

10 April 2013

Manager of Company Announcements  
ASX Limited  
Exchange Centre  
20 Bridge Street  
SYDNEY NSW 2001

*By E-Lodgement*

## **BINDING AGREEMENT TO ACQUIRE GOLD AND BASE METAL ASSETS**

### **1. Background**

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Further to the announcement on 27 February 2013, Synergy Plus Limited (**Synergy** or **Company**) wishes to announce that it has entered into a binding term sheet (**Term Sheet**) with ASX listed Legacy Iron Ore Limited (**Legacy**) subject to all necessary shareholder, board and regulatory approvals and due diligence regarding the acquisition of an extensive gold and base metal tenement package situated in Western Australia (**Assets**) in return for shares in Synergy. Refer to Schedule A for details of the Assets.

Legacy (ASX:LCY) is a Western Australian based exploration company. Following a strategic review and having regard to its operational objectives, Legacy decided that the separation of the Assets into a new vehicle would ensure the focus required to develop these assets optimally with Legacy to remain focussed on its iron ore assets. The objective was for the new vehicle to have its own management and technical expertise, and an ability to secure its own funding via a public offering following demerger. Synergy is that new vehicle.

As announced on 27 February 2013, Synergy has complied with the terms and conditions of the Deed of Company Arrangement (**DOCA**) in that the \$500,000 due in contributions has been paid. A first and final dividend was declared for creditors of the Company on 25 January 2013. The business of AirData Pty Ltd (**AirData**) continues to trade and the Company and the Deed Administrators for AirData are working together to finalise the dividend payable to AirData creditors. Following this, it is proposed that, subject to the receipt of shareholder approval, the shares in Air Data will be disposed of prior to implementation of the transaction with Legacy.

The effectuation of the DOCA and the disposal of AirData will result in Synergy being a clean listed shell company with the full capacity to exploit the Assets.

## 2. The Transaction

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Under the Term Sheet, Legacy will vend the Assets into Synergy together with providing a minimum cash consideration via a placement of \$1.5 million to acquire a controlling interest in Synergy.

On completion of the sale of the Assets, together with the subscription of a minimum of \$1.5m cash via a loan and a share subscription agreement, Legacy or its nominees will hold not less than 87% of the issued capital of Synergy post consolidation of Synergy's existing capital on a 1:125 basis.

The key terms of the arrangement are:

- a) Following completion of the DOCA, Synergy will conduct a 1:125 consolidation of its existing issued capital. This will reduce the issued capital of Synergy to a maximum of 6,043,263 fully paid ordinary shares (**Shares**).
- b) Legacy will loan to Synergy \$200,000 (**Loan**) on execution of the Term Sheet, which will be used to pay audit fees and various costs associated with holding the shareholders' meeting to approve the proposed acquisition of the Assets. The loan will be convertible into Synergy shares (post consolidation) at an issue price of approximately \$0.13 each per Share to be issued following shareholder approval at the general meeting to be called by Synergy to give effect to the transaction (**Loan Shares**).
- c) Legacy will subscribe for a further \$1,300,000 worth of Shares (post consolidation) at an issue price of \$0.13 each per Share (**Placement Shares**).
- d) Synergy will acquire the Assets for a deemed consideration of \$6.0m via the issue of 30,000,000 Shares (post consolidation) to Legacy at an issue price of \$0.20 each per Share (**Acquisition Shares**). Given that Legacy is classified as a vendor of a classified asset for the purposes of the Listing Rules, the Acquisition Shares may attract restriction. Submissions will be made to ASX regarding escrow of these securities.
- e) At the general meeting of Synergy to approve the transaction, Synergy shareholder approval will also be sought:
  - 1) for the purposes of Chapter 11 of the Listing Rules and Chapter 6 of the Corporations Act;
  - 2) to change the company's name; and
  - 3) to issue (on a post consolidation basis) 7,000,000 Shares and 10,000,000 options exercisable at \$0.20 each expiring 4 years from the date of the meeting, to officers of Synergy and 120,000 Shares to the liquidators of Synergy Plus (Operations) Pty Ltd.

Completion of the transaction is subject to satisfactory due diligence by both parties and all necessary shareholder and regulatory approvals and third party consents being obtained. Subject to ASX's confirmation, the Company expects that Completion of the transaction will require recompliance with

Chapters 1 and 2 of the Listing Rules. Please refer to Schedule B for further details regarding the effect of the transaction on the capital structure of the Company.

The primary goal of relisting Synergy will be to recapitalise the Company, recommence trading on ASX and then exploit the Assets to be acquired from Legacy. Following this, it is an aim of the proposed new board of Synergy to seek to acquire other gold and base metal projects in the resource sector to compliment the Assets.

### **3. Conditions precedent to completion**

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Completion of the acquisition of the Assets is subject to and conditional upon satisfaction of the following:

- a) Completion of due diligence by both parties to their satisfaction including, but not limited to, legal, financial and technical due diligence;
- b) Receipt from ASX of conditional relisting approval on ASX in compliance with Chapters 1 and 2 of the Listing Rules;
- c) Effectuation of the DOCA;
- d) Both Legacy and Synergy obtaining all relevant approvals and third party consents necessary to implement the transaction;
- e) The forgiveness of debts owed by Synergy to its current directors on terms which are satisfactory to Legacy; and
- f) Synergy disposing of its shareholdings in AirData Pty Limited and AirData (Australia) Pty Ltd.

### **4. Public Offering and priority offer**

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On completion of the issue of the Loan Shares, Placement Shares and Acquisition Shares and the consolidation of Synergy's share capital, Synergy will issue a prospectus to raise up to a further \$4,000,000 at an issue price of \$0.20 each per Share, with a minimum subscription of \$1,500,000 (**Public Offering**).

Synergy will then seek to apply for re-admission to the Official List of ASX.

Under the proposal (and prior to any capital raising), Legacy will receive 41,538,462 Shares. It is proposed that Legacy will distribute in-specie all of these shares to its shareholders.

Synergy shareholders will receive a priority entitlement in Synergy under the proposed capital raising to \$1,500,000 (7,500,000 shares). Legacy shareholders will also receive a priority entitlement to \$1,500,000 (7,500,000 shares) under the Public Offering.

## 5. New Board

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Following completion of the transaction, the current board of Synergy will be replaced with nominees of Legacy. It is anticipated that Ms Sharon Heng, Mr Timothy Turner and another Legacy nominee will comprise the new board which will ensure continuity of knowledge and experience in relation to the Assets for the short to medium term.

Legacy has also advised that it is in discussions with a Singapore based fund manager to act as the third Legacy nominee to the Synergy board upon completion of the transaction. The individual has significant experience in mergers and acquisitions including the raising of debt and equity funding involved in buying resource assets in Malaysia, Indonesia and other jurisdictions. It is proposed that the individual will join the board to help the newly re-listed company in connection with the identification and acquisition of near producing assets or assets that are distressed but have the potential to increase capacity. These negotiations are ongoing.

## 6. Indicative timetable

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The milestone dates for the acquisition of the Assets and completion of the transaction are set out in the table below. They are indicative only and are subject to change.

Event	Date
ASX Announcement of the acquisition	10 April 2013
Due diligence completes	Mid May 2013
Notice of General Meeting for shareholder approval of the transaction lodged with ASIC and ASX	Mid May 2013
General Meeting of shareholders	Mid June 2013
Lodgement of prospectus with ASIC	Mid July 2013
Prospectus offer opens	Mid July 2013
Prospectus offer closes	Mid August 2013
Allotment of new shares and despatch of holding statements	Late August 2013
Completion of the transaction	Early September 2013
Anticipated date for re quotation on ASX	Early September 2013

## 7. Pro-forma statement of financial position

On the basis that the transaction is completed, the indicative pro-forma statement of financial position of the Company is as follows:

	Company stand alone	Acquisition effect	Company BS after acquisition effect
	Non Audited	Non Audited	Non Audited
<b>CURRENT ASSETS</b>			
Cash	7,366	5,992,634	6,000,000
Monies owed by AirData	350,281	(350,281) -	
GST owed	6,761	(6,761) -	
<b>TOTAL CURRENT ASSETS</b>	<b>364,408</b>	<b>5,635,592</b>	<b>6,000,000</b>
<b>NON-CURRENT ASSETS</b>			
Deferred tax asset	280,837	(280,837)	0
Gold exploration assets	0	6,000,000	6,000,000
Investment in subsidiary - AirData	1,500,000	(1,500,000)	0
<b>Total Non-current Assets</b>	<b>1,780,837</b>	<b>4,219,163</b>	<b>6,000,000</b>
<b>TOTAL ASSETS</b>	<b>2,145,245</b>	<b>9,854,755</b>	<b>12,000,000</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	149,820	(149,820)	0
Accrued directors fees	708,500	(708,500)	0
Loan (to fund DOCA liabilities)	1,520,891	(1,520,891)	0
<b>TOTAL CURRENT LIABILITIES</b>	<b>2,379,211</b>	<b>-2,379,211</b>	<b>0</b>
<b>TOTAL LIABILITIES</b>	<b>2,379,211</b>	<b>-2,379,211</b>	<b>0</b>
<b>TOTAL NET ASSETS</b>	<b>(233,966)</b>	<b>12,233,966</b>	<b>12,000,000</b>
<b>EQUITY</b>			
Issued Capital	31,351,216	12,000,000	43,351,216
Reserves	40,646	0	40,646
Accumulated losses	(31,625,828)	233,966	(31,391,862)
<b>TOTAL EQUITY</b>	<b>(233,966)</b>	<b>12,233,966</b>	<b>12,000,000</b>

## 8. Shareholder benefits

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Completion of the recapitalisation transaction will restructure the Company's issued capital and net asset base, provide working capital, terminate the DOCA and provide a new board and business direction.

Whilst the board of Synergy is aware that the proposed transaction will result in a significant dilution of existing shareholdings, the board is of the view that this proposal is the best outcome for shareholders in the current circumstances.

Because of this dilution, the board has worked to ensure that existing shareholders of Synergy will have an opportunity to reinvest in the Company, via the priority offer, which will result in shareholders having exposure in a stock with significant liquidity.

## 9. Shareholder Meeting

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To implement the transaction, Synergy will prepare a notice of meeting seeking shareholder approval for, among other things, the acquisition of the Assets.

The board of Synergy will continue to provide shareholders with updates regarding the recapitalisation transaction.

For and on behalf of the Board



**Leanne Ralph**  
Company Secretary