       | <b>100.00%</b>       |
| <b>Total number of Shares on issue</b>                                                                                                                                                                                                         | <b>812,787,816</b>   | <b>832,787,816</b>   |
| Note: The above assumes that all Options are exercised, and all of the Performance Rights have been converted, but no new capital has been raised and no Securities have been issued other than under the Acquisition and the Capital Raising. |                      |                      |

### 3.11 Substantial Shareholders

(a) **Current**

At the date of this Notice, the following Shareholders have a voting power of 5% or more of the Shares on issue.

| Shareholder                                       | Number of Shares Held | % interest as at date of this Notice |
|---------------------------------------------------|-----------------------|--------------------------------------|
| Tisia Nominees Pty Limited <Henderson Family A/C> | 15,133,333            | 9.75%                                |
| Denlin Nominees Pty Limited                       | 15,000,000            | 9.66%                                |
| JK Nominees Pty Limited                           | 15,000,000            | 9.66%                                |
| Black Swan Global Pty Ltd                         | 9,975,000             | 6.43%                                |

(b) **On completion of the Acquisition and the Capital Raising**

The following table shows the voting power of Mr Sam Jones in the Company following completion of the Acquisition and the Capital Raising (assuming the minimum amount of

\$3,500,000 is raised under the Capital Raising but no other new capital is raised and no Performance Rights or Options are exercised). Mr Jones is expected to be the only substantial Shareholder in the Company following completion of the Acquisition and the Capital Raising:

|                              | <b>Number of<br/>Shares Held</b> | <b>Voting<br/>power %</b> |
|------------------------------|----------------------------------|---------------------------|
| Mr Sam Jones                 | 207,547,170                      | 36.40%                    |
| <b>Total Shares on issue</b> | <b>570,249,959</b>               |                           |

(c) **Following conversion of the Performance Rights and exercise of the Adviser Options and the Initial Plan Options**

The following table shows the voting power of Mr Sam Jones in the Company following conversion of the Performance Rights and exercise of the Adviser Options and the Initial Plan Options (assuming the minimum amount of \$3,500,000 is raised under the Capital Raising, but no other new capital is raised and no other Options are exercised). Mr Jones is expected to be the only substantial Shareholder in the Company following conversion of the Performance Rights and exercise of the Adviser Options and the Initial Plan Options (assuming no other new capital is raised):

|                              | <b>Number of<br/>Shares Held</b> | <b>Voting<br/>power %</b> |
|------------------------------|----------------------------------|---------------------------|
| Mr Sam Jones                 | 357,547,170                      | 46.30%                    |
| <b>Total Shares on issue</b> | <b>760,249,959</b>               |                           |

The Company will announce to ASX details of its top-20 Shareholders (following completion of the Acquisition and the Capital Raising) prior to the Shares commencing trading on ASX.

### 3.12 Adviser fees

Advisers involved with the Acquisition are proposed to be issued 40,000,000 Adviser Options, including Proposed Director Mr Tim Andrew who will receive 15,000,000 Adviser Options subject to Shareholder approval under Resolution 6 and Patersons (or its nominee(s)) who will receive a maximum of 10,000,000 Adviser Options as part of the fees payable to it as lead manager to the Capital Raising (see below).

Shareholder approval for the grant of these Adviser Options is being sought in Resolutions 5 and 6. Refer to Section 8 for further details.

The Company has appointed Patersons as lead manager to the Capital Raising and will receive the following fees in relation to this role:

- (a) a lead manager fee of \$40,000;
- (b) a management fee of 2% of the gross amount raised by the Capital Raising (from all sources);
- (c) a selling fee of 4% of the gross amount raised by the Capital Raising (from all sources) (all selling fees payable to third parties will be paid by Patersons from this selling fee); and



- (d) Patersons (or its nominee(s)) to be issued 5 Adviser Options for every \$1 raised by Patersons in the Capital Raising up to a maximum of 10,000,000 Adviser Options.

Forrest Capital Pty Ltd entered into a mandate agreement to introduce Data Labs to the Company with the aim of completing the Acquisition. The Company will pay Forrest Capital a success fee of \$100,000 upon Completion under the terms of this mandate agreement.

### **3.13 Pro-forma Balance Sheet**

A pro-forma balance sheet of the Company on completion of the Acquisition and the Capital Raising is set out in Schedule 2. The pro-forma balance sheet is based on reviewed accounts for the Company as at 30 September 2015 and audited accounts for Data Labs as at 30 September 2015.

### **3.14 Advantages of the Acquisition**

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

- (a) The Company will be exposed to a growth industry, and Shareholders can share in the future prospects of Data Labs' business.
- (b) The Company's ability to raise funds and attract expertise will be improved.
- (c) The Acquisition and Capital Raising will result in a larger market capitalisation and enhanced Shareholder base and may encourage new investors in the Company because the Company is pursuing a new strategic direction. This improvement in the attractiveness of an investment in the Company may lead to an increased liquidity of Shares and greater trading depth than currently experienced by Shareholders.
- (d) Shareholders may be exposed to further debt and equity opportunities that it did not have prior to the Acquisition.
- (e) The appointment of the Proposed Directors will add experience and skill to the Board to assist with the growth of the Company.

### **3.15 Disadvantages of the Acquisition**

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

- (a) The Data Labs business has a different risk and reward profile to that historically attributed to the Company. The new risk profile may not suit all Shareholders.
- (b) Should the Acquisition be completed, the Company's 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) The Company will be exposed to the risks associated with Data Labs and its business (refer to Section 3.17 for further information).

### 3.16 Timetable

An indicative timetable for the completion of the Acquisition and re-compliance with Chapters 1 and 2 of the Listing Rules is set out in the table below.

| Event                                             | Date             |
|---------------------------------------------------|------------------|
| Lodgement of Capital Raising prospectus with ASIC | 29 January 2016  |
| Shareholder Meeting to approve the Acquisition    | 1 February 2016  |
| Closing date for Capital Raising                  | 15 February 2016 |
| Complete Acquisition                              | 19 February 2016 |
| Re-quotation of Shares on ASX                     | 26 February 2016 |

\*Dates in the above table other than the Shareholder Meeting are indicative only.

### 3.17 Risk Factors

The Company has undertaken a due diligence process (including commercial, financial, legal, technical and other risks) prior to the date of this Notice and will conduct further due diligence on Data Labs and its technology pending Completion. While this process is undertaken to identify any material risks specific to Data Labs and its technology, it should be noted that the usual risks associated with companies with a small market capitalisation undertaking business in the technology sector are expected to remain after the completion of due diligence.

Shareholders and investors should also be aware that the Acquisition to acquire Data Labs is conditional on a number of events (refer to Section 3.8 above). Accordingly, there is a risk that the Acquisition may not be completed.

Investing in a company involves risks of various kinds, some of which are within the realms of influence of the Company and some, arising from external factors, which may be beyond the control of the Company. A summary of the risks associated with the Acquisition and ongoing operation of the Data Labs business are outlined in Schedule 1.

### 3.18 Intention for the Company's existing resources assets

The Company, through a wholly owned subsidiary, Estrella Chile, has an option to earn into the Dania-Ivannia and Antucoya West project tenements held by SQM (the **SQM Chilean Projects**).

Estrella Chile is a party to three agreements with SQM in respect of the SQM Chilean Projects. Under the agreements Estrella Chile has certain option payment obligations and expenditure obligations to keep the agreements in good standing and to earn its interest in the Chilean Projects. SQM has security over the assets the subject of the agreements and the other tenements of Estrella Chile.

During the quarter to 30 September 2015, the Company undertook a further review of the SQM Chilean Projects and determined it has no desire to earn these interests and will not be making any further payments or spending any further funds on the projects.

Following this decision the Company engaged with a number of interested parties with a view to selling the projects. However, no sale agreement was entered into.

As a result of Estrella failing to provide any further funding towards the SQM Chilean Projects, SQM sent termination letters in respect of each of the agreements.

The Company owns two additional tenements in Chile which it intends to relinquish.

### **3.19 Independent Expert's Report**

The Directors resolved to appoint BDO as an independent expert and commissioned it to prepare a report to provide an opinion as to whether or not the proposed issue of the Jones Securities to Mr Sam Jones is fair and reasonable to the existing Shareholders.

What is fair and reasonable must be judged by the independent expert in all the circumstances of the proposal. This requires taking into account the likely advantages to Shareholders if the proposal is approved and comparing them with the disadvantages to them if the proposal is not approved.

BDO has concluded that the proposed issue of the Jones Securities to Mr Jones is not fair but reasonable to the existing Shareholders.

The Company strongly recommends that you read the Independent Expert's Report in full, a copy of which is in Annexure A to this Explanatory Memorandum.

### **3.20 Section 611 Corporations Act**

- (a) Section 606 of the Corporations Act prohibits a person acquiring a relevant interest in the issued voting shares of the Company if, because of the acquisition, that person's or another person's voting power in the Company increases from:
  - (i) 20% or below to more than 20%; or
  - (ii) a starting point that is above 20% and below 90%.
- (b) The voting power of a person in the Company is determined by reference to section 610 of the Corporations Act. A person's voting power in the Company is the total of the votes attaching to the Shares in the Company in which that person and that person's associates (within the meaning of the Corporations Act) have a relevant interest.
- (c) Under section 608 of the Corporations Act, a person will have a relevant interest in Shares if:
  - (i) the person is the registered holder of the Shares;
  - (ii) the person has the power to exercise or control the exercise of votes or disposal of the Shares; or
  - (iii) the person has over 20% of the voting power in a company that has a relevant interest in Shares, then the person has a relevant interest in said Shares.
- (d) For the purpose of determining who is an associate you need to consider section 12 of the Corporations Act. Any reference in chapters 6 to 6C of the Corporations Act to an associate is as that term is defined in section 12. The definition of 'associate' in section 12 is exclusive. If a person is an associate under section 11, 13 or 15 of the Corporations Act then it does not apply to chapters 6 to 6C. A person is only an associate for the purpose of chapter 6 to 6C if he is an associate under section 12.

- (e) A person (second person) will be an associate of the other person (first person) if:
  - (i) the first person is a body corporate and the second person is:
    - (A) A body corporate the first person controls;
    - (B) A body corporate that controls the first person: or
    - (C) A body corporate that is controlled by an entity that controls the first person;
  - (ii) the second person has entered, or proposes to enter into, a relevant agreement with the first person for the purpose of controlling or influencing the composition of the board of a body corporate or the conduct of the affairs of a body corporate; and
  - (iii) the second person is a person with whom the first person is acting or proposes to act, in concert in relation to the affairs of a body corporate.
- (f) The Corporations Act defines 'control' and 'relevant agreement' very broadly as follows:
  - (i) Under section 50AA of the Corporations Act control means the capacity to determine the outcome of decisions about the financial and operating policies of the Company. In determining the capacity you need to take into account the practical influence a person can exert and any practice or pattern of behaviour affecting the financial or operating policies of the Company.
  - (ii) Under section 9 of the Corporations Act relevant agreement means an agreement, arrangement or understanding:
    - (A) whether formal or informal or partly informal and partly informal;
    - (B) whether written or oral or partly written and partly oral; and
    - (C) whether or not having legal or equitable force and whether or not based on legal or equitable rights.
- (g) Associates are determined as a matter of fact. For example where a person controls or influences the Board or the conduct of the Company's business affairs, or acts in concert with a person in relation to the entity's business affairs.
- (h) Section 611 of the Corporations Act has exceptions to the prohibition in section 606 of the Corporations Act. Item 7 of section 611 of the Corporations Act provides a mechanism by which Shareholders may approve an issue of Shares to a person which results in that person's or another person's voting power in the Company increasing from:
  - (i) 20% or below to more than 20%; or
  - (ii) a starting point that is above 20% and below 90%.
- (i) To comply with the requirements of the Corporations Act (as contained in ASIC Regulatory Guide 74), the Company provides the information in Section 6 of the Explanatory Memorandum to Shareholders in relation to Resolution 3.

### **3.21 Plans for the Company if the Acquisition is not completed**

If the Company does not complete the Acquisition, the Company will continue with its current activities and continue to seek, and undertake due diligence on, new opportunities for growth.

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## **4. Resolution 1 – Approval of change to nature and scale of activities**

### **4.1 General**

Resolution 1 seeks Shareholder approval under Listing Rule 11.1.2 for the significant change to the nature and scale of the Company's activities resulting from the Acquisition.

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

### **4.2 Listing Rule 11.1 Requirements**

Chapter 11 of the Listing Rules requires Shareholders to approve any significant change to the nature or scale of a company's activities. The acquisition of Data Labs by the Company will have the effect of increasing the scale and changing the nature of the Company's activities.

Resolution 1 seeks Shareholder approval to allow the Company to complete the Acquisition thereby increasing the scale and changing the nature of its activities. The Company previously operated in the mineral exploration sector. As previously announced, the Company has continued to review potential acquisitions and business opportunities in other business sectors. Therefore the proposed Acquisition will change the scale and nature 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; 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. The 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 to meet the requirements of re-compliance.

See Section 3 for further information on the Acquisition and the likely affect that the Acquisition will have on the Company.

A voting exclusion statement is included in the Notice.

### **4.3 Waiver of 20 cent rule as part of re-compliance**

As set out in Section 4.2, the proposed Acquisition will require the Company to meet the requirements of Chapters 1 and 2 of the Listing Rules as if the Company were applying for admission to the official list of ASX. These requirements include:

- (a) that the main class of a company's securities for which a company seeks quotation must have an issue price of at least 20 cents in cash (pursuant to Listing Rule 2.1 Condition 2); and

- (b) that the exercise price for any options on issue must be at least 20 cents in cash (pursuant to Listing Rule 1.1 Condition 11).

The Capital Raising is proposed to be completed at an issue price of 2.5 per Share, which is less than the 20 cent issue price required by Listing Rule 2.1 Condition 2.

In addition, following completion of the Acquisition, the Company will have Adviser Options on issue with an exercise price of \$0.025, and the Initial Plan Options on issue with an exercise price of \$0.05, both of which are less than the 20 cent exercise price required by Listing Rule 1.1 Condition 11.

ASX has agreed to grant the Company a waiver of ASX Listing Rule 2.1 Condition 2, together with a waiver from ASX Listing Rule 1.1 Condition 11, to allow the Company to issue the Capital Raising Shares at \$0.025 per Share, and to have the Adviser Options and the Initial Plan Options on issue with exercise prices of less than 20 cents.

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## **5. Resolution 2 – Approval of acquisition of Data Laboratories Ltd**

### **5.1 General**

As outlined in Section 3.1 of this Explanatory Memorandum, the Company is proposing to acquire all of the shares in Data Labs from the Vendors.

The Acquisition is subject to the conditions set out in Section 3.8 above, including the requirement to obtain Shareholder approval.

A detailed description of the proposed Acquisition and Data Labs' business is outlined in Section 3 above.

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

Given the Consideration 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.

Resolution 2 seeks Shareholder approval pursuant to Listing Rule 7.1 to issue the Consideration Shares to the Vendors as consideration for the Acquisition.

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

### **5.2 Specific Information required by Listing Rule 7.3**

The following information is provided for the purposes of Listing Rule 7.3:

- (a) The maximum number of shares the Company will issue under Resolution 2 is 275,000,000 Shares.
- (b) The Consideration Shares will be issued to the Vendors.

- (c) The Consideration Shares will be issued 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) and it is intended that the Consideration Shares will be issued on the same date, being the date of completion of the Acquisition.
- (d) The Consideration Shares will be issued for nil cash consideration as they are being issued as part of the consideration for the Acquisition. Accordingly, no funds will be raised from the issue of the Consideration Shares.
- (e) The Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares.
- (f) A voting exclusion statement is included in the Notice.

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## **6. Resolution 3 – Approval of issue of Jones Securities to Mr Sam Jones**

### **6.1 General**

Resolution 3 seeks Shareholder approval under item 7 of section 611 of the Corporations Act to issue securities exceeding 20% of the Company's fully diluted share capital to Mr Sam Jones.

Resolution 3 seeks Shareholder approval to issue up to:

- (a) 207,547,170 Shares to Mr Jones as part of the consideration for the Acquisition; and
- (b) 150,000,000 Performance Rights (comprising 37,500,000 Class A Performance Rights, 37,500,000 Class B Performance Rights, 37,500,000 Class C Performance Rights and 37,500,000 Class D Performance Rights) (and 150,000,000 Shares on exercise of the Performance Rights) to Mr Jones as a long term incentive in connection with his appointment as Managing Director and Chief Executive Officer.

A company is not required to obtain Shareholder approval under Listing Rule 7.1 where Shareholder approval is granted under item 7 of section 611 of the Corporations Act. Notwithstanding this, Resolution 1 seeks Shareholder approval under Listing Rule 7.1 to issue the total Consideration Shares to the Vendors, which includes the Shares proposed to be issued to Mr Jones as part of the consideration for the Acquisition for which Shareholder approval is being sought pursuant to this Resolution, even though this issue is exempt from Shareholder approval under Listing Rule 7.1.

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

### **6.2 Information required by item 7 of section 611 of the Corporations Act and ASIC Regulatory Guide 74**

The information that Shareholders require under item 7 of section 611 of the Corporations Act and ASIC Regulatory Guide 74 is as follows:

- (a) **The identity of the parties to be issued the Jones Securities and their associates and any person who will have a relevant interest in the Jones Securities to be issued**

The Jones Securities will be issued to Mr Sam Jones, the major shareholder of Data Labs and the proposed Managing Director and Chief Executive Officer of the Company.

There are no other parties who will have a relevant interest in the Jones Securities.

(b) **Full particulars (including the number and percentage) of Shares in the Company which Mr Jones will hold immediately before and after the Acquisition**

Mr Jones does not hold any Shares in the Company prior to completion of the Acquisition.

Refer to the tables in Section 3.9(b) for full particulars (including the number and percentage) of Shares which Mr Jones has or will have a relevant interest in immediately before and after completion of the Acquisition and the Capital Raising and after exercise of the Performance Rights (assuming all of the Performance Rights are exercised into Shares).

(c) **The identity, associations (with the Company, Mr Jones or any of their associates) and qualifications of any person who is intended to become a Director if Shareholders agree to the Acquisition and any interest that the Proposed Directors have in the Acquisition or any contract referred to in Section 6.2(e)**

Data Labs has nominated Mr Sam Jones and Mr Tim Andrew be appointed to the Board of the Company if Shareholders agree to the Acquisition. Shareholder approval for these appointments is being sought pursuant to Resolutions 7 and 8. Refer to the relevant sections in the explanatory memorandum for more information on the qualifications of each of these nominees.

Mr Tim Andrew has no association with the Company, Mr Jones or any of their associates. An entity controlled by Mr Andrew is a Vendor and will receive 15,566,038 Consideration Shares as part of the Acquisition. In addition, Mr Andrew will receive up to 15,000,000 Adviser Options for advisory services provided in connection with the Acquisition and 10,000,000 Initial Plan Options in connection with his appointment as a Director. Other than his interest in the Acquisition Agreement as a Vendor, Mr Andrew does not have any interest in any contract referred to in Section 6.2(e) below.

(d) **Mr Jones' intentions regarding the future of the Company if Shareholders agree to the Acquisition and the issue of Shares and Performance Rights to Mr Jones as part of the consideration for the Acquisition and as a long term incentive in connection with Mr Jones' appointment as Managing Director and Chief Executive Officer**

Mr Jones will be a Shareholder of the Company following Completion of the Acquisition and:

- (i) other than set out in Section 3 there is no intention to change the business of the Company;
- (ii) there is no intention to inject further capital into the Company (other than as disclosed in this Notice);
- (iii) there is no intention to change the future employment of the present employees of the Company other than the intended changes to management of the Company set out in Section 3;
- (iv) there is no proposal whereby any property will be transferred between the Company and Mr Jones or any parties associated with Mr Jones; and



(v) there is no intention to otherwise redeploy any of the fixed assets of the Company.

- (e) **Particulars of any contract or proposed contract between Mr Jones and the Company or Data Labs or any of their associates which is conditional upon, or directly or indirectly dependent on, Shareholders' agreement to the issue of the Jones Securities to Mr Jones as part of the consideration for the Acquisition and as a long term incentive in connection with Mr Jones' appointment as Managing Director and Chief Executive Officer**

Mr Jones and Data Labs have entered into an assignment agreement pursuant to which Mr Jones has assigned to Data Labs all intellectual property rights in the "software as a service" data analytics platform developed by Mr Jones and used by Data Labs in its Talent Lab product.

Other than the assignment agreement noted in the paragraph above, the Acquisition Agreement and a proposed executive service agreement for Managing Director and Chief Executive Officer services with Mr Jones as disclosed at Section 3.5, there are no contracts or proposed contracts between Mr Jones and the Company or Data Labs or any of their associates which are conditional upon, or directly or indirectly dependent on, Shareholder agreement to the issue of the Jones Securities to Mr Jones as part of the consideration for the Acquisition and as a long term incentive in connection with Mr Jones' appointment as Managing Director and Chief Executive Officer.

- (f) **When the issue of the Jones Securities to Mr Jones as part of the consideration for the Acquisition and as a long term incentive in connection with Mr Jones' appointment as Managing Director and Chief Executive Officer is to be made**

The Shares to be issued as part of the consideration under the Acquisition will be issued to Mr Jones on Completion of the Acquisition. Completion is expected to occur shortly after approval of the Acquisition by Shareholders.

The Performance Rights are expected to be issued on or around the same day as completion of the Acquisition.

An indicative timetable for the transactions is set out in Section 3.16.

- (g) **An explanation of the reasons for the proposed issue of Shares and Performance Rights to Mr Jones and the material terms**

The portion of the Jones Securities comprising Shares will be issued to Mr Jones on completion of the Acquisition as part of the consideration for the Acquisition.

See Sections 3.8 to 3.11 for a summary of the material terms of the Acquisition, the factors considered in determining whether the consideration for the Acquisition was appropriate, and the effect of the Acquisition on the Company (including control and dilution).

The remaining Jones Securities, comprising Performance Rights, will be issued to Mr Jones as a long term incentive in connection with Mr Jones' appointment as Managing Director and Chief Executive Officer.

The Performance Rights to be granted will be granted in four milestone based classes as follows:

| <b>Class of Performance Rights</b> | <b>Performance Condition</b>                                                                                                                                                                                                                                                                                                                    |
|------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Class A Performance Rights</b>  | <p>(a) Upon the Company and its subsidiaries (<b>Company Group</b>) achieving at least \$5,000,000 of gross revenue from the Specified IP for the period from Completion to 30 June 2017; or</p> <p>(b) a Takeover Event occurs.</p>                                                                                                            |
| <b>Class B Performance Rights</b>  | <p>(a) Upon the Company Group achieving either:</p> <p>(i) at least \$10,000,000 of gross revenue from the Specified IP for the period from 1 July 2017 to 30 June 2018; or</p> <p>(ii) at least \$15,000,000 of gross revenue from the Specified IP for the period from Completion to 30 June 2018; or</p> <p>(b) a Takeover Event occurs.</p> |
| <b>Class C Performance Rights</b>  | <p>(a) Upon the Company Group achieving either:</p> <p>(i) at least \$20,000,000 of gross revenue from the Specified IP for the period from 1 July 2018 to 30 June 2019; or</p> <p>(ii) at least \$35,000,000 of gross revenue from the Specified IP for the period from Completion to 30 June 2019; or</p> <p>(b) a Takeover Event occurs.</p> |
| <b>Class D Performance Rights</b>  | <p>(a) Upon the Company Group achieving either:</p> <p>(i) at least \$30,000,000 of gross revenue from the Specified IP for the period from 1 July 2019 to 30 June 2020; or</p> <p>(ii) at least \$65,000,000 of gross revenue from the Specified IP for the period from Completion to 30 June 2020; or</p> <p>(b) a Takeover Event occurs.</p> |

If a performance condition of a Performance Right is not achieved by the end date of the specified period, then the Performance Right will lapse.

- (h) **The interests of the current Directors in Resolution 3 or the contracts referred to in Section 6.2(e) above.**

None of the current Directors have an interest in Resolution 3 or the contracts referred to in Section 6.2(e) above.

(i) **Identity of the Directors who approved or voted against the proposal to put Resolution 3 to Shareholders**

All of the Directors voted in favour of the proposal to put the Acquisition and the issue of Performance Rights to Mr Jones to the approval of Shareholders.

(j) **Any intention of Mr Jones to change significantly the financial or dividend policies of the Company**

Mr Jones does not intend to change significantly the financial or dividend policies of the Company at this time.

(k) **Recommendation or otherwise of each Director as to whether Shareholders should agree to the proposed issue and the reasons for the recommendation or otherwise**

See Section 6.3 in respect to the Directors' Recommendation.

(l) **An analysis of whether the proposed issue of Shares and Performance Rights to Mr Jones as part of the consideration for the Acquisition and as a long term incentive in connection with Mr Jones' appointment as Managing Director and Chief Executive Officer is fair and reasonable when considered in the context of the interests of the Shareholders other than Mr Jones**

Refer to Section 3.19.

## **6.3 Directors' Recommendation**

Based on the information available, including:

- (a) the information contained in this Explanatory Memorandum; and
- (b) the Independent Expert's Report in Annexure A,

the Directors consider that Resolution 3 is in the best interests of the Company and recommend that Shareholders vote in favour of Resolution 3.

Each of the Directors voted for the proposal to be put to Shareholders.

Each of the Directors who holds Shares in the Company (or whose associated entities hold Shares) and is entitled to vote will vote their Shares in favour of the Acquisition and the issue of Performance Rights to Mr Jones.

Other than as set out below, the Directors do not have any material personal interest in the outcome of Resolution 3 other than their interests arising solely in their capacity as Shareholders of the Company.

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## **7. Resolution 4 – Approval to issue Capital Raising Shares**

### **7.1 General**

The Company will seek to raise a minimum of \$3,500,000 and up to \$4,000,000 (before costs) by way of an issues of Shares at \$0.025 per Shares. Resolution 4 seeks Shareholder approval pursuant to Listing Rule 7.1 for the issue of up to 160,000,000 Shares each at an issue price of \$0.025 to raise up to approximately \$4,000,000 (before costs).

The funds raised from the Capital Raising will be used as detailed in Section 3.6.

A summary of Listing Rule 7.1 is provided in Section 5.1.

Given the Capital Raising Shares to be issued under Resolution 4 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.

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

## **7.2 Specific information required by Listing Rule 7.3**

The following information is provided for the purposes of Listing Rule 7.3:

- (a) The maximum number of securities the Company may issue under the Capital Raising is 160,000,000 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) and it is intended that the Capital Raising Shares will be issued on the same date, being the date of completion of the Acquisition.
- (c) The Capital Raising Shares will be issued at an issue price of \$0.025 per Share.
- (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 comprise fully paid ordinary shares of the Company ranking equally with all other fully paid ordinary shares of the Company.
- (f) The funds raised from the issue of the Capital Raising Shares will be used as detailed in the use of funds table in Section 3.6 for further details.
- (g) A voting exclusion statement is included in the Notice.

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## **8. Resolutions 5 and 6 – Approval to grant Adviser Options**

### **8.1 General**

The Company is proposing to grant up to 40,000,000 Adviser Options to certain advisers as consideration for advisory and professional services provided in connection with the Acquisition.

Of these 40,000,000 Adviser Options, it is proposed that 15,000,000 will be granted to Proposed Director, Tim Andrew (or his nominee) and the remaining up to 25,000,000 be granted to other advisers that are not related parties of the Company (including Patersons (and its nominees) who will receive up to 10,000,000 Adviser Options as part of the fees payable to it as lead manager to the Capital Raising.

Accordingly, Resolution 5 seeks Shareholder approval pursuant to Listing Rule 7.1 for the grant of up to 25,000,000 Adviser Options to advisers of the Company (other than Tim Andrew) and Resolution 6 seeks Shareholder approval pursuant to Listing Rule 10.11 for the grant of up to 15,000,000 Adviser Options to Tim Andrew (or his nominee).

Resolution 5 and 6 are ordinary resolutions and subject to the passing of each of the other Acquisition Resolutions.

## **8.2 Specific information required by Listing Rule 7.3**

The following information is provided for the purposes of Listing Rule 7.3 in relation to Resolution 5:

- (a) The maximum number of Adviser Options to be granted under Resolution 5 is 25,000,000.
- (b) The Company will grant the Adviser Options 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) and it is intended that the Adviser Options will be granted on the same date, being the date of completion of the Acquisition.
- (c) The Adviser Options will be granted for nil cash consideration as part of the fee for advisory and professional services provided in connection with the Acquisition. Accordingly no funds will be raised from the grant of the Adviser Options.
- (d) The Adviser Options will be granted to advisers of the Company, including Patersons (or its nominee(s)), who are not related parties of the Company.
- (e) The Adviser Options will each be exercisable at \$0.025 on or before 30 June 2020 and otherwise have the terms and conditions as set out in Schedule 3.
- (f) A voting exclusion statement is included in the Notice.

## **8.3 Specific information required by Listing Rule 10.13**

The following information is provided for the purposes of Listing Rule 10.13 in relation to Resolution 6:

- (a) The maximum number of Adviser Options to be granted to Mr Andrew (or his nominee) is up to 15,000,000.
- (b) The Company will issue up to 15,000,000 Adviser Options to Mr Andrew no later than three months after the date of the Meeting (or such longer period as ASX may in its discretion allow), and it is intended that these Adviser Options will be issued on completion of the Capital Raising, which will be on or about the date of completion of the Acquisition.
- (c) Mr Andrew is a related party of the Company by virtue of being a Proposed Director.
- (d) The Adviser Options will be granted for nil cash consideration as part of the fee for advisory and professional services provided in connection with the Acquisition. Accordingly no funds will be raised from the grant of the Adviser Options.
- (e) The Adviser Options will each be exercisable at \$0.025 on or before 30 June 2020 and otherwise have the terms and conditions as set out in Schedule 3.
- (f) As Shareholder approval is sought under Listing Rule 10.11, approval under Listing Rule 7.1 is not required.
- (g) A voting exclusion statement is included in the Notice.

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## **9. Resolutions 7 and 8 – Appointment of Directors**

### **9.1 General**

In connection with the Acquisition, Data Labs has nominated Mr Sam Jones and Mr Tim Andrew as its nominees to be appointed as Directors.

Article 15.1(b) of the Constitution provides that the Company in general meeting may by ordinary resolution appoint any person as a Director.

Each of Messrs Jones and Andrew, having consented to act, seek approval to be appointed as Directors with effect from Completion of the Acquisition.

### **9.2 Candidate Director's Profile – Mr Sam Jones (Resolution 7)**

Mr Jones is the founder of Data Labs Talent Lab Software. Mr Jones has more than 15 years' experience in HR technology, executive search and IT consulting roles in London and the Asia Pacific. Mr Jones has founded several successful analytics technology companies and was the winner of an HR Tech 'Awesome New Startup' award in 2014 in relation to one of his other ventures.

### **9.3 Candidate Director's Profile – Mr Tim Andrew (Resolution 8)**

Mr Andrew was previously appointed Global Head, Mergers & Acquisitions Equity Advisory for Standard Chartered Bank (SCB) in 2015. Based in Hong Kong, Tim joined SCB in 2010 as Global Head of Cash Equities, a business that spanned all geographies and the leadership of Equity Capital Markets, Sales, Trading, Risk Management, Corporate Access and Research. Along with having access to all the key equity investors globally, Tim was responsible for leading and executing in excess of 100 equity capital raising transactions across IPOs, Placements and Rights Issues in multiple geographies. In addition, Tim was the CEO of Standard Chartered Securities Hong Kong and a board member of Standard Chartered Securities India. Mr Andrew started his career as a Chartered accountant in Perth with Deloitte Touche Tohmatsu.

Mr Andrew graduated with a Bachelor of Business degree, majoring in Accounting and Finance. He is a member of the Institute of Chartered Accountants Australia and a Graduate member of the Australian Institute of Company Directors. In 2013, Mr Andrew completed the executive leadership program, "Leading Across Boundaries" at Oxford University.

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## **10. Resolution 9 – Change of Company Name**

As part of the Acquisition, the Directors have determined to change the Company name to Data Labs Limited. Resolution 9 seeks Shareholder approval for the change of name in accordance with section 157 of the Corporations Act.

Resolution 9 is a special resolution. Resolution 9 is subject to the approval of each of the other Acquisition Resolutions.

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

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## 11. Resolution 10 – Adoption of Data Labs Option Plan

### 11.1 General

Resolution 10 seeks Shareholder approval for the establishment of the Data Labs Option Plan (**Option Plan**) for the purposes of the Corporations Act and for all other purposes.

Resolution 10 is an ordinary resolution.

The aim of this plan is to allow the Board to assist eligible Employees, who in the Board's opinion, are dedicated and will provide ongoing commitment and effort to the Company. Eligible Employees are full-time or permanent part-time Employees of the Company or a related body corporate (which includes Directors, the Company Secretary and officers), or such other persons as the Board determines.

This is the first approval sought under Listing Rule 7.2 Exception 9(b) with respect to the Option Plan. No Options have previously been granted under the Option Plan.

The key features of the Option Plan are as follows:

- (a) The Board will determine the number of Plan Options to be granted to eligible Employees and the vesting conditions, expiry date and the exercise price of the Plan Options in its sole discretion.
- (b) The Plan Options are not transferable unless vested and with the prior written approval of the Board and provided that the transfer complies with the Corporations Act.
- (c) Subject to the Corporations Act and the Listing Rules, the Board will have the power to amend the Option Plan as it sees fit.

A detailed overview of the terms of the Option Plan is attached in Schedule 4.

### 11.2 Initial Grant of Plan Options

The Company intends to grant:

- (a) 10,000,000 Plan Options to Proposed Director Mr Tim Andrew (and/or his Affiliates); and
- (b) 2,000,000 Plan Options to current Director Mr Howard Digby (and/or his Affiliates),

each having an exercise price of \$0.05 per Option and expiring on the date which is 5 years from grant, and otherwise on the terms and conditions set out in Schedule 6 (**Initial Plan Options**) on completion of the Acquisition and the Capital Raising.

It is anticipated that the Initial Plan Options, and Shares issued on exercise of the Initial Plan Options, to be granted to Mr Andrew and Mr Digby will be subject to ASX escrow for up to 24 months from the date on which quotation of Securities re-commences.

Each Initial Plan Option entitles the holder to subscribe for a Share upon payment of the exercise price (being \$0.05 per Initial Plan Option). The Initial Plan Options will vest on grant.

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## **12. Resolutions 11 and 12 – Approval of grant of Plan Options to Proposed Directors**

### **12.1 General**

As outlined above, the Company intends to grant:

- (a) 10,000,000 Initial Plan Options to Proposed Director Mr Tim Andrew; and
- (b) 2,000,000 Initial Plan Options to current Director Mr Howard Digby

(and/or their Affiliates) under the Plan as a long term incentive in connection with their appointment. The principal terms of the Plan are summarised in Section 11 above.

The Initial Plan Options will be granted for nil consideration. The Initial Plan Options will have an exercise price of \$0.05 per Option and will expire on the date which is 5 years from grant. The Initial Plan Options are not subject to any vesting conditions.

It is anticipated that the Plan Options, and Shares issued on exercise of the Performance Rights, granted to the Proposed Directors will be subject to ASX escrow for up to 24 months from the date on which quotation of Securities re-commences.

Shareholder approval is required for the grant of the Plan Options to Messrs Andrew and Digby under Listing Rule 10.14 because they each a proposed or current Director.

As Shareholder approval is sought under Listing Rule 10.14, approval under Listing Rule 7.1 is not required. Accordingly, the grant of the Initial Plan Options to Messrs Andrew and Digby will not reduce the Company's 15% capacity for the purposes of Listing Rule 7.1.

Resolutions 11 and 12 are ordinary Resolutions and are subject to Resolution 10 being passed.

### **12.2 Specific information required by Listing Rule 10.15**

The following information is provided for the purposes of Listing Rule 10.15:

- (a) The maximum number of Plan Options to be granted to Messrs Andrew and Digby (and/or their Affiliates) pursuant to Resolutions 11 and 12 is 10,000,000 Plan Options and 2,000,000 Plan Options (respectively).
- (b) The Initial Plan Options will have an exercise price of \$0.05 per Option and will expire on the date which is 5 years from grant. The Initial Plan Options will not be subject to any vesting conditions. Refer to Schedule 6 for further terms and conditions of the Initial Plan Options.
- (c) The Initial Plan Options will be granted for nil consideration. Upon exercise of the Initial Plan Options, Shares will be issued on a one for one basis on the same terms as the Company's existing Shares.
- (d) There have not been any Plan Options granted under the Plan to date.
- (e) Under the Plan, only Eligible Employees or their Affiliates, are entitled to participate in the Plan. Each of Messrs Andrew and Digby will be an Eligible Employee for the purposes of the Plan following Completion of the Acquisition.



- (f) Each of Messrs Andrew and Digby is a related party of the Company by virtue of being a current or Proposed Director.
- (g) A voting exclusion statement is included in the Notice.
- (h) The Company will grant the Initial Plan Options no later than 12 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).

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## 13. Definitions

**\$** means Australian Dollars.

**Acquisition** means the acquisition of Data Labs by the Company as contemplated by the Term Sheet.

**Acquisition Agreement** has the meaning in Section 3.8.

**Acquisition Resolutions** means Resolutions 1 to 8 (inclusive) and 10.

**Adviser Option** means an Option exercisable at \$0.025 on or before 30 June 2020 and otherwise with the terms and conditions in Schedule 3.

**AEDT** means Australian Eastern Daylight Time, being the time in Sydney, New South Wales.

**ASIC** means Australian Securities and Investments Commission.

**ASX** means ASX Limited (ACN 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX.

**BDO** means BDO Corporate Finance (WA) Pty Ltd.

**Board** means the board of Directors.

**Capital Raising** has the meaning in Resolution 4.

**Capital Raising Shares** has the meaning in Resolution 4

**Chairman** means the chairman of this Meeting.

**Channel Partner** means a person or entity that contracts with Data Labs to market and sell the Talent Lab Platform on behalf of Data Labs (see paragraph 2 in Section 3.3(f)).

**Class A Performance Right** means a Performance Right granted on the general terms and conditions set out in the summary of the Performance Rights Plan in Schedule 5, and with the relevant performance based milestone set out in Section 6.2(g).

**Class B Performance Right** means a Performance Right granted on the general terms and conditions set out in the summary of the Performance Rights Plan in Schedule 5, and with the relevant performance based milestone set out in Section 6.2(g).

**Class C Performance Right** means a Performance Right granted on the general terms and conditions set out in the summary of the Performance Rights Plan in Schedule 5, and with the relevant performance based milestone set out in Section 6.2(g).

**Class D Performance Right** means a Performance Right granted on the general terms and conditions set out in the summary of the Performance Rights Plan in Schedule 5, and with the relevant performance based milestone set out in Section 6.2(g).

**Closely Related Party** has the meaning in section 9 of the Corporations Act.

**Completion** means the completion of the Acquisition.

**Consideration Shares** has the meaning given in Resolution 2.

**Constitution** means the current constitution of the Company.

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

**Data Labs** means Data Laboratories Limited.

**Director** means a director of the Company.

**Employee** means a person who is a full-time or part-time employee or officer or director of the Company or a related body corporate, or such other person as the Board determines.

**Estrella Chile** means Estrella Resources (Chile) SpA Rut No. 76.175.481-5.

**Explanatory Memorandum** means the explanatory memorandum attached to the Notice.

**Independent Expert's Report** means the independent expert's report prepared by BDO in Annexure of this Notice.

**Initial Plan Options** has the meaning given in Section 11.2.

**Invitation** means a written invitation to an Employee to participate in the Option Plan.

**Jones Securities** has the meaning in Resolution 3.

**Listing Rules** means the listing rules of ASX.

**Meeting** has the meaning in the introductory paragraph of the Notice.

**Notice** means this notice of meeting.

**Option** means an option to acquire a Share.

**Option Plan** has the meaning given in Section 11 of the Explanatory Memorandum.

**Option Plan Rules** means the rules of the Option Plan.

**Patersons** means Patersons Securities Limited.

**Participant** means an Employee who has accepted an Invitation to participate in the Option Plan.

**Performance Rights** means a performance right on the terms and conditions in Schedule 5 and includes the **Class A Performance Rights**, **Class B Performance Rights**, **Class C Performance Rights** and **Class D Performance Rights**.

**Plan Options** means Options granted to a Participant under the Option Plan.

**Proposed Directors** means Mr Sam Jones and Mr Tim Andrew.

**Proxy Form** means the proxy form attached to the Notice.

**Resolution** means a resolution contained in this Notice.

**SaaS** means software as a service, a way of delivering applications over the internet, as a service. Instead of installing and maintaining software, it is accessible via the internet, freeing users of the software from complex software and hardware management.

**Schedule** means a schedule to this Notice.

**Section** means a section contained in this Explanatory Memorandum.

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

**Shareholder** means a shareholder of the Company.

**Specified IP** means:

- (a) intellectual property in relation to a "software as a service" data aggregation platform (assigned to Data Labs by Mr Sam Jones);
- (b) intellectual property in relation to the Talent Lab Platform which uses the platform referred to in paragraph (a); and
- (c) US patent application number 62/116.176, titled "HUMAN CAPITAL BROWSER INCLUDING INTERACTIVE DATA VISUALIZATION TOOLS".

**SQM** means Sociedad Quimica y Minera de Chile S.A. Rut No. 9.007.000-9.

**SQM Chilean Projects** has the meaning given in Section 3.18.

**Takeover Event** means a takeover bid for the Company pursuant to Chapter 6 of the Corporations Act where at least 50% of the holders of ordinary shareholders accept the bid and such bid is free of conditions or an Australian court grants orders approving a compromise or scheme of arrangement where the Shares are either cancelled or transferred to a third party (not a scheme of arrangement simply for the purposes of a corporate restructure).

**Talent Labs Platform** or **Talent Lab** has the meaning given in Section 3.3(a).

**User** means a user of the Talent Labs Platform.

**Vendors** means the shareholders of Data Labs.

**Vendor Securities** has the meaning in Resolution 1.

In this Notice, words importing the singular include the plural and vice versa.

## **Schedule 1 Risk Factors of the Acquisition**

### **1. Introduction**

There are a number of risks associated with the Acquisition 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.

The Directors believe that the advantages of the Acquisition outweigh the associated extent of the risks.

### **2. Risks**

#### **(a) Conditional Acquisition**

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 trading on ASX from the date of the Meeting. It is anticipated that the Shares will remain suspended until Completion of the Acquisition, the Capital Raising, 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.

#### **(b) Sufficiency of funding**

Data Labs' business strategy will require substantial expenditure and there can be no guarantees that the Company's existing cash reserves, funds raised by the Capital Raising and funds generated over time by the Data Labs business will be sufficient to successfully achieve all the objectives of the Company's business strategy. Further funding of projects may be required by the Company to support the ongoing activities and operations of Data Labs, including the need to develop new services or enhance its existing service, enhance its operating infrastructure and to acquire complementary businesses and technologies.

Accordingly, the Company may need to engage in equity or debt financing to secure additional funds. If the Company is unable to use debt or equity to fund expansion after utilising the net proceeds of the Capital Raising and existing working capital, there can be no assurance that the Company will have sufficient capital resources for that purpose, or other purposes, or that it will be able to obtain additional resources on terms acceptable to the Company or at all.

Any additional equity financing may be dilutive to the Company's existing Shareholders and any debt financing, if available, may involve restrictive covenants, which limit the Company's operations and business strategy. If the Company is unable to raise capital if and when needed, this could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities.

**(c) Commercialisation, technology, third party service provider reliance, competition, barriers to entry and development timeframes**

One of Data Labs' key strengths is technology advantages, however history in the information and communications technology industry shows that technical advantages are typically short lived. Accordingly, Data Labs' success will depend, in part, on its ability to commercialise and expand its main product, the Talent Lab Platform and grow its business' customer base and generate revenue in response to changing technologies, customer and third party service providers' demands and competitive pressures. Failure or delay to do so may impact the success of Data Labs and the Company.

**(d) Product distribution and usability**

Product distribution and usability of the Talent Lab Platform depend upon various factors outside the control of Data Labs including (but not limited to) device operating systems, mobile device design and operation and platform provider standards.

Data Labs intends to develop the Talent Lab Platform as a cloud hosted solution externally or on the customer's premises, to be accessed from a number of internet access platforms, mobile and desktop devices and software operating systems. Data Labs will be dependent on the ability of the Talent Lab Platform to operate on such, devices and operating systems. Data Labs cannot control the maintenance, upkeep and continued supply of effective service from external suppliers in these areas.

Any changes in such platforms, operating systems or devices that adversely affect the functionality of the Talent Lab Platform or give preferential treatment to competitive products could adversely affect usage of the Talent Lab Platform.

**(e) Reliance on access to internet**

In some instances, Data Labs will depend on the ability of its Users to access the internet. Access is provided by various classes of entities in the broadband and internet access marketplace. Should any of these entities disrupt, restrict or affect the cost of access to the Talent Lab Platform, usage of the Talent Lab Platform may be negatively impacted.

**(f) Limited operating history and acquisition and retention of customers**

Data Labs has less than one year relevant operating history in the development and commercialisation of talent analytics software and the limited deployment of the Talent Lab Platform makes any evaluation of the Data Labs business or its prospects difficult. No assurances can be given that Data Labs will achieve commercial viability through the successful retention of customers and implementation of its business plan to increase customer and User numbers.

**(g) Reliance on key personnel**

Data Labs' operational success will depend substantially on the continuing efforts of senior executives and software development personnel. The loss of services of one or more senior executives may have an adverse effect on Data Labs' operations and prospects. Furthermore, if Data Labs is unable to attract, train and retain key individuals and other highly skilled employees and consultants, its business may be adversely affected.

**(h) Need to attract and retain skilled staff**

Data Labs' future success will in part depend on its ability to hire and train suitable staff. Competition for such personnel is intense and there can be no assurance that Data Labs will be successful in attracting and retaining such personnel. A failure to do so may have an adverse effect on the operations and profitability of the Data Labs business.

**(i) Reliance on outsourced services**

At any time Data Labs contracts some or all of its software development work to reputable third parties. The loss of a third party software development contractor, or the failure by such a contractor to provide software development services to the standard required, may cause delays in software development timeframe and may cause delays in getting product updates and enhancements to market - or affect customer support. This may carry a risk of potential loss of clients and revenue for Data Labs

Also, while contractors are subject to service level agreements and rigorous documentation standards in order to minimise the risk of personnel changes, key personal changes within contractors, however they are managed, may still cause delays in software development timeframe and may cause delays in getting product updates and enhancements to market - or affect customer support. This may carry a risk of potential loss of clients and revenue for Data Labs

**(j) Maintenance of key business partner relationships with Channel Partners**

The Company will rely on relationships with key business Channel Partners to enable it to continue to promote the Talent Lab Platform. A failure to maintain relationships could result in a withdrawal of support, which in turn could impact Data Labs' business and prospects.

Data Labs' main avenue for sale and implementation of the Talent Lab Platform is expected to be through Channel Partners. There is potential for the implementation of the Talent Lab Platform by Channel Partners to not follow best practice when implementing the Talent Lab Platform. Failure by the channel partner to do this may result in it affecting the User's perception of the Talent Lab Platform, which in turn could impact the adoption of the Talent Lab Platform.

**(k) Reliance on continual product development**

Data Labs' ability to retain customers and grow the User base of the Talent Lab Platform and generate revenue will depend in part on its ability to continue to develop the Talent Lab Platform. Data Labs may introduce changes to the existing product, including technologies with which it has little or no prior development or operating experience. If the enhanced products fail to attract Users, Data Labs may fail to generate sufficient revenue or operating profit to justify its investments, and accordingly operating results could be adversely affected.

**(l) Management of growth**

There is a risk that Data Labs will not be able to manage rapid growth of its business. The capacity of Data Labs to properly implement and manage business growth may affect its operations and prospects.

**(m) Brand establishment and maintenance**

Data Labs believes that establishing and maintaining the brand credibility of the Talent Lab Platform in the talent analytics software industry is important to growing its proposed User

base and product acceptance. This will depend largely on Data Labs' ability to provide useful and innovative products. The actions of external industry participants may affect the brand if Users do not have a positive experience using platforms, devices or operating systems that provide access to the Talent Lab Platform. If Data Labs fails to successfully establish and maintain its brand its business and operating results could be adversely affected.

**(n) Operating system changes**

Data Labs uses third party operating systems with the providers of these systems regularly updating their systems. It is possible when these updates occur one or more of them could cause some of Data Labs' products to not operate as efficiently as before. This may require Data Labs to change the code on its system which may take some time to remedy.

**(o) Use of open source software**

The Talent Lab Platform and possible future products contain or will contain open source software, and Data Labs licenses some of its software through open source projects, which may pose particular risks to its proprietary software and products in a manner that could have a negative effect on its business.

The terms of many open source licenses to which Data Labs is or will be subject have not been interpreted by Australian or foreign courts, and there is a risk that open source software licenses could be construed in a manner that imposes unanticipated conditions or restrictions on Data Labs' ability to provide or distribute its products.

**(p) Protection of Intellectual Property Rights**

Data Labs has applied for but does not currently have any patent protection of its intellectual property and it is not yet known whether it will be in fact possible to obtain any patent protection of the Data Labs intellectual property. Accordingly, Data Labs relies on the copyright it has in its software code and its intellectual property being kept confidential within the organisation to protect its trade secrets. If Data Labs fails to protect its intellectual property secrets, competitors may gain access to its technology which could harm the business. The Company may be required to spend significant resources to monitor and protect the intellectual property acquired through the proposed Acquisition of Data Labs. It may initiate or otherwise be involved in litigation against third parties for infringement, or to establish the validity, of its rights. Any litigation, whether or not it is successful, could result in significant expense to the Company and divert the efforts of its personnel. In addition, unauthorised use of the "Data Labs" or "Talent Lab" brands in counterfeit products or services could not only result in potential revenue loss, but also have an adverse impact on its brand value and perceptions of its product qualities.

**(q) Intellectual Property Infringement**

Data Labs uses a combination of open source and third party licensed software to develop its own software and network platform, and relies on its ability to protect its intellectual property rights adequately. Failure to do so may result in competitors gaining access to its technology, which would harm the business. Data Labs has applied for but currently has no granted patents and may be unable to obtain patent protection in the future. If any patents are issued in the future, they may not provide Data Labs with any competitive advantages, or may be challenged by third parties.

**(r)            Faults with products/service**

The Talent Lab Platform contains complicated programming and its objectives are to quickly develop and launch new and innovative products and features. The Talent Lab Platform may therefore contain now or in the future, errors, bugs or vulnerabilities. Any errors, bugs or vulnerabilities discovered could result in (among other consequences) damage to brand of the Talent Lab Platform, loss of Users, loss of platform partners, fall in revenues or liability for damages, any of which could adversely affect the Data Labs business and operating results.

**(s)            Customer service**

Users may need to engage with Data Labs' customer service personnel in certain circumstances, such as if they have a question about the products or if there is a dispute between a customer and Data Labs. Data Labs needs to recruit and retain staff with interpersonal skills sufficient to respond appropriately to customer services requests. Poor customer service experiences may result in the loss of Users. If Data Labs loses key customer service personnel, fails to provide adequate training and resources for customer service personnel, or if the computer systems relied on by customer service personnel are disrupted by technological failures, this could lead to adverse publicity, litigation, regulatory inquiries and/or a decrease in advertisers, all of which may negatively impact on Data Labs' prospects.

Data Labs also sells or will sell its product through Channel Partners and is therefore dependent on the Channel Partners' customer service departments for the end User's customer service experience. Poor experiences may result in adverse publicity, litigation, regulatory enquiries and reducing the use of the Talent Lab Platform or services. If this occurs it may negatively affect the revenues of the Data Labs business.

**(t)            Competition**

Data Labs will compete with other businesses and companies. Some of these companies have greater financial and other resources than the Company and, as a result, may be in a better position to compete for future business opportunities. There can be no assurance that Data Labs can compete effectively with these companies.

**(u)            Changes in technology**

Data Labs' success will depend, in part, on its ability to expand its products and grow its business in response to changing technologies, User and third party service providers' demands and competitive pressures. Failure to do so may impact the success of the Data Labs business. Further, the cost of responding to changing technologies is unpredictable and may impact Data Labs' profitability or, if such cost is prohibitive, may reduce Data Labs' capacity to expand or maintain its business. The Company will seek to offset such costs where possible through applications for the research and development tax concession. However, these concessions are available in only limited circumstances and, even where the Company makes a claim which it and its advisors believe has merit, it can't be assured that the Australian Taxation Office and Ausindustry will deem the claim to be compliant.

**(v)            Hosting provider disruption risk**

Data Labs relies on various hosting providers, to host the application and store all data gathered from its customers. Should the provider suffer outages, for example due to catastrophic destruction following a natural disaster, and in the unlikely event that data is not backed up in a different location, service to the Talent Lab Platform delivered by that provider may also be disrupted.



**(w) Data loss, theft or corruption**

Data Labs' hosting partners carry this risk, the hosting providers networks will be required to adhere to their customers' security and compliance standards. If the providers don't provide an adequate safe guards and measures to mitigate breaches, it could negatively impact upon the Company's revenues and profitability.

**(x) Security breaches**

If Data Labs' security measures are breached, or if its products are subject to cyber-attacks that restrict User access to its products, its products may be perceived as less secure than those of its competitors and Users may stop using the Talent Lab Platform.

**(y) Misuse of the Talent Lab Platform – privacy and surveillance legislation**

Users of the Talent Lab Platform are subject to the Data Labs terms and conditions of use which state that a User must protect the privacy and details contained within the systems and is liable if the Talent Lab Platform is used unlawfully (for example, the User causing any data or information to be exposed or shared without consent). Although Data Labs has strategies and protections in place to try and minimise misuse the system (including disclaimers and indemnities in the Data Labs terms and conditions of use), there is no guarantee these strategies will be successful in the event a User uses the Talent Lab Platform in an unlawful manner. In the event of a User misusing the Talent Lab Platform, this may result in adverse publicity, litigation, regulatory enquiries in respect of state and federal privacy and surveillance legislation, and reducing the use of the Talent Lab Platform. If this occurs it may negatively affect the business' revenues.

**(z) Foreign exchange risks**

Data Labs provides or will provide the Talent Labs Platform to Users based in various countries. Consequently, it is expected to generate revenue and incur costs and expenses in more than one currency. Accordingly, the depreciation and/or the appreciation of the United States Dollar, for example, relative to the Australian Dollar would result in a foreign currency loss/gain. Any depreciation of the foreign currencies relative to the Australian Dollar may result in lower than anticipated revenue, profit and earnings. Data Labs will be affected on an ongoing basis by foreign exchange risks and will have to monitor this risk on an ongoing basis.

**(aa) Insurance coverage**

The Company faces various risks in connection with Data Labs and may lack adequate insurance coverage or may not have the relevant insurance coverage. Data Labs maintains insurance coverage for its employees, as well as professional indemnity, product liability and third party liability insurance. However, it does not maintain business interruption insurance or insurance against claims for certain property damage. The Company will need to review its insurance requirements periodically. If Data Labs incurs substantial losses or liabilities and its insurance coverage is unavailable or inadequate to cover such losses or liabilities, the Company's financial position and financial performance may be adversely affected.

**(bb) 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:

- (i) general economic outlook;

- (ii) introduction of tax reform or other new legislation;
- (iii) interest rates and inflation rates;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital; and
- (vi) 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.

**(cc) 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 technology industry including, but not limited to, the following:

- (i) general economic conditions in jurisdictions in which the Company operates;
- (ii) changes in government policies, taxation and other laws in jurisdictions in which the Company operates;
- (iii) the strength of the equity and share markets in Australia and throughout the world, and in particular investor sentiment towards the technology sector;
- (iv) movement in, or outlook on, interest rates and inflation rates in jurisdictions in which the Company operates; and
- (v) natural disasters, social upheaval or war in jurisdictions in which the Company operates.

## Schedule 2 Pro-Forma Balance Sheet

### Minimum Subscription under the Capital Raising

**Pro Forma Balance Sheet**  
**ESTRELLA RESOURCES LIMITED**  
**As at 30 September 2015**

| A \$                                 | Data Labs        | Estrella         | Adjustments      | Minimum Subscription |
|--------------------------------------|------------------|------------------|------------------|----------------------|
| <b>Assets</b>                        |                  |                  |                  |                      |
| <b>Total Bank</b>                    | 3,770            | 1,363,854        | 3,364,914        | 4,262,538            |
| <b>Current Assets</b>                |                  |                  |                  |                      |
| Trade and other receivables          | 93,971           | 6,020            |                  | 99,991               |
| <b>Total Current Assets</b>          | <b>97,741</b>    | <b>1,369,874</b> | <b>3,364,914</b> | 3,640,676            |
| Intangible Assets                    | 1,427,197        |                  |                  | 1,427,197            |
| Fixed Assets                         | 4,214            |                  |                  | 4,214                |
| <b>Total Assets</b>                  | <b>1,529,152</b> | <b>1,369,874</b> | <b>3,364,914</b> | <b>5,793,940</b>     |
| <b>Liabilities</b>                   |                  |                  |                  |                      |
| <b>Current Liabilities</b>           |                  |                  |                  |                      |
| Trade Creditors                      | 170,572          | 68,138           |                  | 238,710              |
| Other payables                       | -                | 19,973           |                  | 19,973               |
| <b>Total Current Liabilities</b>     | <b>170,572</b>   | <b>88,111</b>    |                  | <b>258,683</b>       |
| <b>Non-Current Liabilities</b>       |                  |                  |                  |                      |
| <b>Total Non-Current Liabilities</b> |                  |                  |                  |                      |
| <b>Total Liabilities</b>             | <b>170,572</b>   | <b>88,111</b>    |                  | <b>258,683</b>       |
| <b>Net Assets</b>                    | <b>1,358,581</b> | <b>1,281,763</b> | <b>3,364,914</b> | <b>5,535,258</b>     |
| <b>Equity</b>                        |                  |                  |                  |                      |
| Paid-Up Shares                       | 1,296,163        | 12,007,445       | (8,507,445)      | 4,796,163            |
| Equity Raising Fees                  |                  | (1,653,108)      | 1,048,022        | (605,086)            |
| Equity Options Reserve               |                  | 1,238,537        | 600,000          | 1,838,537            |
| Retained Earnings                    | 62,418           | (10,311,111)     | (600,000))       | (494,356)            |
| <b>Total Equity</b>                  | <b>1,358,581</b> | <b>1,281,763</b> | <b>2,673,060</b> | <b>5,535,258</b>     |

The pro forma financial information contains the following pro forma adjustments:

1. The minimum subscription under the Capital Raising of \$3,500,000, less transaction costs of \$605,086.
2. The issue of 275,000,000 Shares to the Vendors.
3. The grant of 150,000,000 Performance Rights to Mr Sam Jones.
4. The grant of 40,000,000 Adviser Options.
5. The grant of 12,000,000 Initial Plan Options.
6. The adoption of reverse acquisition accounting in accordance with the Accounting Standards which results in the legal parent (in this case the Company) being accounted for as the subsidiary, whilst the legal acquiree (in this case Data Labs) being accounted for as the parent.

## Maximum Subscription under the Capital Raising

### Pro Forma Balance Sheet ESTRELLA RESOURCES LIMITED As at 30 September 2015

| A \$                                 | Data Labs        | Estrella         | Adjustments      | Maximum Subscription |
|--------------------------------------|------------------|------------------|------------------|----------------------|
| <b>Assets</b>                        |                  |                  |                  |                      |
| <b>Total Bank</b>                    | 3,770            | 1,363,854        | 3,364,914        | 4,732,538            |
| <b>Current Assets</b>                |                  |                  |                  |                      |
| Trade and other receivables          | 93,971           | 6,020            |                  | 99,991               |
| <b>Total Current Assets</b>          | <b>97,741</b>    | <b>1,369,874</b> | <b>3,364,914</b> | <b>4,832,529</b>     |
| Intangible Assets                    | 1,427,197        |                  |                  | 1,427,197            |
| Fixed Assets                         | 4,214            |                  |                  | 4,214                |
| <b>Total Assets</b>                  | <b>1,529,152</b> | <b>1,369,874</b> | <b>3,364,914</b> | <b>6,263,940</b>     |
| <b>Liabilities</b>                   |                  |                  |                  |                      |
| <b>Current Liabilities</b>           |                  |                  |                  |                      |
| Trade Creditors                      | 170,572          | 68,138           |                  | 238,710              |
| Other payables                       | -                | 19,973           |                  | 19,973               |
| <b>Total Current Liabilities</b>     | <b>170,572</b>   | <b>88,111</b>    |                  | <b>258,683</b>       |
| <b>Non-Current Liabilities</b>       |                  |                  |                  |                      |
| Other                                | -                | -                |                  | -                    |
| <b>Total Non-Current Liabilities</b> |                  |                  |                  |                      |
| <b>Total Liabilities</b>             | <b>170,572</b>   | <b>88,111</b>    |                  | <b>258,683</b>       |
| <b>Net Assets</b>                    | <b>1,358,581</b> | <b>1,281,763</b> | <b>3,364,914</b> | <b>6,005,258</b>     |
| <b>Equity</b>                        |                  |                  |                  |                      |
| Paid-Up Shares                       | 1,296,163        | 12,007,445       | (8,007,445)      | 5,296,163            |
| Equity Raising Fees                  | 0                | (1,653,108)      | 1,018,022        | (635,086)            |
| Equity Options Reserve               |                  | 1,238,537        | 600,000          | 1,838,537            |
| Retained Earnings                    | 62,418           | (10,311,111)     | 9,754,337        | (494,356)            |
| <b>Total Equity</b>                  | <b>1,358,581</b> | <b>1,281,763</b> | <b>3,364,914</b> | <b>6,005,258</b>     |

The pro forma financial information contains the following pro forma adjustments:

1. The minimum subscription under the Capital Raising of \$4,000,000, less transaction costs of \$635,086.
2. The issue of 275,000,000 Shares to the Vendors.
3. The grant of 150,000,000 Performance Rights to Mr Sam Jones.
4. The grant of 40,000,000 Adviser Options.
5. The grant of 12,000,000 Initial Plan Options.
6. The adoption of reverse acquisition accounting in accordance with the Accounting Standards which results in the legal parent (in this case the Company) being accounted for as the subsidiary, whilst the legal acquiree (in this case Data Labs) being accounted for as the parent.

### Schedule 3 Terms and Conditions of Adviser Options

The rights and liabilities attaching to the Adviser Options are as follows:

- (a) Each Option (**Option**) entitles the holder to subscribe for one Share upon exercise of the Option.
- (b) The Options have an exercise price of \$0.025 (**Exercise Price**) and an expiry date of 30 June 2020 (**Expiry Date**).
- (c) The Options are exercisable at any time on or prior to the Expiry Date.
- (d) The Options may be exercised by notice in writing to the Company and payment of the Exercise Price for each Option being exercised. Any notice of exercise of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt.
- (e) Shares issued on exercise of the Options will rank equally with the Shares of the Company.
- (f) The Company will not apply to ASX for quotation of the Options.
- (g) Application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.
- (h) After an Option is validly exercised, the Company must as soon as possible:
  - (i) issue the Share; and
  - (ii) do all such acts, matters and things to obtain:
    - (A) the grant of official quotation of the Share on ASX no later than 5 days from the date of exercise of the Option; and
    - (B) receipt of cleared funds equal to the sum payable on the exercise of the Options.
- (i) There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options.

However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least ten business days after the issue is announced. This will give the holders of Options the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
- (j) If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):
  - (i) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Optionholder would have received if the Optionholder had exercised the Option before the record date for the bonus issue; and
  - (ii) no change will be made to the Exercise Price.
- (k) If the Company makes an issue of Shares pro rata to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) the Exercise Price of an Option will be reduced according to the following formula:

$$\text{New exercise price} = O - \frac{E[P-(S+D)]}{N+1}$$

O = the old Exercise Price of the Option.

- E = the number of underlying Shares into which one Option is exercisable.
  - P = average market price per Share weighted by reference to volume of the underlying Shares during the 5 trading days ending on the day before the ex rights date or ex entitlements date.
  - S = the subscription price of a Share under the pro rata issue.
  - D = the dividend due but not yet paid on the existing underlying Shares (except those to be issued under the pro rata issue).
  - N = the number of Shares with rights or entitlements that must be held to receive a right to one new Share.
- (l) If there is any reconstruction of the issued share capital of the Company, the rights of the Optionholders may be varied to comply with the Listing Rules which apply to the reconstruction at the time of the reconstruction.
  - (m) The Options are transferable subject to compliance with the Corporations Act.
  - (n) Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable". The application for shares on exercise of the Options with the appropriate remittance should be lodged at the Company's share registry.

#### **Schedule 4 Summary of the terms of the Option Plan**

- (a) The Directors, at their discretion, may issue Plan Options to Participants at any time, having regard to relevant considerations such as the Participant's past or potential contribution to the Company, and their period of employment with the Company.
- (b) Participants in the Option Plan are full-time or part-time employees of the Company or a related body corporate (which includes Directors, the Company Secretary and officers) or such other persons as the Board determines, or their Permitted Nominees. The Company will seek Shareholder approval for Director and related party participation in accordance with Listing Rule 10.14.
- (c) The Option Plan is administered by the Directors of the Company, who have the power to:
  - (i) determine appropriate procedures for administration of the Option Plan consistent with its terms;
  - (ii) resolve conclusively all questions of fact or interpretation in connection with the Option Plan;
  - (iii) delegate the exercise of any of its powers or discretions arising under the Option Plan to any one or more persons for such period and on such conditions as the Board may determine; and
  - (iv) suspend, amend or terminate the Option Plan.
- (d) Plan Options must be granted for nil monetary consideration or no more than nominal monetary consideration.
- (e) The exercise price of the Plan Options shall be determined by the Board in its discretion.
- (f) The Company must have reasonable grounds to believe that the number of Shares to be received on exercise of the Plan Options when aggregated with the number of Shares issued or that may be issued as a result of offers made at any time during the previous three years under:
  - (i) an employee incentive plan of the Company covered by ASIC Class Order 14/1000; or
  - (ii) an ASIC exempt arrangement of a similar kind to an employee incentive scheme,does not exceed 5% (or such other maximum permitted under any ASIC Class Order providing relief from the disclosure regime of the Corporations Act) of the total number of issued Shares at the time the Offer to acquire Options is made (but disregarding any offer of Options that can be disregarded in accordance with relevant ASIC Class Orders).
- (g) The Shares to be issued on exercise of the Plan Options will be issued on the same terms as the fully paid, ordinary shares of the Company and will rank equally with all of the Company's then existing Shares.
- (h) The Board may determine the time periods or performance hurdles after which the Plan Options will vest and the percentage of Plan Options issued which will vest at each particular time. The Option Plan provides for the release of vesting conditions at the Board's discretion in the event of a change of control of the Company.
- (i) A Plan Option must be exercised (if at all) not later than its expiry date and may only be exercised at any time after the Plan Option has vested. The Board may determine (in its absolute discretion) any further conditions of exercise consistent with the terms of the Option Plan.

- (j) Plan Options will not be listed for quotation. However, the Company will make application to ASX for official quotation of all Shares issued on exercise of the Plan Options as soon as practicable after their Issue Date.
- (k) The Plan Options are not transferable unless vested and with the prior written approval of the Board and provided that the transfer complies with the Corporations Act.
- (l) If there is any reorganisation of the issued share capital of the Company, the rights of the Plan Option holder may be varied to comply with the Listing Rules which apply to a reorganisation of capital at the time of the reorganisation.
- (m) There are no participating rights or entitlements inherent in the Plan Options and Participants will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Plan Options.



## Schedule 5 Terms and conditions of Performance Rights

The Performance Rights will be granted in four milestone based classes as follows:

| <b>Class of Performance Rights</b> | <b>Performance Condition</b>                                                                                                                                                                                                                                                                                                                                                   |
|------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Class A Performance Rights</b>  | (a) Upon the Company and its subsidiaries ( <b>Company Group</b> ) achieving at least \$5,000,000 of gross revenue from the Specified IP for the period from Completion to 30 June 2017; or<br>(b) a Takeover Event occurs.                                                                                                                                                    |
| <b>Class B Performance Rights</b>  | (a) Upon the Company Group achieving either: <ul style="list-style-type: none"> <li>(i) at least \$10,000,000 of gross revenue from the Specified IP for the period from 1 July 2017 to 30 June 2018; or</li> <li>(ii) at least \$15,000,000 of gross revenue from the Specified IP for the period from Completion to 30 June 2018; or</li> </ul> (b) a Takeover Event occurs. |
| <b>Class C Performance Rights</b>  | (a) Upon the Company Group achieving either: <ul style="list-style-type: none"> <li>(i) at least \$20,000,000 of gross revenue from the Specified IP for the period from 1 July 2018 to 30 June 2019; or</li> <li>(ii) at least \$35,000,000 of gross revenue from the Specified IP for the period from Completion to 30 June 2019; or</li> </ul> (b) a Takeover Event occurs. |
| <b>Class D Performance Rights</b>  | (a) Upon the Company Group achieving either: <ul style="list-style-type: none"> <li>(i) at least \$30,000,000 of gross revenue from the Specified IP for the period from 1 July 2019 to 30 June 2020; or</li> <li>(ii) at least \$65,000,000 of gross revenue from the Specified IP for the period from Completion to 30 June 2020; or</li> </ul> (b) a Takeover Event occurs. |

If a performance condition of a Performance Right is not achieved by the end date of the specified period, then the Performance Right will lapse.

The achievement of a performance condition is to be determined by the audited accounts of the Buyer (or any relevant subsidiary) for the relevant period of the class of Performance Rights. Performance Rights will convert as soon as the achievement of a relevant performance condition has been determined. For the avoidance of doubt, this may occur before the end date of the specified period.

"Specified IP" means:

- (a) intellectual property in relation to a "software as a service" data aggregation platform (assigned to Data Labs by Mr Sam Jones);

- (b) intellectual property in relation to the Talent Lab Platform which uses the platform referred to in paragraph (a); and
- (c) US patent application number 62/116.176, titled "HUMAN CAPITAL BROWSER INCLUDING INTERACTIVE DATA VISUALIZATION TOOLS".

"Takeover Event" means a takeover bid for the Company pursuant to Chapter 6 of the Corporations Act where at least 50% of the holders of ordinary shareholders accept the bid and such bid is free of conditions or an Australian court grants orders approving a compromise or scheme of arrangement where the Shares are either cancelled or transferred to a third party (not a scheme of arrangement simply for the purposes of a corporate restructure).

#### **Other terms**

**(No Voting rights)** A Performance Right does not entitle a Holder to vote on any resolutions proposed at a general meeting of shareholders of the Company.

**(No dividend rights)** A Performance Right does not entitle a Holder to any dividends.

**(Rights on winding up)** A Performance Right does not entitle the Holder to participate in the surplus profits or assets of the Company upon winding up of the Company.

**(Not transferable)** A Performance Right is not transferable.

**(Reorganisation of capital)** If there is a reorganisation (including, without limitation, consolidation, subdivision, reduction or return) of the issued capital of the Company, the rights of a Holder will be varied (as appropriate) in accordance with the Listing Rules which apply to reorganisation of capital at the time of the reorganisation.

**(Quotation of shares on conversion)** An application will be made by the Company to ASX for official quotation of the Shares issued upon the conversion of each Performance Right within the time period required by the Listing Rules.

**(Participation in entitlements and bonus issues)** A Performance Right does not entitle a Holder to participate in new issues of capital offered to holders of Shares, such as bonus issues and entitlement issues.

**(No other rights)** A Performance Right does not give a Holder any other rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

## **Schedule 6 Terms and Conditions of Initial Plan Options**

For the purposes of these terms and conditions:

**“ASX”** means the Australian Securities Exchange.

**“Plan”** means the Data Labs Option Plan.

### **1. Entitlement**

Each Initial Plan Option (**Option**) entitles the holder to subscribe for one Share upon exercise of each Option.

### **2. Exercise Price and Expiry Date**

Each option has an exercise price of \$0.05 (**Exercise Price**) and expires on the date which is 5 years from grant (**Expiry Date**).

### **3. Plan**

The Options are granted in accordance with, and subject to, the Plan.

### **4. Exercise Period**

The Options are exercisable at any time and on or prior to 5pm (Perth time) on the Expiry Date.

### **5. Notice of Exercise**

The Options may be exercised by notice in writing to the Company (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised. Any Notice of Exercise of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt.

### **6. Shares issued on exercise**

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

### **7. Quotation of Shares on exercise**

Application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options within the period required by the ASX Listing Rules.

### **8. Timing of issue of Shares**

After an Option is validly exercised, the Company must, as soon as possible following receipt of the Notice of Exercise and receipt of cleared funds equal to the sum payable on the exercise of the Option:

- (a) issue the Share;
- (b) do all such acts matters and things to obtain:
  - (i) the grant of official quotation of the Share on ASX within the period required by the ASX Listing Rules; and
  - (ii) receipt of cleared funds equal to the sum payable on the exercise of the Options.

Notwithstanding any other rule under the Plan, no Shares will be issued on exercise of the Options if to do so would contravene the Corporations Act, the ASX Listing Rules or any other applicable laws (including any applicable foreign law).

**9. Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options.

**10. Adjustment for bonus issues of Shares**

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

- (a) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the option holder would have received if the option holder had exercised the Option before the record date for the bonus issue; and
- (b) no change will be made to the Exercise Price.

**11. Adjustment for rights issue**

If the Company makes an issue of Shares pro rata to existing Shareholders there will be no adjustment of the Exercise Price of an Option or the number of Shares which must be allocated on the exercise of the Options.

**12. Adjustments for reorganisation**

If there is any reorganisation of the issued share capital of the Company, the rights of the Option holder may be varied to comply with the Listing Rules which apply to a reorganisation of capital at the time of the reorganisation.

**13. Quotation of Options**

No application for quotation of the Options will be made by the Company.

**14. Options not transferable**

Options are not transferable unless the Board determines otherwise or the transfer is required by law and provided that the transfer complies with the Corporations Act.

**15. Lodgement Instructions**

Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable". The application for shares on exercise of the Options with the appropriate remittance should be lodged at the Company's Registry.

HIN/SRN:

## Security Holder Appointment of Proxy – General Meeting

I/We being a Shareholder entitled to attend and vote at the Meeting, hereby appoint

(Name of Proxy)

OR

The Chair 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 General Meeting to be held at 11:00am (AEST) on Monday, 1 February 2016 at the Boardroom of Hall Chadwick, Level 40, 2 Park Street, Sydney and at any adjournment thereof.

### Important – If the Chairman of the Meeting is your proxy or is appointed your proxy by default

The Chairman of the Meeting intends to vote all available proxies in favour of Resolutions 3 and 10 to 12. If the Chairman of the Meeting is your proxy or is appointed your proxy by default, unless you indicate otherwise by ticking either the 'for', 'against' or 'abstain' box in relation to Resolutions 3 and 10 to 12, you will be authorising the Chairman to vote in accordance with the Chairman's voting intentions on Resolutions 3 and 10 to 12, even if Resolutions 3 and 10 to 12 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

### The Chair intends to vote undirected proxies in favour of all Resolutions in which the Chair is entitled to vote.

Unless indicated otherwise by ticking the "for", "against" or "abstain" box you will be authorising the Chair to vote in accordance with the Chair's voting intention.

## VOTING ON BUSINESS OF THE MEETING

| Resolutions                                             | For                      | Against                  | Abstain                  | Resolutions                                             | For                      | Against                  | Abstain                  |
|---------------------------------------------------------|--------------------------|--------------------------|--------------------------|---------------------------------------------------------|--------------------------|--------------------------|--------------------------|
| 1 Approval of change to nature and scale of activities  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 7 Appointment of Mr Sam Jones as a Director             | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2 Approval of acquisition of Data Laboratories Ltd      | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 8 Appointment of Mr Tim Andrew as a Director            | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3 Approval of issue of Jones Securities to Mr Sam Jones | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 9 Change of Company Name                                | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4 Approval to issue Capital Raising Shares              | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 10 Adoption of Data Labs Option Plan                    | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 5 Approval to grant Adviser Options                     | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 11 Approval of grant of Plan Options to Mr Tim Andrew   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 6 Approval to grant Adviser Options to Mr Tim Andrew    | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 12 Approval of grant of Plan Options to Mr Howard Digby | <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.

## SIGNATURE OF SHAREHOLDER(S):

Individual or Shareholder 1

Sole Director or  
 Sole Director / Company Secretary

Shareholder 2

Director

Shareholder 3

Director / Company Secretary

## INSTRUCTIONS FOR COMPLETING 'APPOINTMENT OF PROXY' FORM

### APPOINTING A PROXY

A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. The appointed proxy may be an individual or body corporate.

If a Body Corporate is appointed to act as your proxy then a representative of that Body Corporate must be appointed to act as its representative. When attending the meeting, the representative must bring a formal notice of appointment as per section 250D of the Corporations Act. Such notice must be signed as required by section 127 of the Corporations Act or the Body Corporate's Constitution.

If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll.

The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.

**Note:** If you wish to appoint a second proxy, you may copy this form but you must return both forms together.

### VOTING ON BUSINESS OF MEETING

A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the number of votes that the proxy may exercise by writing the number of Shares next to the box marked for the relevant item of business.

Where a box is not marked the proxy may vote as they choose subject to the relevant laws.

Where more than one box is marked on an item the vote will be invalid on that item.

### SIGNING INSTRUCTIONS

- **Individual:** Where the holding is in one name, the Shareholder must sign.
- **Joint holding:** Where the holding is in more than one name, all of the Shareholders should sign.
- **Power of attorney:** If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
- **Companies:** To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

### ATTENDING THE MEETING

Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.

### LODGEMENT OF VOTES

To be effective, a validly appointed proxy must be received by the Company **not less than 48 hours** prior to commencement of the Meeting.

Proxy appointments can be lodged by:

- a) **Hand Delivery** – C/- Alexander Cable Pty Ltd, Level 15, 1 Alfred Street Sydney NSW 2000; or
- b) **Post** - to Estrella Resources Limited, PO BOX R933, Royal Exchange, Sydney NSW 1225; or
- c) **Email**- to [info@estrellaresources.com.au](mailto:info@estrellaresources.com.au)

**Proxy Forms received later than this time will be invalid**



# **ESTRELLA RESOURCES LIMITED** **Independent Expert's Report**

21 December 2015



## Financial Services Guide

21 December 2015

**BDO Corporate Finance (WA) Pty Ltd** ABN 27 124 031 045 ('we' or 'us' or 'ours' as appropriate) has been engaged by Estrella Resources Limited ('Estrella') to provide an independent expert's report on the proposal to acquire all the issued capital of Data Laboratories Limited. You will be provided with a copy of our report as a retail client because you are a shareholder of Estrella.

### Financial Services Guide

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide ('FSG'). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- ◆ Who we are and how we can be contacted;
- ◆ The services we are authorised to provide under our Australian Financial Services Licence, Licence No. 316158;
- ◆ Remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- ◆ Any relevant associations or relationships we have; and
- ◆ Our internal and external complaints handling procedures and how you may access them.

### Information about us

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

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

### Financial services we are licensed to provide

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

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

### General Financial Product Advice

We only provide general financial product advice, not personal financial product advice. Our report does not take into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice.



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

We charge fees for providing reports, including this report. These fees are negotiated and agreed with the person who engages us to provide the report. Fees are agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. The fee payable to BDO Corporate Finance (WA) Pty Ltd for this engagement is approximately \$18,000.

Except for the fees referred to above, neither BDO, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

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

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

**Referrals**

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

**Complaints resolution***Internal complaints resolution process*

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing addressed to The Complaints Officer, BDO Corporate Finance (WA) Pty Ltd, PO Box 700 West Perth WA 6872.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than **45 days** after receiving the written complaint, we will advise the complainant in writing of our determination.

**Referral to External Dispute Resolution Scheme**

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

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

**Contact details**

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

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Appendix 1 - Glossary and copyright notice

Appendix 2 - Valuation Methodologies

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21 December 2015

The Directors  
Estrella Resources Limited  
Suite 1503B, Level 15  
1 Alfred Street  
SYDNEY NSW 2000

Dear Directors

## INDEPENDENT EXPERT'S REPORT

### 1. Introduction

On 12 November 2015, Estrella Resources Limited ('Estrella' or 'the Company') announced that it had entered into a share sale agreement with Data Laboratories Limited, a UK company ('Data Labs'), to acquire 100% of the issued capital in Data Labs. The consideration for the acquisition is 275 million ordinary shares in Estrella. In addition to the 275 million consideration shares, Estrella will also issue 150 million performance rights to Mr Sam Jones ('Mr Jones'), the proposed Managing Director post completion of the acquisition, and 40 million options to certain advisers involved in the acquisition.

As a result of the share issue, Mr Jones who is the largest shareholder in Data Labs will hold between 35.16% and up to 49.64% of Estrella's issued capital post completion of the transaction. Mr Jones' level of interest in the Company is primarily dependent on the amount raised under the proposed capital raising and the number of Performance Rights that may vest. The transaction is subject to shareholders' approval under Section 611 of the Corporations Act. Item 7 of Section 611 of the Corporations Act requires that shareholder approval is sought for the placement of shares where a shareholders interest will exceed 20% of the issued share capital.

This proposed acquisition, capital raising and other resolutions which are contained in the accompanying notice of meeting are collectively referred to as 'the Transaction'. This is more specifically defined in Section 4 of this report.

### 2. Summary and Opinion

#### 2.1 Purpose of the report

The directors of Estrella have requested that BDO Corporate Finance (WA) Pty Ltd ('BDO') prepare an independent expert's report ('our Report') to express an opinion as to whether or not the proposal to issue 207,547,170 million shares and 150 million performance rights to Mr Jones as part of the acquisition of 100% of the issued capital of Data Labs is fair and reasonable to the non-associated shareholders of Estrella ('Shareholders').

Our Report is prepared pursuant to Section 611 of the Corporations Act 2001 Cth (**'Corporations Act'** or **'the Act'**) and is to be included in the Notice of Meeting for Estrella in order to assist Shareholders in their decision whether to approve the Transaction.

## 2.2 Approach

Our Report has been prepared having regard to Australian Securities and Investments Commission (**'ASIC'**) Regulatory Guide 74 **'Acquisitions Approved by Members'** (**'RG 74'**), Regulatory Guide 111 **'Content of Expert's Reports'** (**'RG 111'**) and Regulatory Guide 112 **'Independence of Experts'** (**'RG 112'**).

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

- How the value of an Estrella share prior to the Transaction compares to the value of an Estrella share following the Transaction;
- The likelihood of a superior alternative offer being available to Estrella;
- Other factors which we consider to be relevant to Shareholders in their assessment of the Transaction; and
- The position of Shareholders should the Transaction not proceed.

## 2.3 Opinion

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

## 2.4 Fairness

In Section 12 we determined that the value of a share in Estrella prior to the Transaction on a control basis compares to the value of an Estrella share following the Transaction on a minority basis, as detailed below.

|                                                                          | Ref  | Low<br>cents | High<br>cents |
|--------------------------------------------------------------------------|------|--------------|---------------|
| Value of an Estrella share prior to the Transaction on a control basis   | 10.3 | 0.83         | 0.83          |
| Value of an Estrella share following the Transaction on a minority basis | 11.3 | 0.79         | 0.85          |

Source: BDO analysis

The above valuation ranges are graphically presented below:

### Valuation Summary



We note from the above pricing that the value of an Estrella share following the Transaction on a minority interest basis overlaps the value of an Estrella share prior to the Transaction on a controlling interest basis. The above pricing indicates that, in the absence of any other relevant information, the Transaction is fair to the Shareholders of Estrella.

## 2.5 Reasonableness

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

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

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

The respective advantages and disadvantages considered are summarised below:

| ADVANTAGES AND DISADVANTAGES |                                                                                                                      |         |                                                                                                                |
|------------------------------|----------------------------------------------------------------------------------------------------------------------|---------|----------------------------------------------------------------------------------------------------------------|
| Section                      | Advantages                                                                                                           | Section | Disadvantages                                                                                                  |
| 13.4.1                       | The transaction is fair                                                                                              | 13.5.1  | Dilution of existing Shareholders' interests                                                                   |
| 13.4.2                       | Shareholders of Estrella will own shares in a company with a greater potential to generate a return for Shareholders | 13.5.2  | Exposure to the development stage risks associated with Data Labs                                              |
| 13.4.3                       | Liquidity of Estrella's shares may increase                                                                          | 13.5.3  | Change in the nature and scale of Estrella's activities may not align with Shareholders' investment objectives |
| 13.4.4                       | Changing the nature and scale of Estrella's activities could attract new investors                                   |         |                                                                                                                |
| 13.4.5                       | The Transaction provides the Company with a cash injection                                                           |         |                                                                                                                |

| ADVANTAGES AND DISADVANTAGES |                                                                      |         |               |
|------------------------------|----------------------------------------------------------------------|---------|---------------|
| Section                      | Advantages                                                           | Section | Disadvantages |
| 13.4.6                       | Experienced management team and Board of Directors                   |         |               |
| 13.4.7                       | Performance Rights provide an incentive to increase Estrella's value |         |               |
| 13.4.8                       | Alignment of Data Labs' interests to Shareholders' interests         |         |               |

Other key matters we have considered include:

| Section | Description                                   |
|---------|-----------------------------------------------|
| 13.1    | Alternative proposals                         |
| 13.2    | Practical level of control                    |
| 13.3    | Consequences of not approving the Transaction |

### 3. Scope of the Report

#### 3.1 Purpose of the Report

Section 606 of the Corporations Act expressly prohibits the acquisition of shares by a party if that acquisition will result in that person (or someone else) holding an interest in 20% or more of the issued shares of a public company, unless one of the exceptions under Section 611 applies (including a takeover offer made to all shareholders).

As a result of the share issue, Mr Jones who is the largest shareholder in Data Labs will hold between 35.16% and up to 49.64% of Estrella's issued capital post completion of the transaction. Mr Jones' level of interest in the Company is primarily dependent on the amount raised under the proposed capital raising and the number of Performance Rights that may vest.

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

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

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

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

### 3.2 Regulatory guidance

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

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

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

### 3.3 Adopted basis of evaluation

RG 111 states that a transaction is fair if the value of the offer price or consideration is greater than the value of the securities subject of the offer. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm’s length. When considering the value of the securities subject of the offer in a control transaction the expert should consider this value inclusive of a control premium. Further to this, RG 111 states that a transaction is reasonable if it is fair. It might also be reasonable if despite being ‘not fair’ the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid.

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

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

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

A Valuation Engagement is defined by APES 225 as follows:

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

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

## 4. Outline of the Transaction

On the 12 November 2015, the Company announced it had entered into a share sale agreement to acquire the entire issued capital of Data Labs. As consideration for the acquisition, Estrella will issue Data Labs vendors 275 million ordinary shares in the Company. As a result of the share issue, Mr Jones who is the controlling shareholder of Data Labs will be issued 207,547,170 million shares in Estrella.

In addition to the 275 million consideration shares, Estrella will also issue 150 million performance rights to Mr Jones (**'Performance Rights'**), 40 million options to certain advisers involved in the transaction (**'Adviser Options'**) and 10 million plan options to Mr Tim Andrew, a proposed director of the Company and 2 million plan options to Mr Howard Digby who is a current director of Estrella (collectively the **'Director Options'**). The 150 million Performance Rights will vest upon achieving the milestones below:

- Class A: 37.5 million Performance Rights will vest upon achieving \$5 million of gross revenue from the Data Labs intellectual property for the period from completion of the Transaction to 30 June 2017;
- Class B: 37.5 million Performance Rights upon achieving either:
  - (i) at least \$10 million of gross revenue from the Data Labs intellectual property for the period from 1 July 2017 to 30 June 2018; or
  - (ii) at least \$15 million of gross revenue from the Data Labs intellectual property for the period from Completion to 30 June 2018.
- Class C: 37.5 million Performance Rights upon achieving either:
  - (i) at least \$20 million of gross revenue from the Data Labs intellectual property for the period from 1 July 2018 to 30 June 2019; or
  - (ii) at least \$35 million of gross revenue from the Data Labs intellectual property for the period from Completion to 30 June 2019.
- Class D: 37.5 million Performance Rights upon achieving either:
  - (i) at least \$30 million of gross revenue from the Data Labs intellectual property for the period from 1 July 2019 to 30 June 2020; or
  - (ii) at least \$65 million of gross revenue from the Data Labs intellectual property for the period from Completion to 30 June 2020.

All Performance Rights will automatically vest where a takeover event occurs in relation to Estrella.

The 40 million Adviser Options which will be issued to certain advisers to the Transaction will have an exercise price of \$0.025 and expire on the 30 June 2020. The 12 million Director Options will have an exercise price of \$0.05 and expiry date five years from the grant date.

The Company also proposes to change its name to Data Labs Limited post completion of the Transaction.

Set out below are the conditions precedent to the Transaction:

- a) Estrella obtaining all necessary shareholder approvals as required in respect of the Transaction;
- b) Data Labs obtaining any third party consents or approvals required, including from counterparties to contracts, to give effect to the Transaction;
- c) Estrella to complete a capital raising of between \$3.5 million and \$4.0 million (**'Capital Raising'**) at an issue price of \$0.025 per share;
- d) all Data Labs shareholders (other than Mr Jones) executing an agreement to sell their Data Labs shares on the terms proposed by the Transaction;



- e) Mr Jones assigning to Data Labs all intellectual property rights in the "Software-as-a-Service" data analytics platform developed by Mr Jones and used by Data Labs in its Talent Lab product;
- f) Estrella conducting technical, financial and legal due diligence on Data Labs and its assets and being satisfied with the results of such due diligence in its absolute discretion;
- g) Mr Jones conducting financial and legal due diligence on Estrella and being satisfied with the results of such due diligence in his absolute discretion; and
- h) Estrella and Data Labs obtaining all necessary regulatory approvals, including re-compliance with chapters 1 and 2 of the listing rules of ASX.

## Proposed Capital Structure

We have presented the proposed capital structure of Estrella following completion of the Transaction and Capital Raising on an undiluted and fully diluted basis assuming a minimum capital raising of \$3.5 million and a maximum of \$4.0 million.

### \$3.5 million minimum Capital Raising

The proposed capital structure of Estrella following completion of the Transaction and \$3.5 million Capital Raising is set out below:

| Capital structure of Estrella                                          | Existing<br>S'holders | Sam<br>Jones       | Other Data<br>Lab S'holders | Capital<br>Raising<br>S'holders | Other<br>options  | Total              |
|------------------------------------------------------------------------|-----------------------|--------------------|-----------------------------|---------------------------------|-------------------|--------------------|
| <b>Issued Shares at date of this Report</b>                            | 155,249,959           | -                  | -                           | -                               | -                 | 155,249,959        |
| <i>% holdings as at the date of this Report</i>                        | 100.00%               | 0.00%              | 0.00%                       | 0.00%                           | 0.00%             | 100.00%            |
| <i>Undiluted</i>                                                       |                       |                    |                             |                                 |                   |                    |
| Issue of shares to Mr Jones                                            | -                     | 207,547,170        | -                           | -                               | -                 | 207,547,170        |
| Issue of shares to other Data Lab s'holders                            | -                     | -                  | 67,452,830                  | -                               | -                 | 67,452,830         |
| Capital raising shares                                                 | -                     | -                  | -                           | 140,000,000                     | -                 | 140,000,000        |
| <b>Issued Shares following the Transaction</b>                         | <b>155,249,959</b>    | <b>207,547,170</b> | <b>67,452,830</b>           | <b>140,000,000</b>              | <b>-</b>          | <b>570,249,959</b> |
| <i>% holdings following the Transaction</i>                            | 27.22%                | 36.40%             | 11.83%                      | 24.55%                          | 0.00%             | 100.00%            |
| <i>Conversion of Performance Rights</i>                                |                       |                    |                             |                                 |                   |                    |
| Conversion of Performance Rights                                       | -                     | 150,000,000        | -                           | -                               | -                 | 150,000,000        |
| <b>Issued Shares post Transaction incl. conversion of Perf. Rights</b> | <b>155,249,959</b>    | <b>357,547,170</b> | <b>67,452,830</b>           | <b>140,000,000</b>              | <b>-</b>          | <b>720,249,959</b> |
| <i>% holdings post Transaction incl. Conversion of Perf. Rights</i>    | 21.56%                | 49.64%             | 9.37%                       | 19.44%                          | 0.00%             | 100.00%            |
| <i>Fully diluted</i>                                                   |                       |                    |                             |                                 |                   |                    |
| Conversion of unlisted options                                         | 40,537,857            | -                  | -                           | -                               | -                 | 40,537,857         |
| Director options                                                       | -                     | -                  | -                           | -                               | 12,000,000        | 12,000,000         |
| Conversion of Adviser Options                                          | -                     | -                  | -                           | -                               | 40,000,000        | 40,000,000         |
| <b>Issued Shares following the Transaction on a diluted basis</b>      | <b>195,787,816</b>    | <b>357,547,170</b> | <b>67,452,830</b>           | <b>140,000,000</b>              | <b>52,000,000</b> | <b>812,787,816</b> |
| <i>% holdings following the Transaction on a diluted basis</i>         | 24.09%                | 43.99%             | 8.30%                       | 17.22%                          | 6.40%             | 100.00%            |

Source: BDO Analysis

We note that as at the date of our Report, Mr Jones does not have an interest in Estrella but following the issue of the Consideration Shares and minimum capital raising of \$3.5 million, his relevant interest in

Estrella will increase to 36.40%. Under this circumstance, Shareholders will be diluted from 100% to 27.22%. Mr Jones' interest in Estrella will increase to 49.64% if the entire Performance Rights vest and no other options are exercised. We note this is the maximum interest Mr Jones will have the capacity to acquire in Estrella post completion of the Transaction.

#### **\$4.0 million maximum Capital Raising**

The proposed capital structure of Estrella following completion of the Transaction and assuming the maximum capital raising of \$4.0 million is set out below:

| Capital structure of Estrella                                          | Existing<br>S'holders | Sam<br>Jones       | Other Data<br>Lab S'holders | Capital<br>Raising<br>S'holders | Other<br>Options  | Total              |
|------------------------------------------------------------------------|-----------------------|--------------------|-----------------------------|---------------------------------|-------------------|--------------------|
| <b>Issued Shares at date of this Report</b>                            | 155,249,959           | -                  | -                           | -                               | -                 | 155,249,959        |
| <i>% holdings as at the date of this Report</i>                        | 100.00%               | 0.00%              | 0.00%                       | 0.00%                           | 0.00%             | 100.00%            |
| <i>Undiluted</i>                                                       |                       |                    |                             |                                 |                   |                    |
| Issue of shares to Mr Jones                                            | -                     | 207,547,170        | -                           | -                               | -                 | 207,547,170        |
| Issue of shares to other Data Lab s'holders                            | -                     | -                  | 67,452,830                  | -                               | -                 | 67,452,830         |
| Capital raising shares                                                 | -                     | -                  | -                           | 160,000,000                     | -                 | 160,000,000        |
| <b>Issued Shares following the Transaction</b>                         | <b>155,249,959</b>    | <b>207,547,170</b> | <b>67,452,830</b>           | <b>160,000,000</b>              | <b>-</b>          | <b>590,249,959</b> |
| <i>% holdings following the Transaction</i>                            | 26.30%                | 35.16%             | 11.43%                      | 27.11%                          | 0.00%             | 100.00%            |
| <i>Conversion of Performance Rights</i>                                |                       |                    |                             |                                 |                   |                    |
| Conversion of Performance Rights                                       | -                     | 150,000,000        | -                           | -                               | -                 | 150,000,000        |
| <b>Issued Shares post Transaction incl. conversion of Perf. Rights</b> | <b>155,249,959</b>    | <b>357,547,170</b> | <b>67,452,830</b>           | <b>160,000,000</b>              | <b>-</b>          | <b>740,249,959</b> |
| <i>% holdings post Transaction incl. Conversion of Perf. Rights</i>    | 20.97%                | 48.30%             | 9.11%                       | 21.61%                          | 0.00%             | 100.00%            |
| <i>Fully diluted</i>                                                   |                       |                    |                             |                                 |                   |                    |
| Conversion of unlisted options                                         | 40,537,857            | -                  | -                           | -                               | -                 | 40,537,857         |
| Director options                                                       | -                     | -                  | -                           | -                               | 12,000,000        | 12,000,000         |
| Conversion of Adviser Options                                          | -                     | -                  | -                           | -                               | 40,000,000        | 40,000,000         |
| <b>Issued Shares following the Transaction on a diluted basis</b>      | <b>195,787,816</b>    | <b>357,547,170</b> | <b>67,452,830</b>           | <b>160,000,000</b>              | <b>52,000,000</b> | <b>832,787,816</b> |
| <i>% holdings following the Transaction on a diluted basis</i>         | 23.51%                | 42.93%             | 8.10%                       | 19.21%                          | 6.24%             | 100.00%            |

Source: BDO Analysis

As above, Mr Jones does not have a relevant interest in Estrella before the Transaction however, following the maximum \$4.0 million capital raising and the issue of Consideration Shares, Mr Jones' relevant interest will increase to 35.16%. We note this is the minimum relevant interest Mr Jones will acquire in Estrella assuming that no other shares are issued or options exercised. If the Transaction proceeds and assuming the maximum Capital Raising, Shareholders will be diluted from 100% down to 26.30%. Additionally, Mr Jones' relevant interest in Estrella will increase to 48.30% if all 150 million Performance Rights vest and no other options are exercised.

## 5. Profile of Estrella

### 5.1 History

Estrella was incorporated on 27 May 2011 and listed on the Australian Securities Exchange ('ASX') on 9 May 2012. The Company's principal activities are maintaining and exploring mining and mineral exploration rights/assets at the Altair Project in Chile. Estrella has one wholly owned subsidiary, Estrella Resources Chile SpA ('**Estrella Chile**') which participates in exploration at the Altair Project. The current directors and senior management of Estrella are:

- Mr Guy Robertson, Non-Executive Director and Company Secretary;
- Mr Howard Digby, Non-Executive Director; and
- Mr Ray Shorrocks, Non-Executive Director.

The Company completed four share placements during FY2015 which included a rights issue at \$0.005 per share (pre-consolidation) that completed in June 2015. On 3 August 2015, the Company announced a placement to sophisticated investors to raise \$1.2 million at \$0.003 per share (pre-consolidation). Estrella also announced a consolidation of one new share for every four shares held on the same date ('**Share Consolidation**'). Both the placement and consolidation were subject to shareholder approval which occurred on 10 September 2015.

### 5.2 Projects

Set out below is a brief description of the Company's project.

#### Altair Project

The Altair Project is located in Region II of northern Chile, 90km north-northeast of Antofagasta. The Project consists of 15,596 ha (156km<sup>2</sup>) of largely continuous tenements over the Buey Muerto Fault zone, a mineralised linking splay of the Atacama Fault system. Altair is situated in northern Chile's Iron-Oxide-Copper-Gold ('**IOCG**') belt. The Altair Project is within 30km of the coast and is within close proximity to three nearby deposits (not owned by Estrella): Michilla, Antucoya and Los Mantos Blancos.

The Chile Altair Project comprises of the following tenements:

- Saturno, with an area of 34.5km<sup>2</sup>;
- Mercurio, with an area of 74.17km<sup>2</sup>;
- Dania, with an area of 24.76km<sup>2</sup>;
- Ivannia, area included in Dania;
- Colupo, with an area of 1047km<sup>2</sup>; and
- Antucoya West, with an area of 52km<sup>2</sup>.

The Altair Project consist of two Option agreements with Sociedad Quimica y Minera de Chile S.A ('**SQM**') which Estrella has recently restructured, allowing it to defer and reduce option fees and minimum exploration expenditure for Estrella's projects. The restructure has also allowed Estrella to increase its interest to 90% in all metal recoveries (subject to a royalty in the event SQM does not participate or a 10% interest and a 2% net smelter royalty ('**NSR**') in the event SQM participates). Dania, Antucoya West and

Ivannia tenements within the Altair Project are under a four year option period with the remainder under a 5 year option period ending in March 2018. Saturno and Mecurio are 100% Estrella owned.

During the 2015 financial year, the Company completed a Reverse circulation ('RC') drill hole programme at the Altair project with 38 holes at Antucoya West, 21 holes at Colupo and 4 holes at Colupo Norte.

Estrella's management acknowledged the downturn in commodities and deterioration of the copper price in its 2015 annual report and decided in the three months to 30 September 2015 to not proceed with the Chile Altair Project after a strategic review. As a result of the Estrella failing to provide any further funding towards the SQM Chilean projects, SQM sent termination letters in respect of each of the agreements.

The Company intends to relinquish the two remaining tenements (Saturno and Mecurio) not subject to the termination letters.

### 5.3 Historical Balance Sheet

| Statement of Financial Position      | Audited as at<br>30-Jun-15<br>\$ | Audited as at<br>30-Jun-14<br>\$ | Audited as at<br>30-Jun-13<br>\$ |
|--------------------------------------|----------------------------------|----------------------------------|----------------------------------|
| <b>CURRENT ASSETS</b>                |                                  |                                  |                                  |
| Cash and cash equivalents            | 399,278                          | 1,107,203                        | 2,487,476                        |
| Trade and other receivables          | 13,848                           | 20,861                           | 15,314                           |
| Other assets                         | 6,020                            | 14,370                           | 31,789                           |
| <b>TOTAL CURRENT ASSETS</b>          | <b>419,146</b>                   | <b>1,142,434</b>                 | <b>2,534,579</b>                 |
| <b>NON-CURRENT ASSETS</b>            |                                  |                                  |                                  |
| Property, plant and equipment        | -                                | 57,789                           | 46,816                           |
| Exploration and evaluation assets    | -                                | 2,183,853                        | 1,505,638                        |
| Receivables                          | -                                | 180,898                          | 35,412                           |
| <b>TOTAL NON-CURRENT ASSETS</b>      | <b>-</b>                         | <b>2,422,540</b>                 | <b>1,587,866</b>                 |
| <b>TOTAL ASSETS</b>                  | <b>419,146</b>                   | <b>3,564,974</b>                 | <b>4,122,445</b>                 |
| <b>CURRENT LIABILITIES</b>           |                                  |                                  |                                  |
| Trade and other payables             | 313,363                          | 242,525                          | 139,162                          |
| Provisions                           | 42,871                           | 34,745                           | 50,171                           |
| <b>TOTAL CURRENT LIABILITIES</b>     | <b>356,234</b>                   | <b>277,270</b>                   | <b>189,333</b>                   |
| <b>NON-CURRENT LIABILITIES</b>       |                                  |                                  |                                  |
| Provisions                           | -                                | 4,080                            | 1,329                            |
| <b>TOTAL NON-CURRENT LIABILITIES</b> | <b>-</b>                         | <b>4,080</b>                     | <b>1,329</b>                     |
| <b>TOTAL LIABILITIES</b>             | <b>356,234</b>                   | <b>281,350</b>                   | <b>190,662</b>                   |
| <b>NET ASSETS</b>                    | <b>62,912</b>                    | <b>3,283,624</b>                 | <b>3,931,783</b>                 |
| <b>EQUITY</b>                        |                                  |                                  |                                  |
| Share capital                        | 9,632,772                        | 8,774,691                        | 6,697,675                        |
| Reserves                             | 747,854                          | 427,030                          | 413,627                          |
| Accumulated losses                   | (10,317,714)                     | (5,918,097)                      | (3,179,519)                      |
| <b>TOTAL EQUITY</b>                  | <b>62,912</b>                    | <b>3,283,624</b>                 | <b>3,931,783</b>                 |

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

## Commentary on Statement of Financial Position

We note that Estrella's auditor issued an unmodified opinion in the audited report in the financial statements for the year ended 30 June 2015.

We note the following in relation to Estrella's Statement of Financial Position:

- Cash and cash equivalents decreased from \$1.11 million as at 30 June 2014 to \$0.4 million as at 30 June 2015. This was largely due to the settlement of creditor balances, exploration and evaluation payments of \$0.56 million, partially offset by net proceeds of \$0.69 million from Estrella's recent share issues.
- Exploration and evaluation assets increased from \$1.51 million as at 30 June 2013 to \$2.18 million as at 30 June 2014. The increase was due to an addition of \$1.43 million of projects and impairment of exploration and evaluation assets of \$0.63 million. During FY2014, Estrella's board assessed the carrying value of the Venus, Luna, Inca and Jupiter Project to nil resulting in the impairment charge of \$0.63 million.
- Exploration and evaluation assets decreased from \$2.18 million as at 30 June 2014 to nil as at 30 June 2015. Following a review, the Company determined that it would not proceed with the Altair copper project given the depressed commodity markets and the fall in the copper price. As a consequence, Estrella has fully impaired the project as at 30 June 2015 and recorded an impairment charge of \$3.16 million, writing down the project to nil value.
- Share capital increased from \$8.77 million as at 30 June 2014 to \$9.63 million as at 30 June 2015. The increase is a result of the Company issuing a number of ordinary shares throughout FY2015 including the following (all pre-consolidation):
  - 5.81 million shares issued on 30 December 2014 at \$0.035 per share raising \$0.2 million;
  - 5.31 million shares on 28 January 2015 at \$0.03 per share raising \$0.16 million;
  - 17.9 million shares issued on 1 April 2015 at \$0.007 per share raising \$0.13 million; and
  - 48.52 million shares for a rights issue on 24 June 2015 at \$0.005 per share raising \$0.24 million.

## 5.4 Historical Statement of Comprehensive Income

| Statement of Comprehensive Income                 | Audited as at<br>30-Jun-15<br>\$ | Audited as at<br>30-Jun-14<br>\$ | Audited as at<br>30-Jun-13<br>\$ |
|---------------------------------------------------|----------------------------------|----------------------------------|----------------------------------|
| <b>Revenue</b>                                    |                                  |                                  |                                  |
| Interest Income                                   | 6,584                            | 45,613                           | 148,733                          |
| Foreign Exchange gain                             | -                                | 14,377                           | 26,683                           |
| Other                                             | -                                | 523                              | -                                |
| <b>Expenses</b>                                   |                                  |                                  |                                  |
| Administrative and corporate costs                | (1,067,701)                      | (1,817,502)                      | (1,119,922)                      |
| Impairment of exploration and evaluation assets   | (3,158,561)                      | (630,861)                        | (1,328,017)                      |
| Impairment of property, plant and equipment       | (20,159)                         | -                                | -                                |
| Depreciation of non-current assets                | (43,390)                         | (11,213)                         | (13,168)                         |
| Share based payments (consultants)                | (39,000)                         | (21,035)                         | (3,000)                          |
| Share based payments (directors)                  | (105,700)                        | -                                | -                                |
| Employee benefits expenses (superannuation)       | (25,153)                         | (41,799)                         | (43,312)                         |
| Share based payments (employees)                  | (34,397)                         | (276,681)                        | (24,401)                         |
| <b>Loss from continuing operations before tax</b> | <b>(4,487,477)</b>               | <b>(2,738,578)</b>               | <b>(2,356,404)</b>               |
| Income tax expense                                | -                                | -                                | -                                |
| <b>Loss from continuing operations after tax</b>  | <b>(4,487,477)</b>               | <b>(2,738,578)</b>               | <b>(2,356,404)</b>               |
| Foreign currency translation differences          | 229,587                          | (284,312)                        | 137,133                          |
| <b>Total comprehensive loss for the year</b>      | <b>(4,257,890)</b>               | <b>(3,022,890)</b>               | <b>(2,219,271)</b>               |

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

### Commentary on Statement of Comprehensive Income

We note the following in relation to Estrella's Historical Statement of Profit or Loss and Other Comprehensive Income:

- Revenue decreased from \$0.15 million for the year ended 30 June 2013 to \$0.05 million for the year ended 30 June 2014, largely a result of a fall in interest revenue arising from a decrease in cash held during the two periods. This was also the case for the fall in revenue to \$0.01 million for the year ended 30 June 2015.
- Exploration and evaluation assets were impaired by \$3.16 million for the year ended 30 June 2015 due to the Company's decision to not proceed with the Altair copper project. Estrella has fully impaired the project as at 30 June 2015, with the impairment charge writing down the project to no value.
- Administrative and corporate costs have decreased from \$1.8 million in 30 June 2014 to \$1.1 million in the 12 months to 30 June 2015. The reduction of administration expenses is due to the reduced level of activity in response to lower commodity prices.

## 5.5 Capital Structure

The share structure of Estrella at 10 December 2015 (post consolidation) is outlined below:

|                                            | Number      |
|--------------------------------------------|-------------|
| Total ordinary shares on issue             | 155,249,959 |
| Top 20 shareholders                        | 107,745,022 |
| Top 20 shareholders - % of shares on issue | 69.40%      |

Source: Share registry information

The range of shares held in Estrella at 10 December 2015 is as follows:

| Range of Shares Held | Number of Ordinary Shareholders | Number of Ordinary Shares | Percentage of Issued Shares (%) |
|----------------------|---------------------------------|---------------------------|---------------------------------|
| 1 - 1000             | 12                              | 3,635                     | 0.00%                           |
| 1,001 - 5,000        | 137                             | 364,098                   | 0.23%                           |
| 5,001 - 10,000       | 39                              | 283,320                   | 0.18%                           |
| 10,001 - 100,000     | 132                             | 5,370,241                 | 3.46%                           |
| 100,001 and above    | 106                             | 149,228,665               | 96.12%                          |
| <b>TOTAL</b>         | <b>426</b>                      | <b>155,249,959</b>        | <b>100.00%</b>                  |

Source: Share registry information

The ordinary shares held by the most significant shareholders at 10 December 2015 are detailed below:

| Name                                                      | Number of Ordinary Shares Held | Percentage of Issued Shares (%) |
|-----------------------------------------------------------|--------------------------------|---------------------------------|
| Tisia Nominees Pty Ltd <Henderson Family A/C>             | 15,133,333                     | 9.75%                           |
| Denlin Nominees Pty Ltd                                   | 15,000,000                     | 9.66%                           |
| J K Nominees Pty Ltd <The J K Fund A/C>                   | 15,000,000                     | 9.66%                           |
| Black Swan Investment Pty Ltd <Black Swan Investment A/C> | 9,975,000                      | 6.43%                           |
| Subtotal                                                  | 55,108,333                     | 35.50%                          |
| Others                                                    | 100,141,626                    | 64.50%                          |
| <b>Total ordinary shares on Issue</b>                     | <b>155,249,959</b>             | <b>100.00%</b>                  |

Source: Share registry information

Estrella has the following company options on issue at 10 December 2015:

| Terms                                                                                 | Number of Options |
|---------------------------------------------------------------------------------------|-------------------|
| Unlisted options with an exercise price of \$0.024 and expiry date of 31 March 2020   | 31,250,000        |
| Unlisted options with an exercise price of \$0.044 and expiry date of 31 May 2018     | 5,000,000         |
| Unlisted options with an exercise price of \$1.40 and expiry date of 18 December 2016 | 125,000           |
| Unlisted options with an exercise price of \$0.80 and expiry date of 19 December 2016 | 126,250           |
| Unlisted options with an exercise price of \$0.80 and expiry date of 25 October 2016  | 150,000           |
| Unlisted options with an exercise price of \$0.80 and expiry date of 9 May 2017       | 375,000           |
| Unlisted options with an exercise price of \$0.80 and expiry date of 3 October 2018   | 118,750           |
| Unlisted options with an exercise price of \$0.20 and expiry date of 31 December 2015 | 967,857           |
| Unlisted options with an exercise price of \$1.40 and expiry date of 18 April 2016    | 112,500           |
| Unlisted options with an exercise price of \$1.40 and expiry date of 21 November 2018 | 750,000           |
| Unlisted options with an exercise price of \$0.40 and expiry date of 13 November 2019 | 1,375,000         |
| Unlisted options with an exercise price of \$1.40 and expiry date of 7 March 2017     | 187,500           |
| <b>Total options on issue</b>                                                         | <b>40,537,857</b> |

Source: registry information

## 6. Profile of Data Labs

### 6.1 History

Data Labs was incorporated in November 2014 to commercialise its proprietary software ('Talent Lab'). Data Lab has an office in Singapore.

#### Talent Lab

Talent Lab comes to market at a time when Human Capital Management ('HCM') solutions are attracting widespread attention. Talent Lab is next generation people analytics software, delivered via the cloud, which enables the transformation of human capital data into actionable insights through data visualisation.

Talent Lab is a Software as a Service ('SaaS') platform which aggregates and cleanses data from multiple data sources, before being transformed into easy to understand visual modules which can be manipulated and queried in real time. It allows the user to identify talent blind spots, isolate performance outliers and create intuitive dashboards in minutes; allowing for more accurate talent decisions that save money, and facilitate more productive and inclusive teams. Talent Lab can be delivered as an on premise or hosted solution.

The first version of the Talent Lab product was released to the market following extensive beta testing with Fortune 500 companies. The first release includes 11 modules (predefined and customisable views into the data). Data Labs is designing a global partner program with consulting groups, and joining vendor programs with technology firms, including ADP Marketplace.

The proprietary software platform is operational, with a pipeline of clients engaged and reseller agreements being finalised.



## Key management

Mr Jones is the founder, managing director and CEO of Data Labs, and founder of their flagship product Talent Lab. He has more than 15 years' experience in HR technology, executive search and IT consulting. He is the successful founder of multiple analytics technology companies and winner of the HR Tech 'Awesome Startup' in 2014.

Ms Sarah-Louise Jones is the current Chief Operating Officer of Data Labs. She has 15 years' experience in change management and strategic HR roles, working for large global IT and finance organisations in London and the Asia Pacific. Throughout her career, Ms Jones has led programs that implement large-scale change, enhance people performance and transform organisation efficiency and effectiveness. Ms Jones has recently operated in senior strategic HR roles where she has supported executive leadership teams in defining and implementing talent strategies to better develop, leverage and retain their workforce. Ms Jones has a Business Studies degree and is an ICF Accredited Certified Coach.

## 6.2 Historical Balance Sheet

| Statement of Financial Position  | Audited as at<br>30-Sep-15<br>£GBP |
|----------------------------------|------------------------------------|
| <b>CURRENT ASSETS</b>            |                                    |
| Cash at bank                     | 1,749                              |
| Debtors                          | 34,038                             |
| <b>TOTAL CURRENT ASSETS</b>      | <b>35,787</b>                      |
| <b>NON-CURRENT ASSETS</b>        |                                    |
| Tangible assets                  | 4,575                              |
| Intangible fixed assets          | 647,488                            |
| <b>TOTAL NON-CURRENT ASSETS</b>  | <b>652,063</b>                     |
| <b>TOTAL ASSETS</b>              | <b>687,850</b>                     |
| <b>CURRENT LIABILITIES</b>       |                                    |
| Creditors                        | 16,851                             |
| <b>TOTAL CURRENT LIABILITIES</b> | <b>16,851</b>                      |
| <b>TOTAL LIABILITIES</b>         | <b>16,851</b>                      |
| <b>NET ASSETS</b>                | <b>670,999</b>                     |
| <b>EQUITY</b>                    |                                    |
| Called up share capital          | 123                                |
| Share premium                    | 661,218                            |
| Reserves                         | 9,658                              |
| <b>TOTAL EQUITY</b>              | <b>670,999</b>                     |

Source: Audited financial statements for the period ended 30 September 2015.

Data Labs auditor explained that the financial statements for the period ended 30 September 2015 have been prepared on a going concern basis as the Data Lab shareholders have undertaken the responsibility to provide additional loan funding, where funds are not available from other sources, for a period of at least

12 months from the date of approval of the financial statements to enable Data Labs to settle its liabilities in the ordinary course of business.

We note the following in relation to the financial position of Data Labs:

- The intangible fixed asset balance of £0.66 million relates solely to the capital expenditure in developing the software product that is now complete and being sold to customers. The basis of valuation is at cost.

### 6.3 Historical Statement of Comprehensive Income

| Statement of Comprehensive Income                 |  | Audited for the<br>period 5-Nov-14<br>to 30-Sep-15<br>£GBP |
|---------------------------------------------------|--|------------------------------------------------------------|
| <b>Revenue</b>                                    |  |                                                            |
| Turnover                                          |  | -                                                          |
| Interest receivable and similar income            |  | 5                                                          |
| <b>Expenses</b>                                   |  |                                                            |
| Administration expenses                           |  | (284,681)                                                  |
| <b>Loss from continuing operations before tax</b> |  | <b>(284,676)</b>                                           |
| Income tax expense                                |  | -                                                          |
| <b>Loss from continuing operations after tax</b>  |  | <b>(284,676)</b>                                           |
| Other comprehensive income                        |  | -                                                          |
| <b>Total comprehensive loss for the period</b>    |  | <b>(284,676)</b>                                           |

Source: Audited financial statements for the period ended 30 September 2015.

We note the administration expenses of Data Labs during the period from November 2014 to 30 September 2015 relate to costs associated with the development of the Talent Lab software and general working capital overheads.

### 6.4 Capital Structure

The share structure of Data Labs as at 26 October 2015 is outlined below:

|                                            | Number |
|--------------------------------------------|--------|
| Total ordinary shares on issue             | 13,250 |
| Top 20 shareholders                        | 13,190 |
| Top 20 shareholders - % of shares on issue | 99.55% |

Source: Data Labs share register at 26 October 2015

The ordinary shares held by the most significant shareholders as at 26 October 2015 are detailed below:

| Name                                  | Number of Ordinary Shares Held | Percentage of Issued Shares (%) |
|---------------------------------------|--------------------------------|---------------------------------|
| Samuel Jones                          | 10,000                         | 75.5%                           |
| Farah Zahid                           | 770                            | 5.8%                            |
| Tejiman Holdings Pty Ltd              | 750                            | 5.7%                            |
| Subtotal                              | 11,520                         | 86.9%                           |
| Others                                | 1,730                          | 13.1%                           |
| <b>Total ordinary shares on Issue</b> | <b>13,250</b>                  | <b>100.0%</b>                   |

Source: Data Labs share register at 26 October 2015

## 7. Economic analysis

### 7.1 Global

Growth of global economic activity is moderate to negative. In the euro area, economic conditions have improved gradually, although activity is still low. In the United States, recent data suggest that the slowdown at the beginning of the year was temporary and the economic outlook is favourable. In turn, economic growth in China remains low and continues to shift towards fiscal stimulatory programs. China is concerned they may not reach their stated 7% Gross Domestic Product target so the Chinese government is looking to spend \$161 billion on infrastructure projects including airports and addressing flooding problems in major cities. This enormous infrastructure program should partially support metal prices and utilise some of China's excess cement capacity.

Despite the ongoing recovery in some developed economies, the sentiment in the financial markets has deteriorated in the wake of growing fears of a Greek insolvency. This was conducive to a fall in prices of some financial assets as well as a weakening of exchange rates of Central and Eastern European currencies. S&P also downgraded its European Union outlook from Stable to Negative. The International Monetary Fund is also trying to enforce more conditions onto European Union and European Central Bank to better control the funding arrangements with Greece. Greece needs a debt reconstruction but the European Union and European Central Bank are avoiding the idea due to the potential contagion effects in other debt ridden countries like Spain, Italy and Portugal.

Overall, the global economy is looking suspiciously like it is going into recession, generally viewed as growth below 3.0%, at a time when monetary policy response remains extreme in Japan, and the EU. Japan has already gone back into recession with 3<sup>rd</sup> quarter growth coming in at -0.8%, making it two negative quarters in a row which suggests their excessive stimulatory policy is not working. Conversely, domestic demand in the US has been sustained and consumption growth remained robust in the September quarter. Wage growth in the US also picked up over the same period and core inflation was steady but still below the Federal Reserve's target. Economists are speculating that the US will lift interest rates in December.

Following a sharp and long-lasting fall, oil prices have risen slightly and stabilised in recent months. This has weakened disinflationary forces in many countries and has fuelled an increase in price growth in the

euro area. However, price growth in the global economy remains very low, and in some European economies it is still negative. In these conditions, major central banks are keeping interest rates close to zero meanwhile the European Central Bank continues with its asset purchase programme.

## 7.2 Australia

In Australia, the available information suggests that the economy has continued to grow over the past year as economic activity shifted away from mining investment to other sectors of the economy. However, we acknowledge that economic growth is still below its longer-term average.

The rate of unemployment, though elevated, has had little change recently. Overall, the economy is likely to be operating with a degree of spare capacity for some time yet. With very slow growth in labour costs, inflation is forecast to remain consistent with the Reserve Bank of Australia ('RBA') target over the next one to two years, even with a lower exchange rate.

Global financial conditions remain very accommodative. Despite fluctuations in markets associated with the respective developments in China and Greece, long-term borrowing rates for most sovereigns and creditworthy private borrowers remain remarkably low. Global equity market volatility has continued as the Federal Reserve Bank in the US looks to increase interest rates as their economy strengthens however, some of the other major central banks continue to ease policy to encourage borrowing and spending.

Low interest rates in Australia are acting to support borrowing and spending. Credit is recording moderate growth overall, with stronger borrowing by businesses and growth in lending to the housing market broadly steady over recent months. Dwelling prices continue to rise strongly in Sydney and Melbourne, though trends have been more varied in a number of other cities. The RBA is working with other regulators to assess and contain risks that may arise from the housing market. In other asset markets, prices for equities and commercial property have been supported by lower long-term interest rates. The Australian Dollar continues to adjust to the significant declines in key commodity prices.

At its most recent meeting, the RBA decided to leave the cash rate unchanged at 2.0%.

The Australian dollar has declined noticeably against a rising US dollar over the past year, though less so against a basket of currencies. Further depreciation seems both likely and necessary, particularly given the significant declines in key commodity prices.

Source: [www.rba.gov.au](http://www.rba.gov.au) Statement by Glenn Stevens, Governor: Monetary Policy Decision dated 1 December 2015

## 7.3 Chile

In recent months, inflation has been higher than expected with headline CPI in July reaching 4.6%. The sharp depreciation of the peso (16% in nominal terms in the year to September 2015) has been the main cause of the increase, and is expected to continue to drive inflation upwards. The global appreciation of the US dollar, the deterioration of commodity prices and the weakness of the emerging world and Latin America in particular, has significantly affected the currency in recent months.

The extended period in which annual inflation has been above 4% could increase its persistence and have implications for inflation expectations, and the pace of recovery of domestic output and spending. This poses a significant challenge for Banco Central de Chile's ('the Central Bank') inflation target of 3% for the end of 2017. Year-end inflation will be at 4.6% and is expected to stay above the tolerance range throughout the first half of 2016, and then return to 3% over the course of 2017. Baseline inflation

continues to expect a gradual fade-out of the negative autonomous shock to consumer and business confidence.

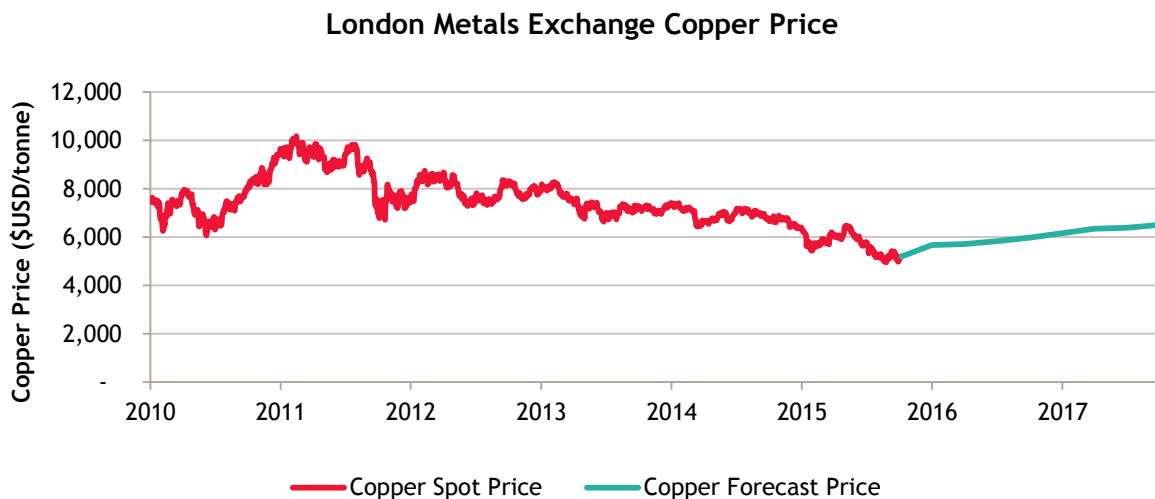
Unemployment remains low, unchanged from a year ago at 6.5%. In recent months, it has been observed that there is a slower growth outlook for private investment and consumption, weaker domestic output and demand, pessimistic consumer and business expectations, a reassessment of the expected dynamics for effective labour, uncertainties about China and a subdued climate for mining activity. As a consequence, the Central Bank revised its GDP growth estimate for the medium term to 3.5%, lower than the estimate a year-ago. For 2015, it is estimated that GDP will range between 2.0% and 2.5%, less than foreseen in the June quarter. In 2016, it is expected the economy will grow between 2.5% and 3.5%. These projections still assume that private expectations will improve gradually and monetary policy will remain very expansionary.

In this context, the Central Bank has held the monetary policy rate at 3.25% as at 12 November 2015, maintaining an expansionary stance.

Source: [www.bcentral.cl](http://www.bcentral.cl) Central Bank of Chile Monetary Policy Report, September 2015

## 7.4 Copper prices

Given the subdued economic climate and depressed commodity markets, there has been a fall in the copper price over recent years from their historically high levels of approximately US\$10,000/tonne in 2011. The average copper price from January 2015 through to September 2015 has been US\$5,696/tonne, ranging from a low of US\$4,963/tonne on 26 August 2015 to a high of US\$6,482/tonne on 5 May 2015. Looking forward, the recovering global economy is expected to support copper prices through growth in world usage resulting in an increase in demand. The consensus view is for copper prices to increase in the short to medium term.



## 8. Industry analysis

### 8.1 Software as a Service

Data Labs operates in the SaaS industry. SaaS is a software licensing and delivery model where the software is provided to the user by the SaaS provider, through their own servers. Using a SaaS allows the user to avoid the costly and lengthy process of installing the information technology ('IT') infrastructure internally. The SaaS provider is responsible for the security, availability and performance of the software. SaaS is now commonplace for a range of software providers in the areas such as accounting, messaging, customer relationship management, enterprise resource planning, invoicing and human resource management.

SaaS is particularly efficient for a number of reasons:

- Multi-tenant architecture - All users and applications share a single, common infrastructure and code base that is maintained by the SaaS provider. SaaS providers can easily save on development time due to the centrally maintained infrastructure.
- Customisation - SaaS providers can make customisations unique to each user without affecting the common infrastructure. These customisations are made unique to each user and are preserved through upgrades.
- Better access - As the software is managed externally, in a 'cloud', users can access the software from any network enabled devices.
- Customisable for consumers - Consumers can easily customise the layout and look of their individual access points.

Examples of SaaS companies include:

- Salesforce - Considered the founder of the SaaS industry, Salesforce is best known for its customer relationship management software, though it offers other services such as platforms as a service, a market for cloud computing applications and a social performance management platform.
- LinkedIn - While LinkedIn may be considered a professional networking site it also qualifies as a SaaS due to its recruitment and marketing tools.
- Netsuite - A well-known American software company which offers SaaS integrated business management software, including software for enterprise resource planning, accounting, order management and inventory.
- Athenahealth - A health company that provides practice management and electronic medical record services for health practitioners. They also offer an integrated electronic medical records service and a physician billing and practice management service.

### Human Capital Management Software

Data Labs specifically operates in the HCM and analytics software industries. HCM technology is a fast growing, well understood and proven industry which is attracting widespread investor and customer attention. It is expected that HCM products will reach US\$10 billion in revenue this year with talent management alone reaching US\$4.5 billion. The HCM industry is in the growth phase of its life cycle and is expected to rise exponentially due to enhancement of technology in this sector.

Today, companies are demanding real-time based solutions for workers, and are in need of software solutions that can solve their specific demands. Currently, antiquated human resources ('HR') systems are poorly designed and rely heavily on manual processes, seeing HR professionals drown in too much data to become commercially relevant. Businesses are using too many HCM systems, or systems that are more than 7 years old.

HCM provides proficient software solutions for key human resources activities, which are gaining traction in various industry verticals such as manufacturing, healthcare, retail, education, energy and utilities. Companies who are leaders in workforce analytics see an improvement in talent outcomes and are more likely to realize cost reductions and efficiency gains. This typically results in a greater share price appreciation than companies who do not effectively utilise workforce analytics. The benefit that HCM provides their end user is the low operational and implementation cost of its solutions, which can be deployed as on premise and cloud by organisations according to their budget. Another benefit is HCM solutions' connectivity abilities with mobile devices. The HCM solutions are flexible enough that they can be proficiently deployed on smartphones, laptops and other smart devices.

The HCM market is consolidated with big players such as Oracle, IBM, SAP, SABA Software, Ultimate Software, Workday, Epicor, Orgvue, Infor, and ADP, LLC. The factors driving this market are the emerging advancements in technology, increasing demand for talent mobility, and rise in demand among enterprises to improve workforce management. Lack of awareness about the HCM software, is the major restraint for the growth of HCM market as organisations are adopting such solutions at relatively slow pace.

## 8.2 Outlook

### SaaS Industry Performance

Revenues for the global SaaS market are expected to increase significantly in 2016 and this growth is projected to continue at approximately 30% per annum between 2013 and 2018. Bloomberg Intelligence predicts growth in the SaaS and cloud-based business application services is estimated to be 19.5% each year between 2011 and 2016, seeing revenues reach \$32.8 billion.

The SaaS customer relationship management market is expected to be worth \$19.8 billion by 2018, growing at a rate of 19.6% per year from 2013. The SaaS enterprise resource planning market is expected to reach \$23.8 billion in 2018, growing at a rate of 17.2% per year. The SaaS operations and manufacturing applications market is predicted to reach \$5.8 billion by 2018. The global SaaS supply chain management applications market size is expected to reach \$691 million by 2018. Bloomberg Intelligence set out that Salesforce.com, ADP, Inuit, Oracle and SAP account for 35% of the worldwide SaaS enterprise applications market in 2013.

It is also anticipated that 42% of IT decision makers are planning to increase spending on cloud computing and SaaS in 2015. Bloomberg Intelligence estimates that the market for SaaS will dominate the cloud computing market, constituting 90% of the market from 2008 to 2020.

### HCM Industry Performance

Although the market is overcrowded with point solutions at the low end, vendors offering highly flexible, end to end cloud based systems have come to dominate the market in recent years. Bloomberg Intelligence expects that newer cloud based players like Data Labs (unencumbered by legacy code, mindsets or business models) may be able to more nimbly capture market share.

Source: Bloomberg Intelligence.

## 9. Valuation approach adopted

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

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

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

### 9.1 Valuation of an Estrella share pre-transaction

Different methodologies are appropriate in valuing particular companies, based on the individual circumstances of that company and available information. In our assessment of the value of Estrella shares we have chosen to employ the following methodologies:

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

We have chosen these methodologies for the following reasons:

- there is a lack of reliable long term forecasts available for a DCF approach to be undertaken as the Company does not currently have any producing assets and no revenue or cash flows are currently generated by these assets or are likely to in the near future;
- the Company is not currently generating any income nor are there any historical earnings that could be used to represent future earnings. As such, the FME approach is not appropriate;
- the financial statements of Estrella at 30 June 2015 have been prepared on a going concern basis given the Company had \$0.4 million cash at 30 June 2015 and raised a further \$1.2 million in August 2015. Additionally, Estrella's exploration and evaluation assets decreased from \$2.18 million at 30 June 2014 to nil at 30 June 2015. This was a result of a strategic review of the Altair copper project plus the depressed commodity markets and the fall in the copper price. As such, we note that the Company's only assets are cash and trade receivables so we consider the NAV methodology to be an appropriate valuation approach to undertake given the nature of these assets; and
- The QMP method is a relevant methodology to consider as Estrella's shares are listed on the ASX. This means that there is a regulated and observable market where Estrella's shares can be traded. However, in order for QMP to be considered appropriate, the Company's shares should be liquid.

### 9.1 Valuation of an Estrella share Post-Transaction

In our assessment of the value of an Estrella share following the Transaction ('Post-Transaction'), we have adopted the sum-of-parts approach, which estimates the market value of a company by separately valuing each asset and liability of the company. The value of each asset may be determined using different methods. The Post-Transaction value of Estrella consists of the following components:

- Pre-Transaction value of Estrella;
- Adjustments to the value of Estrella following the Transaction;
- Value of Data Labs using a NAV approach; and



- Value adjustment on account of the Capital Raising.

We have chosen the NAV approach in valuing Data Labs for the following reasons:

- Data Labs' shares are not listed on a public trading platform such as the ASX, hence there is no regulated and observable market where Data Labs' shares are traded. Accordingly, we cannot value the shares of Data Labs based on the QMP basis;
- Data Labs does not have long term forecasts which meet the requirements of RG170 and as such we have not elected to use the DCF valuation approach;
- The FME approach is most commonly applicable to profitable businesses with relatively steady growth histories and forecasts. However, we are unable to use this approach with regard to the valuation of Data Labs, as it has yet to make a profit from its operations. As such, we do not have a reasonable basis to assess future maintainable earnings of Data Labs; and
- The NAV methodology has therefore, been considered as an appropriate valuation approach to undertake. However, we note that asset based methods ignore the possibility that Data Labs value could exceed the realisable value of its assets as they do not recognise the value of intangible assets such as goodwill and intellectual property rights. This is particularly important in the case of Data Labs given its early stage of development and growth potential.

We therefore conclude the most appropriate methodology to value Data Labs is the NAV methodology.

## 10. Valuation of Estrella prior to the Transaction

### 10.1 Net Asset Valuation of Estrella

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

|                                                   | Notes | 30-Jun-15<br>\$ | Adjusted value<br>\$ |
|---------------------------------------------------|-------|-----------------|----------------------|
| <b>CURRENT ASSETS</b>                             |       |                 |                      |
| Cash and cash equivalents                         | 1     | 399,278         | 1,364,278            |
| Trade and other receivables                       |       | 13,848          | 13,848               |
| Other assets                                      |       | 6,020           | 6,020                |
| <b>TOTAL CURRENT ASSETS</b>                       |       | <b>419,146</b>  | <b>1,384,146</b>     |
| <b>TOTAL ASSETS</b>                               |       | <b>419,146</b>  | <b>1,384,146</b>     |
| <b>CURRENT LIABILITIES</b>                        |       |                 |                      |
| Trade and other payables                          | 2     | 313,363         | 88,583               |
| Provisions                                        | 3     | 42,871          | 4,880                |
| <b>TOTAL CURRENT LIABILITIES</b>                  |       | <b>356,234</b>  | <b>93,463</b>        |
| <b>TOTAL LIABILITIES</b>                          |       | <b>356,234</b>  | <b>93,463</b>        |
| <b>NET ASSETS</b>                                 |       | <b>62,912</b>   | <b>1,290,683</b>     |
| Shares on issue (number)                          | 4     | 217,999,713     | 620,999,837          |
| Value per share (\$)                              |       | 0.0003          | 0.0021               |
| 1 new share for every 4 shares held consolidation | 5     | 54,499,928      | 155,249,959          |
| Value per share (\$) post consolidation           |       | 0.0012          | 0.0083               |
| Value per share (cents) post consolidation        |       | 0.1154          | 0.8314               |

Source: BDO analysis

Estrella has provided management accounts to 30 September 2015 and other than the adjustments we have made below, we have been advised that there has not been any other significant changes in the net assets of Estrella since 30 June 2015. We note however, that Estrella had impaired its Altair copper project at 30 June 2015 to nil due to the Company electing to not pay a tenement fee and announcing post a strategic review that they would relinquish the remaining tenements. As such, we did not allocate any value to the Altair copper project in our NAV calculation.

The table above indicates a net asset value of an Estrella share of 0.83 cents per share on a post-consolidation basis.

In arriving at this valuation, we have made the following adjustments.

#### Note 1: Cash and cash equivalents

Cash and cash equivalents have increased since 30 June 2015 as a result of the cash movements below:

| Cash and cash equivalents adjustments                                           |           | \$               |
|---------------------------------------------------------------------------------|-----------|------------------|
| Balance at 30-Jun-15                                                            |           | 399,278          |
| September 2015 quarterly expenses (admin, exploration and payment of creditors) | (251,000) |                  |
| Proceeds from issue of shares                                                   |           | 1,216,000        |
| Adjusted cash and cash equivalents value                                        |           | <u>1,364,278</u> |

Source: BDO analysis

We have adjusted Estrella's cash balance to reflect the net increase in cash during the three months to 30 September 2015. During the quarter, Estrella issued 400 million shares pre capital consolidation at 0.3 cents per share which raised \$1.2 million before costs. The company also placed 3 million shares at an issue price of 0.5 cents during the quarter.

The Company also incurred some minor tenement expenses of \$0.08 million in the three months to 30 September 2015. This payment occurred after the Company impaired the Altair copper project to nil at 30 June 2015 and was paid because Estrella wanted to retain ownership of the tenements while they searched for a buyer of the project. The search for a buyer yielded no candidates so the tenements were relinquished on 15 December 2015.

We also note that Estrella has provided \$500,000 to Data Labs to assist with working capital requirements. We have not made this adjustment in our balance above as this does not alter net assets and the balance will convert to shares at an undetermined price should the Transaction not proceed.

## Note 2: trade and other payables

Trade and other payables decreased primarily due to the Company reaching an agreement with SQM to release any outstanding liabilities owed by Estrella to SQM relating to the Altair copper project farm in agreements. Estrella also repaid a number of trade creditors during the period as displayed below. The remaining changes to the trade and other payables balance is set out below:

| Trade and other payables          | \$        |
|-----------------------------------|-----------|
| Balance as at 30-Jun-15           | 313,363   |
| Less: GST                         | (8,030)   |
| Provision to PAYGW                | 7,145     |
| Less: trade creditors             | (83,895)  |
| Less: waived Chile creditors      | (140,000) |
| Adjusted trade and other payables | 88,583    |

Source: BDO analysis

## Note 3: provisions

The Company has revised its provisions balance to 30 September 2015 due to a loss of staff during the period. The changes to the provisions balance is below:

| Provisions                         | \$       |
|------------------------------------|----------|
| Balance as at 30-Jun-15            | 42,871   |
| Less: annual leave provision       | (35,779) |
| Less: long service leave provision | (3,839)  |
| Provision to superannuation        | 1,627    |
| Adjusted provisions balance        | 4,880    |

Source: BDO analysis

## Note 4: shares on issue (number)

Shares on issue have increased due to the capital raisings mentioned above. The share adjustments since 30 June 2015 are set out below:

| Shares of issue (pre-consolidation)                                | Number      |
|--------------------------------------------------------------------|-------------|
| Number of shares as at 30 June 2015                                | 217,999,713 |
| Placement of remaining rights issue shortfall at \$0.005 per share | 3,000,000   |
| Placement at \$0.003 per share                                     | 400,000,000 |
| Rounding share consolidation                                       | 124         |
| Adjusted shares on issue (pre-consolidation)                       | 620,999,837 |

Source: BDO analysis

## Note 5: one new share for every four shares held consolidation

On 3 August 2015, the Company announced a placement of 400 million shares at 0.3 cents per share and also a one share for every four shares held capital consolidation. The share consolidation was completed on 28 September 2015.

## 10.2 Quoted Market Prices for Estrella Securities

To provide a comparison to the valuation of Estrella in Section 10.1, we have also assessed the quoted market price for an Estrella share.

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

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

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

Whilst Data Labs will not be obtaining 100% of Estrella, RG 111 states that the expert should calculate the value of a target's shares as if 100% control were being obtained. RG 111.13 states that the expert can then consider an acquirer's practical level of control when considering reasonableness. Reasonableness has been considered in Section 13.

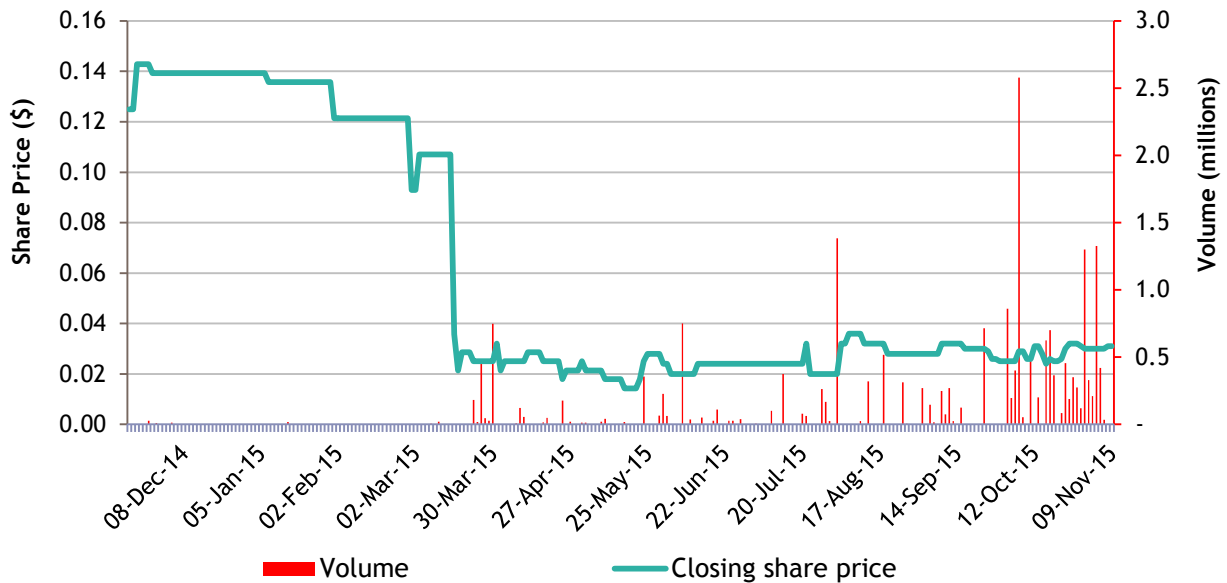
Therefore, our calculation of the quoted market price of an Estrella share including a premium for control has been prepared in two parts. The first part is to calculate the quoted market price on a minority interest basis. The second part is to add a premium for control to the minority interest value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

### Minority interest value

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

Information on the Transaction was announced to the market on 12 November 2015. Therefore, the following chart provides a summary of the share price movement over the 12 months to 9 November 2015 which was the last trading day prior to the announcement. The figures in chart below have been adjusted for the share capital consolidation that was completed on 28 September 2015.

### ESR share price and trading volume history



Source: Bloomberg

The daily closing price of Estrella shares from 10 November 2014 to 9 November 2015 has ranged from a low of \$0.014 on 20 May 2015 to a high of \$0.143 on 25 November 2014.

There are several spikes in trading volumes across the twelve month period, such as on 24 July 2015 where 1.38 million Estrella shares traded on the ASX. Our analysis of Estrella's announcements over the twelve months to 9 November 2015 indicates that there was not any material information released to the market on or around this day.

Another notable spike in trading volumes was on 23 September 2015 where 2.58 million Estrella shares traded on the ASX. This was the day after Estrella's cleansing prospectus was released on the ASX.

During this period a number of announcements were made to the market. The key announcements are set out below and the closing share prices have been adjusted to reflect the share capital consolidation that was completed on 29 September 2015:

| Date       | Announcement                                          | Closing Share Price Following Announcement |   |       | Closing Share Price Three Days After Announcement |   |       |
|------------|-------------------------------------------------------|--------------------------------------------|---|-------|---------------------------------------------------|---|-------|
|            |                                                       | \$ (movement)                              |   |       | \$ (movement)                                     |   |       |
| 29/10/2015 | Quarterly Cash Flow Report Revised                    | 0.030                                      | ▼ | 3.2%  | 0.030                                             | ► | 0.0%  |
| 28/10/2015 | Quarterly Activities Report                           | 0.031                                      | ▼ | 3.1%  | 0.030                                             | ▼ | 3.2%  |
| 22/10/2015 | Notice of Annual General Meeting/Proxy Form           | 0.030                                      | ▲ | 15.4% | 0.032                                             | ▲ | 6.7%  |
| 06/10/2015 | Change in substantial holding                         | 0.029                                      | ▲ | 16.0% | 0.026                                             | ▼ | 10.3% |
| 29/09/2015 | Annual Report to shareholders                         | 0.025                                      | ▼ | 4%    | 0.025                                             | ► | 0%    |
| 22/09/2015 | Cleansing Prospectus                                  | 0.030                                      | ► | 0%    | 0.026                                             | ▼ | 13%   |
| 11/08/2015 | Notice of General Meeting/Proxy Form                  | 0.032                                      | ▼ | 11%   | 0.032                                             | ► | 0%    |
| 05/08/2015 | Director Final Interest 1 Director Initial Interest 1 | 0.036                                      | ▲ | 13%   | 0.036                                             | ► | 0%    |
| 03/08/2015 | Capital Raising and Consolidation of Share Capital    | 0.032                                      | ▲ | 60%   | 0.036                                             | ▲ | 13%   |
| 30/07/2015 | Trading Halt                                          | 0.020                                      | ► | 0%    | 0.032                                             | ▲ | 60%   |
| 29/07/2015 | Quarterly Activities Report                           | 0.020                                      | ► | 0%    | 0.032                                             | ▲ | 60%   |
| 29/07/2015 | Quarterly Cash flow Report                            | 0.020                                      | ► | 0%    | 0.032                                             | ▲ | 60%   |
| 20/07/2015 | Appointment / Resignation of Company Secretary        | 0.024                                      | ► | 0%    | 0.020                                             | ▼ | 17%   |
| 21/05/2015 | New Prospectus and Appendix 3B                        | 0.018                                      | ▲ | 25%   | 0.028                                             | ▲ | 56%   |
| 15/05/2015 | Supplementary Prospectus                              | 0.014                                      | ▼ | 20%   | 0.014                                             | ► | 0%    |
| 14/05/2015 | Reinstatement to Official Quotation                   | 0.018                                      | ► | 0%    | 0.014                                             | ▼ | 20%   |
| 14/05/2015 | Withdrawn and Re-Priced Rights Issue                  | 0.018                                      | ► | 0%    | 0.014                                             | ▼ | 20%   |
| 13/05/2015 | Voluntary Suspension                                  | 0.018                                      | ► | 0%    | 0.014                                             | ▼ | 20%   |
| 30/04/2015 | Rights Issue Prospectus                               | 0.025                                      | ▲ | 17%   | 0.021                                             | ▼ | 14%   |
| 24/04/2015 | Quarterly Activities Report and 5B                    | 0.021                                      | ▲ | 20%   | 0.021                                             | ► | 0%    |
| 20/04/2015 | Option holder Letter                                  | 0.025                                      | ► | 0%    | 0.018                                             | ▼ | 28%   |
| 01/04/2015 | Capital Raising, Appendix 3B, Appendix 3X and 3Z      | 0.021                                      | ▼ | 33%   | 0.025                                             | ▲ | 17%   |
| 16/03/2015 | Half Yearly Report and Accounts                       | 0.036                                      | ▼ | 67%   | 0.029                                             | ▼ | 20%   |
| 29/01/2015 | Quarterly Activities Report and Appendix 5B           | 0.136                                      | ► | 0%    | 0.121                                             | ▼ | 11%   |
| 20/01/2015 | Antucoya West Option Agreement Signed                 | 0.136                                      | ► | 0%    | 0.136                                             | ► | 0%    |

On 16 March 2015, Estrella released their half yearly report and accounts. The report stated that Estrella continued to maintain and undertake active, ongoing exploration for copper and gold at the Company's projects in Chile, with exploration at the Antucoya West and Colupo projects delivering promising exploration results. Notwithstanding this announcement, Estrella's share price decreased by 67% to \$0.036, and decreased a further 20% to \$0.029 over the subsequent three trading days.

On 1 April 2015, Estrella announced a capital raising, with the proceeds to be used to further the Company's advanced stage exploration activities in Chile. The share price decreased by 33% to \$0.021 following the announcement, but subsequently increased by 17% to \$0.025 over the next three trading days.

On 30 April 2015, Estrella released its non-renounceable rights issue prospectus in line with the Company's announcement on 1 April 2015. Following the announcement, the share price increased by 17% to \$0.025, but subsequently decreased by 14% to \$0.021 over the next three trading days. On 21 May 2015, Estrella released a new prospectus which contained amendments in relation to the share issue price to the initial prospectus released on 30 April. Following the announcement, the share price increased by 25% to \$0.018 and further increased by 56% to \$0.028 over the next three trading days.

On 13 May 2015, Estrella announced a voluntary suspension from quotation of their securities, pending the release of an announcement regarding the rights issue and the underwriting agreement (made on 21 May 2015). Estrella's share price remained unchanged on the day of the announcement but decreased by 20% to \$0.014 in the three subsequent days.

On 29 July 2015, Estrella released its quarterly cash flow and activities reports detailing the restructuring of the Company's option terms with SQM, and assessment of the Company's Chilean exploration assets to determine a strategy that is appropriate for a subdued climate for exploration. Notwithstanding the announcement, Estrella's share price remained unchanged on the announcement day, and increased by 60% to \$0.032 in the three subsequent days.

On 30 July 2015, Estrella announced a trading halt pending the release of an announcement regarding a capital raising and share consolidation (made on 2 August 2015). Estrella's share price remained unchanged on the day of the release but increased by 60% to \$0.032 in the three days post the announcement.

On 3 August 2015, Estrella announced that it would undertake a capital raising by way of a placement of shares to sophisticated investors, as well as a share consolidation. Following the announcement, the share price increased by 60% to \$0.032, and then increased a further 13% to \$0.036 over the next three trading days.

On 29 September 2015, Estrella released its annual report for the 2015 reporting period which explained that the Company, as a consequence of a subdued climate for exploration, is currently negotiating to sell its Chilean copper project. Following the announcement, the share price decreased by 4% to \$0.025, but remained unchanged over the next three trading days.

On 28 October 2015, Estrella released its quarterly cash flow and activities reports detailing the Company's engagements with a number of interested parties looking to buy the Chile copper project. The share price decreased by 3.1% to \$0.031, and further decreased by 3.2% to \$0.03 over the next three trading days.

To provide further analysis of the market prices for an Estrella share, we have also considered the weighted average market price for 10, 30, 60 and 90 day periods to 9 November 2015.

| Share Price per unit                 | 09-Nov-15 | 10 Days | 30 Days | 60 Days | 90 Days |
|--------------------------------------|-----------|---------|---------|---------|---------|
| Closing price                        | \$0.031   |         |         |         |         |
| Volume weighted average price (VWAP) |           | \$0.031 | \$0.028 | \$0.028 | \$0.028 |
| Source: Bloomberg, BDO analysis      |           |         |         |         |         |

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

An analysis of the volume of trading in Estrella shares for the twelve months to 9 November 2015 is set out below (post consolidation):

| Trading days | Share price<br>low | Share price<br>high | Cumulative volume<br>traded | As a % of<br>Issued capital |
|--------------|--------------------|---------------------|-----------------------------|-----------------------------|
| 1 Day        | \$0.031            | \$0.031             | -                           | 0.00%                       |
| 10 Days      | \$0.029            | \$0.033             | 3,412,250                   | 2.20%                       |
| 30 Days      | \$0.024            | \$0.033             | 11,724,712                  | 7.55%                       |
| 60 Days      | \$0.024            | \$0.033             | 15,389,958                  | 9.91%                       |
| 90 Days      | \$0.020            | \$0.036             | 18,234,441                  | 11.75%                      |
| 180 Days     | \$0.011            | \$0.107             | 22,562,012                  | 14.53%                      |
| 1 Year       | \$0.011            | \$0.143             | 22,640,482                  | 14.58%                      |

Source: Bloomberg, BDO analysis

This table indicates that Estrella's shares display a low level of liquidity, with 14.58% of the Company's current issued capital being traded in a twelve month period. We note however, a significant increase in the volume of Estrella's shares traded in the 90 days pre-announcement. We calculated 11.75% of the Company's issued capital traded during this period. We believe the primary reason for this spike in volume was the issue of 400 million shares resulting from the \$0.003 per share (pre-consolidation) capital raising in August 2015 plus a potential influx of speculating traders investing in the business as the Company announced that it was actively searching for new investments to increase shareholder value.

For the quoted market price methodology to be reliable there needs to be a 'deep' market in the shares. RG 111.69 indicates that a 'deep' market should reflect a liquid and active market. We consider the following characteristics to be representative of a deep market:

- Regular trading in a company's securities;
- Approximately 1% of a company's securities are traded on a weekly basis;
- The spread of a company's shares must not be so great that a single minority trade can significantly affect the market capitalisation of a company; and
- There are no significant but unexplained movements in share price.

A company's shares should meet all of the above criteria to be considered 'deep', however, failure of a company's securities to exhibit all of the above characteristics does not necessarily mean that the value of its shares cannot be considered relevant.

In the case of Estrella, we do not consider there to be a deep market for the Company's shares as a result of only 14.58% of the Company's current issued capital being traded over the twelve month period prior to the announcement of the Transaction. We acknowledge that the liquidity of Estrella has increased in the 90 days pre-announcement but this increase is primarily due to the issue of shares resulting from a capital raising and potentially an increase of speculative traders investing in the Company as mentioned above. We believe this recent spike in trading volume is not reflective of the true liquidity of trading in the Company's shares. Additionally, the significant and unexplained price movements and share price volatility over the last 12 months to 9 November 2015 supports the illiquidity of trading in Estrella's shares. As such, we do not consider there to be a deep market for the Company's shares.



Our assessment is that a range of values for Estrella shares based on market pricing, after disregarding post announcement pricing, is between 2.8 cents and 3.3 cents.

## Control Premium

RG 111.25 suggest that when considering the value of a company's shares for the purposes of approval under item 7 of section 611 the expert should consider a premium for control. An acquirer could be expected to pay a premium for control due to the advantages they will receive should they obtain 100% of another company. These advantages include the following:

- Control over decision making and strategic direction;
- Control over future dividend policies; and
- Access to potential tax losses.

Whilst Data Labs will not be obtaining 100% of Estrella, RG 111 states that the expert should calculate the value of the Company's shares as if 100% control were being obtained. RG 111.27 states that the expert can then consider an acquirer's practical level of control when considering reasonableness. This has been included in Section 13 of our Report.

The quoted market price per share reflects the value to a minority interest shareholder. In order to value an Estrella share on a control basis, we have added a control premium that is based on our analysis set out below.

We have reviewed the control premiums paid by acquirers of mining companies listed on the ASX since 2008. We have summarised our findings below:

| Year | Number of Transactions | Average Deal Value (AU\$m) | Average Control Premium (%) |
|------|------------------------|----------------------------|-----------------------------|
| 2015 | 4                      | 670.56                     | 54.59                       |
| 2014 | 13                     | 135.34                     | 43.81                       |
| 2013 | 15                     | 54.16                      | 64.64                       |
| 2012 | 19                     | 131.07                     | 49.97                       |
| 2011 | 18                     | 653.45                     | 48.88                       |
| 2010 | 24                     | 805.80                     | 46.75                       |
| 2009 | 25                     | 112.87                     | 49.28                       |
| 2008 | 8                      | 591.43                     | 38.87                       |
|      | <b>Median</b>          | <b>363.38</b>              | <b>49.08</b>                |
|      | <b>Mean</b>            | <b>394.33</b>              | <b>49.60</b>                |

Source: Bloomberg and BDO analysis

The mean and median figures above are calculated based on the average deal value and control premium for each respective year. To ensure our data is not skewed we have also calculated the mean and medium of the entire data set comprising control transactions from 2008 onwards, as set out below.

| Entire Data Set Metrics | Average Deal Value (AU\$m) | Average Control Premium (%) |
|-------------------------|----------------------------|-----------------------------|
| <b>Median</b>           | <b>44.74</b>               | <b>39.38</b>                |
| <b>Mean</b>             | <b>370.29</b>              | <b>49.62</b>                |

Source: Bloomberg and BDO analysis

In arriving at an appropriate control premium to apply we note that observed control premiums can vary due to the:

- Nature and magnitude of non-operating assets;
- Nature and magnitude of discretionary expenses;
- Perceived quality of existing management;
- Nature and magnitude of business opportunities not currently being exploited;
- Ability to integrate the acquiree into the acquirer's business;
- Level of pre-announcement speculation of the transaction;
- Level of liquidity in the trade of the acquiree's securities.

The table above indicates the long term average control premiums paid by acquirers of all mining companies on the ASX is approximately 49.62%, with five control transactions paying a premium above 80% in 2013.

In assessing the sample of transactions which were included in the above table, we have noted transactions within the list which appear to be extreme outliers. These outliers include 13 transactions where the announced control premium was in excess of 100%. In a population where there are extreme outliers, the median often represents a superior measure of central tendency compared to the mean.

In determining the appropriate control premium appropriate for Estrella, we reviewed control transactions of a similar nature and size. We considered this to be an appropriate approach, noting that the average control premium is influenced by factors such as whether the consideration is cash or scrip and the deal size. This was prominently observed during 2013 where the average deal size was \$54.16 million and the average control premium was 64.64%.

In the case of Estrella, we have taken the following considerations into account:

- Over the twelve months prior to the announcement of the Transaction, only 14.58% of the Company's issued capital on the ASX was traded. Additionally, Estrella's shares have traded irregularly with periods of no trade activity at all which suggests an inconsistent share price;
- At 30 June 2015, the Company fully impaired the value of its investment in the Chile copper project due to the depressed commodity markets and fall in the copper price. As such, the only assets in the Company are essentially cash and cash equivalents and a small amount of trade and other receivables. Therefore, we believe the control premium should be discounted to reflect the lack of projects and cash assets of the Company; and
- Data Labs' holding in the Company post completion of the Transaction will range between 46.6% up to 59.0% depending on the amount of funds raised in the Capital Raising, how many options convert and how many Performance Rights vest.

In the case of Estrella, based on our research and considerations set out above, we believe that an appropriate control premium to apply to our valuation of Estrella's shares is between 20% and 25%.

### Quoted market price including control premium

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

|                                                               | Low<br>cents | High<br>cents |
|---------------------------------------------------------------|--------------|---------------|
| Quoted market price value                                     | 2.8          | 3.3           |
| Control premium                                               | 20%          | 25%           |
| Quoted market price valuation including a premium for control | 3.4          | 4.1           |

Source: BDO analysis

Therefore, our valuation of an Estrella share based on the quoted market price method and including a premium for control is between 3.4 cents and 4.1 cents.

### 10.3 Assessment of Estrella's Value

The results of the valuations performed are summarised in the table below:

|                                  | Low<br>Cents | High<br>Cents |
|----------------------------------|--------------|---------------|
| Net assets value (Section 10.1)  | 0.83         | 0.83          |
| ASX market prices (Section 10.2) | 3.4          | 4.1           |

Source: BDO analysis

Our valuation of an Estrella share under the QMP methodology (including a premium for control) is significantly higher than our valuation under the NAV methodology. The differences between the valuations obtained under the NAV and QMP approaches can be explained by the following:

- The NAV value is lower than the QMP value range, which is not uncommon for exploration companies, which often trade at a premium to their net asset values. This is because investors anticipate some potential upside of 'blue-sky' prospects for the company, which are often factored into the share price in advance of any such value being warranted. We note that the Company has fully impaired their exploration assets to nil at 30 June 2015 but still intends to sell the Chile copper project to potential buyers.
- Under RG 111.69(d), the QMP methodology is considered appropriate when a liquid and active market exists for the securities. From our analysis of the QMP of an Estrella share, we note that there is not a deep market for the Company's shares with only 14.58% of the Company's share capital being traded in the past 12 months. We acknowledge that the liquidity of Estrella's shares had increased in the 90 days pre-announcement but this increase of trading activity was primarily due to the issue of shares resulting from a capital raising and potentially an increase of speculative traders investing in the Company. We believe this recent spike in trading volume is not reflective of the true liquidity of trading in the Company's shares. Additionally, there are numerous unexplained trading volume spikes which have resulted in irregular trading over the period.

For the reasons described above, we conclude that the value obtained under the NAV approach is the most appropriate methodology and as such consider the value of an Estrella share to be 0.83 cents.

## 11. Valuation of Estrella following the Transaction

### 11.1 Assessing non-cash consideration in control transactions

When assessing non-cash consideration in control transactions, RG 111.31 suggests that a comparison should be made between the value of the securities being offered (allowing for a minority discount) and the value of the target entity's securities, assuming 100% of the securities are available for sale. This comparison reflects the fact that:

- (a) the acquirer is obtaining or increasing control of the target; and
- (b) the security holders in the target will be receiving scrip constituting minority interests in the combined entity.

### 11.2 Net asset value of Data Labs pre the Transaction

| Statement of Financial Position  | Audited as at<br>30-Sep-15<br>£GBP | Audited as at<br>30-Sep-15<br>\$AUD* |
|----------------------------------|------------------------------------|--------------------------------------|
| <b>CURRENT ASSETS</b>            |                                    |                                      |
| Cash at bank                     | 1,749                              | 3,703                                |
| Debtors                          | 34,038                             | 72,072                               |
| <b>TOTAL CURRENT ASSETS</b>      | <b>35,787</b>                      | <b>75,775</b>                        |
| <b>NON-CURRENT ASSETS</b>        |                                    |                                      |
| Tangible assets                  | 4,575                              | 9,687                                |
| Intangible fixed assets          | 647,488                            | 1,370,983                            |
| <b>TOTAL NON-CURRENT ASSETS</b>  | <b>652,063</b>                     | <b>1,380,670</b>                     |
| <b>TOTAL ASSETS</b>              | <b>687,850</b>                     | <b>1,456,445</b>                     |
| <b>CURRENT LIABILITIES</b>       |                                    |                                      |
| Creditors                        | 16,851                             | 35,680                               |
| <b>TOTAL CURRENT LIABILITIES</b> | <b>16,851</b>                      | <b>35,680</b>                        |
| <b>TOTAL LIABILITIES</b>         | <b>16,851</b>                      | <b>35,680</b>                        |
| <b>NET ASSETS</b>                | <b>670,999</b>                     | <b>1,420,765</b>                     |

Source: Audited financial statements for the period ended 30 September 2015.

\*We have converted the Data Lab balance sheet values to Australian dollars using the AUD:GBP conversion price of 0.47228 at 12 December 2015.

### 11.3 Value of Estrella following the Transaction

| NAV following the Transaction                                       | Notes    | Low value<br>\$  | High value<br>\$ |
|---------------------------------------------------------------------|----------|------------------|------------------|
| NAV of Estrella prior to the Transaction                            | Ref 10.1 | 1,290,683        | 1,290,683        |
| NAV of Data Labs                                                    | Ref 11.2 | 1,420,765        | 1,420,765        |
| Net cash raised from Capital Raising                                | 1        | 2,894,914        | 3,364,914        |
| <b>Value of Estrella following the transaction</b>                  |          | <b>5,606,362</b> | <b>6,076,362</b> |
| Discount for minority interest                                      | 2        | 20%              | 17%              |
| <b>Value of Estrella post transaction (minority interest basis)</b> |          | <b>4,485,090</b> | <b>5,043,381</b> |
| Number of shares on issue post Transaction                          | 3        | 570,249,959      | 590,249,959      |
| <b>Value per share (\$)</b>                                         |          | <b>0.008</b>     | <b>0.009</b>     |
| <b>Value per share (cents)</b>                                      |          | <b>0.79</b>      | <b>0.85</b>      |

#### Note 1: Cash raised from the Capital Raising

We have included a value adjustment to the Post-Transaction value of Estrella to take into account the funds raised (net of costs) from the Capital Raising. The net cash proceeds from the Capital Raising are as detailed in the table below.

|                                                    | Minimum<br>Subscription | Maximum<br>Subscription |
|----------------------------------------------------|-------------------------|-------------------------|
| <b>Cash raised from Capital Raising</b>            |                         |                         |
| Number of shares to be issued                      | 140,000,000             | 160,000,000             |
| Issue price of shares                              | \$0.025                 | \$0.025                 |
| <b>Cash raised from Capital Raising (\$)</b>       | <b>3,500,000</b>        | <b>4,000,000</b>        |
| Less costs to the offer                            | (605,086)               | (635,086)               |
| <b>Net cash proceeds from Capital Raising (\$)</b> | <b>2,894,914</b>        | <b>3,364,914</b>        |

Source: BDO analysis

We have valued the Company post the Transaction on a fully subscribed basis (representing the maximum subscription scenario) and on a minimum subscription basis.

We note the Capital Raising may reach a subscription level anywhere in between these two scenarios however, based on the information presently available as at the date of our Report, we consider that we do not have sufficient reasonable grounds to assume the Capital Raising will be fully subscribed. As such, for the purposes of our low valuation, we have assumed that the minimum Capital Raising of \$3.5 million will be subscribed. Our high valuation is based on a fully subscribed Capital Raising to demonstrate the potential value of Estrella should the Capital Raising be fully subscribed.

#### Note 2: Application of minority discount

The net asset value of an Estrella share following the Transaction is reflective of a controlling interest. This suggests that the acquirer obtains an interest in the Company which allows them to have an individual influence in the operations and value of that company. Therefore, if the Transaction is approved, Shareholders may become minority interest shareholders in Estrella as Data Labs may hold a controlling interest. As such, Shareholders interests will not be considered significant enough to have an individual influence in the operations and value of the Company.

We have therefore adjusted our valuation of an Estrella share following the Transaction to reflect a minority interest holding. A minority interest discount is the inverse of a premium for control and is calculated using the formula  $1 - (1 \div (1 + \text{control premium}))$ . As discussed in section 10.2, we consider an appropriate control premium for Estrella to be in the range of 20% to 25%, giving a minority interest discount in the range of 17% to 20%.

### Note 3: Shares on issue Post-Transaction

A summary of the share movements is detailed below:

| Shares on issue following the Transaction                  | Minimum            | Maximum            |
|------------------------------------------------------------|--------------------|--------------------|
| Current number of shares on issue prior to the Transaction | 155,249,959        |                    |
| Issue of Consideration Shares                              | 275,000,000        |                    |
| Shares issued in Capital Raising                           | 140,000,000        | 160,000,000        |
| <b>Total shares on issue following the Transaction</b>     | <b>570,249,959</b> | <b>590,249,959</b> |

Source: BDO analysis

We have valued the Company post the Transaction on a fully subscribed basis (representing the maximum Subscription scenario) and on a minimum subscription basis (representing the Minimum Subscription scenario). We have used the minimum subscription scenario in our low valuation as we do not have sufficient reasonable grounds to assume the Capital Raising will be fully subscribed based on the information presently available at the date of our Report. We applied the maximum subscription scenario to our high valuation.

We have not determined the value on a fully diluted basis. At present, there is limited available information and certainty around the future performance and ability of Estrella to achieve the following Performance Rights milestones and option conditions:

- vesting of 150 million Performance Rights to Mr Jones;
- vesting of 40 million Adviser Options;
- vesting of 12 million Director Options; and
- the exercise of any other options as outlined in Section 5.5 of our Report.

We consider this is appropriate given that, as at the date of our Report and after taking into account the issue price of the Capital Raising, the Adviser Options, Director Options and all other outstanding options are all out-of-the-money based on our NAV valuation in Section 10.1. However, we note that if the 150 million Performance Rights vest and 40 million Adviser Options are exercised the value per share on a low value will decrease to 0.695 cents and high value to 0.756 cents. We acknowledge that this would result in a lower range than our analysis in Section 11.3 however, excludes any increase in value that would result from achieving the milestones required to be reached for the Performance Rights to vest.

## 12. Is the Transaction fair?

The value of Estrella share prior to the Transaction on a controlling interest basis is compared to the value of an Estrella share following completion of the Transaction on a minority interest basis below:

|                                                                          | Ref  | Low<br>Cents | High<br>Cents |
|--------------------------------------------------------------------------|------|--------------|---------------|
| Value of an Estrella share prior to the Transaction on a control basis   | 10.1 | 0.83         | 0.83          |
| Value of an Estrella share following the Transaction on a minority basis | 11.3 | 0.79         | 0.85          |

We note from the table above that value of an Estrella share following the Transaction on a minority basis is within the range of an Estrella share prior to the Transaction on a controlling interest basis. As such, the above pricing indicates that the Transaction is fair for Shareholders.

## 13. Is the Transaction reasonable?

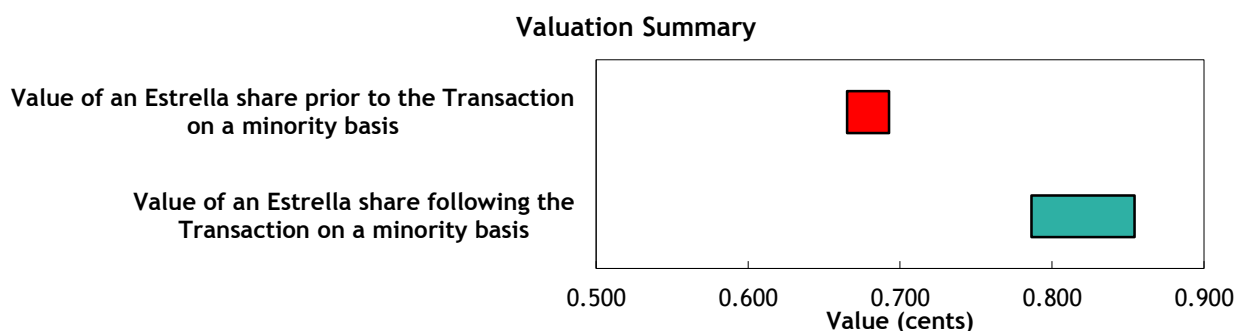
### 13.1 Minority interest values

In assessing the fairness of the Transaction in section 12, RG 111.31 stipulates that in a control transaction a comparison should be made between the value of the target entity's securities prior to the transaction on a controlling basis and the value of the target entity's securities following the transaction allowing for a minority discount. It is relevant for Shareholders to appreciate that as Shareholders, they hold a minority interest in Estrella prior to the Transaction and they will retain a minority interest post the Transaction. As such, we have also provided a comparison of the value of an Estrella share prior to the Transaction and following the Transaction on a minority interest basis. This comparison is outlined in the table below.

|                                                                          | Low<br>cents | High<br>cents |
|--------------------------------------------------------------------------|--------------|---------------|
| Value of an Estrella share post consolidation                            |              |               |
| Value of an Estrella share prior to the Transaction on a minority basis  | 0.67         | 0.69          |
| Value of an Estrella share following the Transaction on a minority basis | 0.79         | 0.85          |

Source: BDO analysis

The above valuation ranges are graphically presented below:



The table and graph above indicates that the range of values of an Estrella share following the Transaction on a minority interest basis is greater than the range of values of an Estrella share on a minority interest basis prior to the Transaction. This is relevant for Shareholders to understand and for us to consider in assessing whether the Transaction is reasonable.

### 13.2 Alternative Proposal

We are unaware of any alternative proposal that might offer Shareholders of Estrella a premium over the value ascribed to, resulting from the Transaction.

### 13.3 Practical Level of Control

If the Transaction is approved then Data Labs will hold an interest of up to 59.0% in Estrella. In addition to this, Estrella will have three Board members nominated by Data Labs.

When shareholders are required to approve an issue that relates to a company there are two types of approval levels. These are general resolutions and special resolutions. A general resolution requires 50% of shares to be voted in favour to approve a matter and a special resolution required 75% of shares on issue to be voted in favour to approve a matter. If the Transaction is approved then Data Labs will not be able pass special resolutions but can block special resolutions and potentially pass/block general resolutions depending on the capital raising scenario and amount of Performance Rights which vest and options that exercise.

Estrella's Board currently comprises three directors. As part of the Transaction, two of Estrella's existing directors will resign and up to three new directors from Data Labs will be appointed to the board. The new board will consist of:

- Mr Sam Jones (proposed Managing Director and CEO);
- Mr Tim Andrew (proposed Non-Executive Director); and
- Mr Howard Digby (existing Non-Executive Director from Estrella).

Additionally, under the acquisition agreement, Data Labs has the right to appoint a third nominee to the board after completion of the Transaction. This means the proposed directors associated with Data Labs will make up the majority of the Board.

Data Labs control of Estrella following completion of the Transaction will be significant when compared to all other shareholders however, Data Labs will not have 100% control at the shareholder and Board levels.



Therefore, in our opinion, while Data Labs will be able to significantly influence the activities of Estrella, it will not be able to exercise a similar level of control as if it held 100% of the Company.

### 13.4 Consequences of not Approving the Transaction

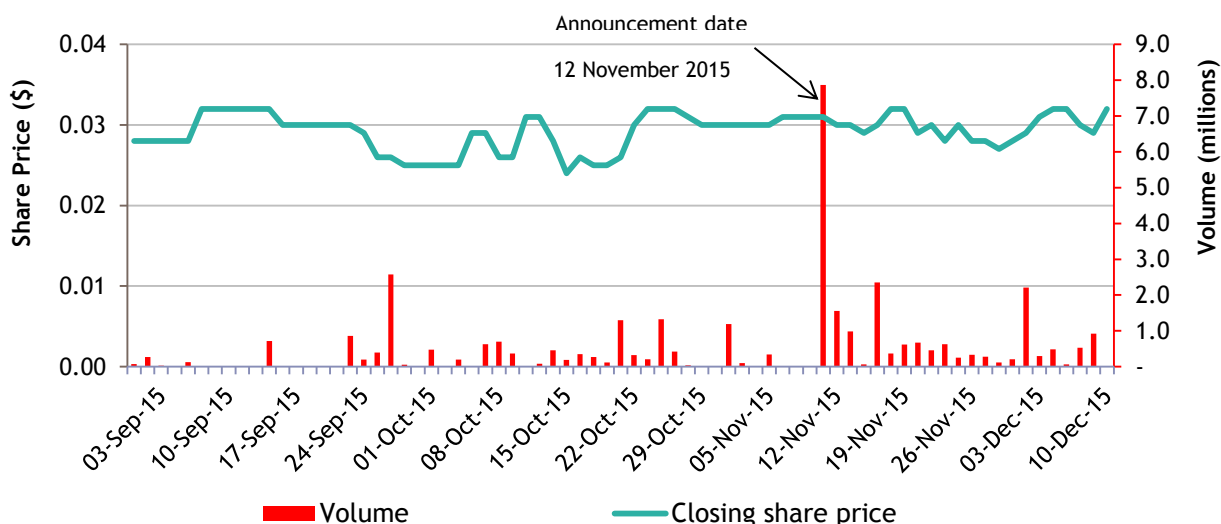
#### Consequences

If the Transaction is not approved, Estrella will retain its existing operations. As such, the Directors of Estrella would need to consider funding alternatives to further develop its exploration assets or pursue other projects and continue as a going concern.

#### Potential decline in share price and liquidity

We have analysed movements in Estrella's share price and volume since the Transaction was announced. A graph of Estrella's share price and volume since the announcement is set out below.

**ESR share price and trading volume history**



Source: Bloomberg

As illustrated by the graph above, following the announcement on 12 November 2015 there has been an increase in the volume of shares traded with little to no reaction to the share price. Importantly however, 23 million shares traded in the 30 days to 10 December 2015 which is 14.8% of the issued capital of the Company. We note more shares traded over this 30 day period than the entire 12 months up to the last trading date of the announcement (9 November 2015). We also note almost 8 million shares were traded on the day of the announcement. Increased trading volumes can reduce the volatility of the share price so if the Transaction is not approved by Shareholders, it is possible that the liquidity of Estrella's shares may decline. As a result, this may cause larger price movements as fewer shares are bought or sold and may also impair Shareholders' ability to trade their shares.

Given the above analysis it is possible that if the Transaction is not approved then Estrella's share price may not decline however, given the Company will have no exploration interests, we expect that the share price will fall.

### **13.5 Advantages of Approving the Transaction**

We have considered the following advantages when assessing whether the Transaction is reasonable.

#### **13.5.1. The Transaction is fair**

As set out in Section 12, the Transaction is fair. RG 111 states that an offer is reasonable if it is fair.

#### **13.5.2. Shareholders of Estrella will own shares in a company with a greater potential to generate a return for Shareholders**

Estrella is presently involved in mining exploration and if the Transaction is approved, the Company will seek approval to change the nature and scale of its activities. If the Transaction is approved by Shareholders, Estrella will acquire a business operating in the software development industry with potential to grow and derive revenues in the future. If Talent Lab is successfully commercialised, the Company's shares will have the potential for capital growth, and subject to the discretion of directors of the Company at that time, Shareholders may also benefit from the payment of dividends.

#### **13.5.3. Liquidity of Estrella's shares may increase**

We have analysed the trading of Estrella's shares in the twelve-month period to 9 November 2015 and note that over this period, only 14.58% of the Company's issued capital had been traded. This is a low level of liquidity and makes it difficult for Shareholders who wish to buy or sell shares in the Company.

We note that the liquidity of trading in Estrella's shares post the announcement of the Transaction has increased significantly with more shares trading in the 30 days to 10 December 2015 than in the 12 months to 9 November 2015. We note however, that this increase of trading activity is likely to be a result of the issue of shares resulting from a capital raising and that this may not be a good indication of the future liquidity of the Company.

#### **13.5.4. Changing the nature and scale of Estrella's activities could attract new investors**

Changing the business operations of Estrella could attract new investors who are more specifically interested in software and technology based investments. This additional interest may provide the Company with the ability to raise additional working capital when required.

#### **13.5.5. The Transaction provides the Company with a cash injection**

As a result of the Capital Raising, the Company will receive a cash injection of between \$3.5m and \$4m (before costs). These funds are likely to provide Estrella with sufficient funding for business development and working capital requirements for the near term future.

#### **13.5.6. Experienced management team and Board of Directors**

If the Transaction is approved, Estrella's board will be restructured such that the proposed Board of Estrella will comprise of:

- Mr Sam Jones;
  - Mr Jones is the founder, managing director and CEO of Data Labs, and founder of their flagship product Talent Lab. He has more than 15 years' experience in HR technology,

executive search and IT consulting. He is the successful founder of multiple analytics technology companies and winner of the HR Tech 'Awesome Startup' in 2014.

- Mr Tim Andrew; and
  - Mr Andrew is a consultant and adviser to Data Labs and a proposed director of Estrella following the Transaction. He was previously appointed Global Head, Mergers & Acquisitions Equity Advisory for Standard Chartered Bank in 2015. Mr Andrew is a Chartered Accountant and completed the executive leadership program, "Leading Across Boundaries" at Oxford University in 2013.
- Mr Howard Digby who is a current Non-Executive Director of Estrella.
  - Mr Digby has held a number a management positions in Australia and the Asia Pacific region, mostly in the information technology and media. He started his career with IBM Perth and Sydney before joining Adobe, Gartner and then served as managing director for the Economist Group based in Hong Kong. Mr Digby is a former Executive Chairman and current Non-Executive Director of Sun Biomedical and an advisor to geospatial imagery company Spookfish and other early stage technology companies. Mr Digby holds a Bachelor of Engineering (Hons) from The University of Western Australia.

Estrella will keep one existing director on the board post completion of the Transaction. Additionally, under the acquisition agreement, Data Labs has the right to appoint a third nominee to the board after completion of the Transaction.

We consider the skill set of each member will provide the Company with the opportunity to operate in the software development space and generate positive returns for Shareholders.

### **13.5.7. Performance Rights provide an incentive to increase Estrella's value**

The following milestones need to be accomplished in order for 150 million Performance Rights issued to Mr Jones to vest:

- Class A: 37.5 million Performance Rights will vest upon achieving \$5 million of gross revenue from the Data Labs intellectual property for the period from completion of the Transaction to 30 June 2017;
- Class B: 37.5 million Performance Rights upon achieving either:
  - (i) at least \$10 million of gross revenue from the Data Labs intellectual property for the period from 1 July 2017 to 30 June 2018; or
  - (ii) at least \$15 million of gross revenue from the Data Labs intellectual property for the period from Completion to 30 June 2018.
- Class C: 37.5 million Performance Rights upon achieving either:
  - (i) at least \$20 million of gross revenue from the Data Labs intellectual property for the period from 1 July 2018 to 30 June 2019; or
  - (ii) at least \$35 million of gross revenue from the Data Labs intellectual property for the period from Completion to 30 June 2019.
- Class D: 37.5 million Performance Rights upon achieving either:

- (i) at least \$30 million of gross revenue from the Data Labs intellectual property for the period from 1 July 2019 to 30 June 2020; or
- (ii) at least \$65 million of gross revenue from the Data Labs intellectual property for the period from Completion to 30 June 2020

The structure of the consideration with the issue of Performance Rights provides an incentive for Data Labs to meet the milestones listed above. This is beneficial for Shareholders noting that, if the milestones are achieved, although Shareholders will be further diluted, Shareholders are likely to benefit from the capital growth associated with the successful operations of the Company.

#### **13.5.8. Alignment of Data Labs' interests to Shareholders' interests**

As part of the consideration of the Transaction, Data Labs vendors will receive 275 million shares in Estrella. Subject to the subscription levels of the Capital Raising and the exercise of various options, Data Labs shareholders will collectively hold up to 59.01% of the issued capital in Estrella following completion of the Transaction and if all the Performance Rights vest.

Data Labs will have a sizeable investment in Estrella so we consider it will be in the best interests of Data Labs to grow the Company and earn a return on its investment. In our view, this means that the interests of the Data Labs shareholders are aligned to the non-associated shareholders of Estrella.

### **13.6 Disadvantages of Approving the Transaction**

If the Transaction is approved, in our opinion, the potential disadvantages to Shareholders include those listed below:

#### **13.6.1. Dilution of existing Shareholders' interests**

As set out in Section 4, if the Transaction is approved, Shareholders' interests in the Company may be diluted in the worst case from 100% to 21.0%. We note this assumes the Capital Raising is fully subscribed, and the Performance Shares issued to Mr Jones have vested.

This dilution will significantly reduce the capacity for Shareholders' to influence the operations of the Company.

#### **13.6.2. Exposure to the development stage risks associated with Data Labs**

If the Transaction is approved, the Company will acquire Data Labs and its existing operations and therefore change the nature of the Company's activities. Data Labs operates in a different sector to that of Estrella. This means that Shareholders will be exposed to the sector and risk profile that Data Labs operates in.

#### **13.6.3. Change in the nature and scale of Estrella's activities may not align with Shareholders' investment objectives**

Estrella currently holds exploration tenements. If the Transaction is approved, the nature and scale of its activities will change to consist of the Data Labs business. This change may not be consistent with the objectives and risk profiles of Shareholders.

## 14. Conclusion

We have considered the terms of the Transaction as outlined in the body of this report and have concluded that the value of an Estrella share following the Transaction on a minority interest basis overlaps the value of an Estrella share prior to the Transaction on a controlling interest basis. As such, and in the absence of any other relevant information, the Transaction is fair to the Shareholders of Estrella.

## 15. Sources of information

This report has been based on the following information:

- Draft Notice of General Meeting and Explanatory Statement on or about the date of this report;
- Audited financial statements of Estrella for the years ended 30 June 2015 and 30 June 2014;
- Audited financial statements of Data Labs for the period ended 30 September 2015;
- Share sale agreement
- Share registry information;
- Information in the public domain; and
- Discussions with Directors and Management of Estrella and Data Labs.

## 16. Independence

BDO Corporate Finance (WA) Pty Ltd is entitled to receive a fee of \$18,000 (excluding GST and reimbursement of out of pocket expenses). The fee is not contingent on the conclusion, content or future use of this Report. Except for this fee, BDO Corporate Finance (WA) Pty Ltd has not received and will not receive any pecuniary or other benefit whether direct or indirect in connection with the preparation of this report.

BDO Corporate Finance (WA) Pty Ltd has been indemnified by Estrella in respect of any claim arising from BDO Corporate Finance (WA) Pty Ltd's reliance on information provided by the Estrella, including the non provision of material information, in relation to the preparation of this report.

Prior to accepting this engagement BDO Corporate Finance (WA) Pty Ltd has considered its independence with respect to Data Labs and Estrella and any of their respective associates with reference to ASIC Regulatory Guide 112 'Independence of Experts'. In BDO Corporate Finance (WA) Pty Ltd's opinion it is independent of Data Labs and Estrella and their respective associates.

Neither the two signatories to this report nor BDO Corporate Finance (WA) Pty Ltd, have had within the past two years any professional relationship with Estrella, or their associates, other than in connection with the preparation of this report.

A draft of this report was provided to Estrella and its advisors for confirmation of the factual accuracy of its contents. No significant changes were made to this report as a result of this review.

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## 17. Qualifications

BDO Corporate Finance (WA) Pty Ltd has extensive experience in the provision of corporate finance advice, particularly in respect of takeovers, mergers and acquisitions.

BDO Corporate Finance (WA) Pty Ltd holds an Australian Financial Services Licence issued by the Australian Securities and Investment Commission for giving expert reports pursuant to the Listing rules of the ASX and the Corporations Act.

The persons specifically involved in preparing and reviewing this report were Sherif Andrawes and Adam Myers of BDO Corporate Finance (WA) Pty Ltd. They have significant experience in the preparation of independent expert reports, valuations and mergers and acquisitions advice across a wide range of industries in Australia and were supported by other BDO staff.

Sherif Andrawes is a Fellow of the Institute of Chartered Accountants in England & Wales and a Member of the Institute of Chartered Accountants in Australia. He has over twenty five years experience working in the audit and corporate finance fields with BDO and its predecessor firms in London and Perth. He has been responsible for over 250 public company independent expert's reports under the Corporations Act or ASX Listing Rules and is a CA BV Specialist. These experts' reports cover a wide range of industries in Australia with a focus on companies in the natural resources sector. Sherif Andrawes is the Chairman of BDO in Western Australia, Corporate Finance Practice Group Leader of BDO in Western Australia and the Natural Resources Leader for BDO in Australia.

Adam Myers is a member of the Australian Institute of Chartered Accountants. Adam's career spans 18 years in the Audit and Assurance and Corporate Finance areas. Adam has considerable experience in the preparation of independent expert reports and valuations in general for companies in a wide number of industry sectors.

## 18. Disclaimers and consents

This report has been prepared at the request of Estrella for inclusion in the Explanatory Memorandum which will be sent to all Estrella Shareholders. Estrella engaged BDO Corporate Finance (WA) Pty Ltd to prepare an independent expert's report to consider if the Transaction to acquire 100% of the issued capital in Data Labs is fair and reasonable to Shareholders.

BDO Corporate Finance (WA) Pty Ltd hereby consents to this report accompanying the above Explanatory Memorandum. Apart from such use, neither the whole nor any part of this report, nor any reference thereto may be included in or with, or attached to any document, circular resolution, statement or letter without the prior written consent of BDO Corporate Finance (WA) Pty Ltd.

BDO Corporate Finance (WA) Pty Ltd takes no responsibility for the contents of the Explanatory Memorandum other than this report.

We have no reason to believe that any of the information or explanations supplied to us are false or that material information has been withheld. It is not the role of BDO Corporate Finance (WA) Pty Ltd acting as an independent expert to perform any due diligence procedures on behalf of the Company. The Directors of the Company are responsible for conducting appropriate due diligence in relation to Data Labs. BDO Corporate Finance (WA) Pty Ltd provides no warranty as to the adequacy, effectiveness or completeness of the due diligence process.

The opinion of BDO Corporate Finance (WA) Pty Ltd is based on the market, economic and other conditions prevailing at the date of this report. Such conditions can change significantly over short periods of time.

With respect to taxation implications it is recommended that individual Shareholders obtain their own taxation advice, in respect of the Transaction, tailored to their own particular circumstances. Furthermore, the advice provided in this report does not constitute legal or taxation advice to Shareholders of Estrella, or any other party.

The statements and opinions included in this report are given in good faith and in the belief that they are not false, misleading or incomplete.

The terms of this engagement are such that BDO Corporate Finance (WA) Pty Ltd has no obligation to update this report for events occurring subsequent to the date of this report.

Yours faithfully

**BDO CORPORATE FINANCE (WA) PTY LTD**

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

**Sherif Andrawes**  
Director

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

**Adam Myers**  
Director

# Appendix 1 - Glossary of Terms

| Reference        | Definition                                                                                                                                                                                            |
|------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| The Act          | The Corporations Act 2001 Cth                                                                                                                                                                         |
| Adviser Options  | 40 million options to be issued to certain advisers involved in the Transaction                                                                                                                       |
| APES 225         | Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services'                                                                                                 |
| ASIC             | Australian Securities and Investments Commission                                                                                                                                                      |
| ASX              | Australian Securities Exchange                                                                                                                                                                        |
| BDO              | BDO Corporate Finance (WA) Pty Ltd                                                                                                                                                                    |
| Capital Raising  | Estrella to complete a capital raising between \$3.5 million and \$4.0 million at an issue price of \$0.025 per share                                                                                 |
| The Central Bank | Banco Central de Chile's                                                                                                                                                                              |
| The Company      | Estrella Resources Limited                                                                                                                                                                            |
| Corporations Act | The Corporations Act 2001 Cth                                                                                                                                                                         |
| Data Labs        | Data Laboratories Limited                                                                                                                                                                             |
| DCF              | Discounted Future Cash Flows                                                                                                                                                                          |
| Director Options | 10 million plan options issued to Mr Tim Andrew and 2 million plan options issued to Mr Howard Digby. These plan options have an exercise price of \$0.05 and expiry date 5 years from the grant date |
| EBIT             | Earnings before interest and tax                                                                                                                                                                      |
| EBITDA           | Earnings before interest, tax, depreciation and amortisation                                                                                                                                          |
| Estrella         | Estrella Resources Limited                                                                                                                                                                            |
| Estrella Chile   | Estrella Resources Limited wholly owned subsidiary, Estrella Resources Chile SpA                                                                                                                      |
| FME              | Future Maintainable Earnings                                                                                                                                                                          |
| FOS              | Financial Ombudsman Service                                                                                                                                                                           |
| FSG              | Financial Services Guide                                                                                                                                                                              |



| Reference           | Definition                                                                                                                         |
|---------------------|------------------------------------------------------------------------------------------------------------------------------------|
| HCM                 | Human Capital Management                                                                                                           |
| HR                  | Human Resources                                                                                                                    |
| IOCG                | Iron-Oxide-Copper-Gold                                                                                                             |
| IT                  | Information Technology                                                                                                             |
| Mr Jones            | Mr Sam Jones, the proposed Managing Director post completion of the transaction and current Managing Director and CEO of Data Labs |
| NAV                 | Net Asset Value                                                                                                                    |
| NSR                 | Net smelter royalty                                                                                                                |
| Our Report          | This Independent Expert's Report prepared by BDO                                                                                   |
| Ours                | BDO Corporate Finance (WA) Pty Ltd                                                                                                 |
| Performance Rights  | 150 million performance rights to be issued to Mr Sam Jones, the proposed Managing Director post completion of the Transaction     |
| Post-Transaction    | The value of an Estrella share following the Transaction                                                                           |
| QMP                 | Quoted market price                                                                                                                |
| RBA                 | Reserve Bank of Australia                                                                                                          |
| RC                  | Reverse circulation                                                                                                                |
| Regulations         | Corporations Act Regulations 2001 (Cth)                                                                                            |
| RG 74               | Acquisitions Approved by Members (March 2011)                                                                                      |
| RG 111              | Content of expert reports (March 2011)                                                                                             |
| RG 112              | Independence of experts (March 2011)                                                                                               |
| SaaS                | Software as a Service                                                                                                              |
| Section 611         | Section 611 of the Corporations Act                                                                                                |
| Share Consolidation | Estrella announced a share consolidation of one new share for every four shares held on 3 August 2015                              |
| Shareholders        | Shareholders of Estrella not associated with Data Labs                                                                             |

| Reference            | Definition                                                                                                                                                                                                                                                                                                                                                                                   |
|----------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| SQM                  | Sociedad Quimica y Minera de Chile S.A                                                                                                                                                                                                                                                                                                                                                       |
| Talent Lab           | Talent Lab Software                                                                                                                                                                                                                                                                                                                                                                          |
| The Transaction      | Collectively, the Transaction between Estrella and the Data Labs shareholders contemplated by the share sale agreement                                                                                                                                                                                                                                                                       |
| Us                   | BDO Corporate Finance (WA) Pty Ltd                                                                                                                                                                                                                                                                                                                                                           |
| Valuation Engagement | An Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time. |
| VWAP                 | Volume Weighted Average Price                                                                                                                                                                                                                                                                                                                                                                |
| We                   | BDO Corporate Finance (WA) Pty Ltd                                                                                                                                                                                                                                                                                                                                                           |



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The Directors

BDO Corporate Finance (WA) Pty Ltd

38 Station Street

SUBIACO, WA 6008

Australia

## Appendix 2 - Valuation Methodologies

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

### 1 *Net asset value ('NAV')*

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

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

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

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the entity may not be contemplated, these methods in their strictest form may not be appropriate. The net assets on a going concern method estimates the market values of the net assets of an entity but does not take into account any realisation costs.

Net assets on a going concern basis are usually appropriate where the majority of assets consist of cash, passive investments or projects with a limited life. All assets and liabilities of the entity are valued at market value under this alternative and this combined market value forms the basis for the entity's valuation.

Often the FME and DCF methodologies are used in valuing assets forming part of the overall Net assets on a going concern basis. This is particularly so for exploration and mining companies where investments are in finite life producing assets or prospective exploration areas.

These asset based methods ignore the possibility that the entity's value could exceed the realisable value of its assets as they do not recognise the value of intangible assets such as management, intellectual property and goodwill. Asset based methods are appropriate when an entity is not making an adequate return on its assets, a significant proportion of the entity's assets are liquid or for asset holding companies.

### 2 *Quoted Market Price Basis ('QMP')*

A valuation approach that can be used in conjunction with (or as a replacement for) other valuation methods is the quoted market price of listed securities. Where there is a ready market for securities such as the ASX, through which shares are traded, recent prices at which shares are bought and sold can be taken as the market value per share. Such market value includes all factors and influences that impact upon the ASX. The use of ASX pricing is more relevant where a security displays regular high volume trading, creating a 'deep' market in that security.

### 3 *Capitalisation of future maintainable earnings ('FME')*

This method places a value on the business by estimating the likely FME, capitalised at an appropriate rate which reflects business outlook, business risk, investor expectations, future growth prospects and other entity specific factors. This approach relies on the availability and analysis of comparable market data.

The FME approach is the most commonly applied valuation technique and is particularly applicable to profitable businesses with relatively steady growth histories and forecasts, regular capital expenditure requirements and non-finite lives.

The FME used in the valuation can be based on net profit after tax or alternatives to this such as earnings before interest and tax ('EBIT') or earnings before interest, tax, depreciation and amortisation ('EBITDA'). The capitalisation rate or 'earnings multiple' is adjusted to reflect which base is being used for FME.

#### **4 Discounted future cash flows ('DCF')**

The DCF methodology is based on the generally accepted theory that the value of an asset or business depends on its future net cash flows, discounted to their present value at an appropriate discount rate (often called the weighted average cost of capital). This discount rate represents an opportunity cost of capital reflecting the expected rate of return which investors can obtain from investments having equivalent risks.

Considerable judgement is required to estimate the future cash flows which must be able to be reliably estimated for a sufficiently long period to make this valuation methodology appropriate.

A terminal value for the asset or business is calculated at the end of the future cash flow period and this is also discounted to its present value using the appropriate discount rate.

DCF valuations are particularly applicable to businesses with limited lives, experiencing growth, that are in a start up phase, or experience irregular cash flows.

#### **5 Market Based Assessment**

The market based approach seeks to arrive at a value for a business by reference to comparable transactions involving the sale of similar businesses. This is based on the premise that companies with similar characteristics, such as operating in similar industries, command similar values. In performing this analysis it is important to acknowledge the differences between the comparable companies being analysed and the company that is being valued and then to reflect these differences in the valuation.

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