

East Africa Resources Limited

To be renamed Threat Protect Australia Limited, subject to Shareholder approval.

ACN 060 774 227

Prospectus

For the public offer of 225 million Shares at an issue price of \$0.02 per Share to raise the minimum subscription amount of \$4.5 million. Oversubscriptions of up to a further 50 million Shares at an issue price of \$0.02 per Share to raise up to a further \$1 million may be accepted (**Public Offer**).

This Prospectus also contains separate offers to the Threat Protect Vendors, Threat Protect Noteholders, current and former directors of the Company, the Threat Protect Directors, Quick Silver Asset and Siren Nominees. No funds will be raised from these offers. Please refer to Section 5 for further details.

This Prospectus is a re-compliance prospectus for the purposes of satisfying chapters 1 and 2 of the ASX Listing Rules and to satisfy ASX requirements for reinstatement of the Company's securities to trading following a change in the nature and scale of the Company's activities.

The Offers are not underwritten.

The Acquisition Offers made under this Prospectus and the issue of Shares pursuant to this Prospectus in relation to the Acquisition Offers are subject to and conditional upon Shareholders passing all Acquisition Resolutions at the General Meeting to be held on 5 August 2015 and the satisfaction of the conditions referred to in those resolutions. If all the Acquisition Resolutions are not passed or the conditions referred to in those resolutions are not satisfied, the Acquisition Offers will not proceed, no Shares will be allotted pursuant to this Prospectus in relation to the Acquisition Offers and the Company will repay all money received from Applicants without interest.

Lead Manager



Solicitors to the Offers



Important information: This Prospectus provides important information to assist prospective investors to decide whether or not to invest in the Company. It should be read in its entirety. If you do not understand it, you should consult your professional advisers.

THE SHARES OFFERED BY THIS PROSPECTUS SHOULD BE CONSIDERED HIGHLY SPECULATIVE.

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1. Corporate directory

Current Directors

Robert Kirtlan

Non Executive Chairman, Director
(to step down as Director post-Acquisition)

Katina Law

Chief Executive Officer
(to continue during a limited handover period post-Acquisition)

Michael Richard Griffiths

Non-Executive Director
(to step down as Director post-Acquisition)

Company Secretary

Eva Witheridge

Company's Registered Office

Level 1, 10 Ord Street
WEST PERTH WA 6005

ASX Code: EAF
(ASX Code to change to: TPS)

Tel: + 61 8 6363 7079

Fax: + 61 8 6363 7099

Email: info@eastafricaresources.com.au

Website: www.eastafricaresources.com.au

Solicitors to the Offers

Lavan Legal
Level 20, The Quadrant
1 William Street
PERTH WA 6000

Auditors*

Rothsay Chartered Accountants
Level 1, Lincoln House
4 Ventnor Avenue
WEST PERTH WA 6005

**This entity is included for information purposes only. It has not been involved in the preparation of this Prospectus..*

Proposed Directors

Demetrios Pynes

Managing Director (elect)

Paolo Ferrara

Executive Director (elect)

Derek La Ferla

Non-Executive Chairman (elect)

Lead Manager

Argonaut Securities Pty Limited
Level 30, Allendale Square
77 St Georges Terrace
PERTH WA 6000

(AFSL 274099)

Investigating Accountant*

BDO Corporate Finance (WA) Pty Ltd
38 Station Street
SUBIACO WA 6008

Share Registry

Computershare Investor Services Pty Limited
Level 11, 172 St Georges Terrace
PERTH WA 6000

Tel: 1300 787 272 (within Australia)

+61 8 9323 2000 (outside Australia)

Fax: +61 8 9323 2033

Web: www.investorcentre.com.au

2. Important notices

This Prospectus is dated 9 July 2015. A copy of the Prospectus was lodged with ASIC on that date. ASIC takes no responsibility for the content of this Prospectus.

No Securities will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

No document or information included on our website is incorporated by reference into this Prospectus.

2.1 Change in nature and scale and Acquisition Offer conditions

The Company has historically operated as a uranium exploration and development company with interests in Tanzania. As announced to the ASX on 24 April 2015, the Company has entered into a Share Sale & Purchase Agreement to acquire 100% of the issued capital of Threat Protect (**Acquisition**). For further information on Threat Protect and the proposed Acquisition, refer to Sections 6.3 and 9.1.

The Acquisition will result in a significant change to the nature and scale of the Company's activities, which requires Shareholder approval under chapter 11 of the ASX Listing Rules.

The Company has convened a General Meeting of Shareholders to be held on 5 August 2015 to seek approval for, amongst other approvals, the issue of Shares to effect the Acquisition, the change in nature and scale of the Company's activities and the change of the Company's name to Threat Protect Australia Limited. A copy of the Notice of Meeting is available on the Company's website and has been dispatched to Shareholders.

The Acquisition Offers made under this Prospectus and the issue of Shares pursuant to this Prospectus are subject to and conditional upon:

- 2.1.1 Shareholders passing all of the Acquisition Resolutions at the General Meeting;
- 2.1.2 the Company raising the minimum subscription under the Public Offer (being \$4,500,000);
- 2.1.3 the Company completing the Acquisition; and
- 2.1.4 ASX approving the Company's re-compliance with the admission requirements under chapters 1 and 2 of the ASX Listing Rules.

If all of the Acquisition Resolutions are not passed at the General Meeting or the conditions referred to in those resolutions are not satisfied, the Acquisition Offers will not proceed, no Shares will be allotted pursuant to the Acquisition Offers under this Prospectus and the Company will repay all money received from Applicants without interest.

The Company must comply with ASX requirements to be reinstated to Official Quotation on ASX, which includes re-complying with chapters 1 and 2 of the ASX Listing Rules. This Prospectus is issued to assist the Company to re-comply with these requirements.

2.2 Exposure Period

This Prospectus will be circulated during the Exposure Period. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. You should be aware that this examination may result in the identification of deficiencies in this Prospectus and, in those circumstances any application that has been received may need to be dealt with in accordance with section 724 of the Corporations Act.

The Company will not process applications for Shares under this Prospectus until after the Exposure Period has expired. No preference will be conferred on applications lodged prior to the expiry of the Exposure Period.

2.3 Electronic Prospectus

This Prospectus will be issued in paper form and as an electronic Prospectus which may be accessed on the internet at www.eastafricaresources.com.au. The Offers pursuant to the electronic Prospectus are only available to persons receiving an electronic version of this Prospectus in Australia. The Corporations Act prohibits any person passing the Application Form onto another person unless it is attached to, or accompanied by, the complete and unaltered version of the Prospectus. During the Offer Period, any person may obtain a hard copy of this Prospectus by contacting the company by email at the address set out in the Corporate Directory in Section 1.

2.4 Foreign jurisdictions

This Prospectus does not constitute an offer in any place in which, or to persons to whom, it would not be lawful to make an offer. Distribution of this Prospectus in jurisdictions outside Australia may be restricted by law, and persons who come into possession of this Prospectus should seek advice and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

2.5 Forward-looking statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and our management.

We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

We have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this prospectus, except where required by law.

These forward looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 8.

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3. Key information and indicative timetable

| Key information ^{1,2,3} | Details |
|---|--------------|
| Shares on issue before completion of the Offers (on a post-Consolidation basis) | 89,865,190 |
| Public Offer | |
| Price per Share offered under the Public Offer | \$0.02 |
| Shares now offered for subscription (on a post-Consolidation basis) | |
| • Assuming minimum subscription | 225,000,000 |
| • Assuming maximum subscription | 275,000,000 |
| Proceeds of the Public Offer (before costs) | |
| • Assuming minimum subscription | \$4,500,000 |
| • Assuming maximum subscription | \$5,500,000 |
| Acquisition Offers | |
| • Shares to be issued pursuant to the Vendor Offer | 165,000,000 |
| • Shares to be issued pursuant to the Threat Protect Noteholder Offer | 36,875,000 |
| • Shares to be issued pursuant to the Threat Protect Director Offer | 15,565,653 |
| • Shares to be issued pursuant to the Lender Offer | 15,000,000 |
| Director Offer | |
| Shares to be issued pursuant to the Director Offer | 3,333,300 |
| Market capitalisation upon completion of the Offers: | |
| • Assuming minimum subscription | \$11,012,783 |
| • Assuming maximum subscription | \$12,012,783 |

Notes:

1. Please refer to Section 5.4 for further detail relating to the Company's proposed capital structure.
2. All numbers quoted are on a post-Consolidation basis, ignoring treatment of fractional entitlements on the Consolidation.
3. Disregarding Shares to be issued in satisfaction of accrued interest on the Threat Protect Convertible Notes.

| Indicative Offer timetable* | Date |
|--|----------------|
| Lodge Prospectus with ASIC and ASX | 9 July 2015 |
| Application for quotation on ASX (Appendix 1A) | 15 July 2015 |
| Opening of Public Offer | 17 July 2015 |
| General Meeting to approve the Acquisition and suspension from trading | 5 August 2015 |
| Close of Public Offer | 12 August 2015 |
| Completion of Consolidation | 13 August 2015 |
| Completion of Acquisition and issue of Shares under the Prospectus | 13 August 2015 |
| Dispatch of holding statements | 14 August 2015 |
| Expected date for re-quotation of the Company's securities on ASX | 17 August 2015 |

***Note:** The above dates are indicative only and may change without notice. The Company reserves the right to extend the Closing Date or close the Public Offer early without notice.

4. Investment overview

This Section is a summary only and not intended to provide full information for investors intending to apply for Shares offered pursuant to this Prospectus. This Prospectus should be read and considered in its entirety.

The Shares offered by this Prospectus carry no guarantee in respect of return of capital, return on investment, payment of dividends or the future value of the Shares.

| Topics | Summary |
|---|---|
| Who is issuing this Prospectus? | East Africa Resources Limited ACN 060 774 227 (Company) (to be renamed "Threat Protect Australia Limited"). |
| Who is the Company and what does it do? | <p>The Company is a public company that has been listed on the ASX since 3 March 1994.</p> <p>The Company has historically operated as a uranium exploration company with interests in Tanzania. In light of difficult market conditions for junior exploration companies, the Company has been evaluating value added investment opportunities that exist outside the commodities industry.</p> <p>Refer to Section 6 for more information.</p> |
| What is the Company's strategy? | <p>As announced to the ASX on 24 April 2015, the Company has entered into an agreement to acquire 100% of the issued capital of Threat Protect Australia Pty Ltd by way of a Share Sale and Purchase Agreement.</p> <p>Further details of the Share Sale & Purchase Agreement are contained in Section 9.1.</p> <p>Threat Protect is a provider of security, monitoring and risk management solutions to an ever growing and security conscious market.</p> <p>Currently, Threat Protect delivers its services to over 10,600 domestic and commercial customers through its direct and reseller networks.</p> <p>In addition, Threat Protect has options to acquire two additional security businesses (Acquisition Options) (subject to due diligence) which are expected to materially increase its customer base, revenue and profitability. Please see Sections 9.2 and 9.3 for further details of the Acquisition Options and Section 7 for details of Threat Protect's historical and forecast financial performance.</p> <p>Following reinstatement to Official Quotation on ASX, the Company's primary focus will be to develop Threat Protect's business in line with its business model. The Company may also undertake further acquisitions that complement Threat Protect's business. Refer to Section 6 for more information.</p> |

| Topics | Summary |
|--|---|
| <p>What are the Company's key assets presently?</p> | <p>The Company's current exploration asset is the Madaba Project consisting of 3 tenements covering 617km² in the south-east of Tanzania.</p> <p>Refer to Section 6 for more information.</p> |
| <p>What are the Offers under this Prospectus?</p> | <p>The Company is offering the public a minimum of 225 million Shares at an issue price of \$0.02 each to raise \$4.5 million.</p> <p>The Company may accept oversubscriptions of up to a further 50 million Shares (on a post-Consolidation basis) at \$0.02 each to raise up to an additional \$1 million.</p> <p>This Prospectus also contains separate offers to:</p> <ul style="list-style-type: none"> • the Threat Protect Vendors for the issue of Shares in consideration for the acquisition of all of the shares in Threat Protect; • Threat Protect Noteholders for Shares issued upon conversion of the Threat Protect Convertible Notes; • current and former directors of the Company for the issue of Shares in satisfaction of accrued director fees; • Threat Protect Directors for the issue of Shares in satisfaction of accrued liabilities; and • Quick Silver Asset and Siren Nominees for the issue of Shares in satisfaction of amounts owed by Threat Protect. <p>Refer to Section 5 for more information.</p> |
| <p>Are there any conditions to the Offers?</p> | <p>The Acquisition Offers are conditional upon the following events occurring:</p> <ul style="list-style-type: none"> • Shareholders approving the Acquisition Resolutions at the General Meeting; • the Company raising the minimum subscription under the Public Offer (being \$4,500,000); • completion of the Acquisition; and • ASX approving the Company's re-compliance with the admission requirements under chapters 1 and 2 of the ASX Listing Rules. <p>If any of the conditions of the Acquisition Offers are not satisfied then the Company will not proceed with the Acquisition or the Acquisition Offers and the Company will repay all application monies received, without interest.</p> <p>The Director Offer is unconditional.</p> <p>Refer to Sections 2.1 and 5 for more information.</p> |

| Topics | Summary |
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| <p>Why are the Offers being conducted and what is the proposed use of funds raised under the Public Offer?</p> | <p>The Public Offer is being conducted to:</p> <ul style="list-style-type: none"> • meet the requirement that the Company re-complies with the ASX’s admission requirements in accordance with chapters 1 and 2 of the ASX Listing Rules; • provide funding for the continued development of Threat Protect’s business; • fund the potential acquisitions the subject of the Acquisition Options; • meet the expenses of the Offers; and • provide administration funding and working capital. <p>The Offers other than the Public Offer are being conducted under this Prospectus:</p> <ul style="list-style-type: none"> • to facilitate secondary trading of the Shares the subject of those offers (for the purposes of sections 707(3) and 707(4) of the Corporations Act), subject to any escrow restrictions imposed by ASX. No funds will be raised from these offers; and • to comply with the disclosure requirements under section 706 of the Corporations Act to the extent none of the exemptions under sections 708 and 708A of the Corporations Act apply in respect of those offers. <p>Refer to Sections 5.1, 5.3, and 5.9 for more information.</p> |
| <p>Proposed Acquisition of Threat Protect</p> | |
| <p>What is the proposed Acquisition?</p> | <p>The proposed Acquisition involves the Company acquiring 100% of the issued capital of Threat Protect in return for the issue of 165 million Shares to the Threat Protect Vendors.</p> <p>Refer to Section 9.1 for more information on the terms of the Share Sale & Purchase Agreement for the Acquisition.</p> |
| <p>What are the key terms of the Acquisition?</p> | <p>The key terms of the Share Sale & Purchase Agreement between the Company and the Threat Protect Vendors are as follows:</p> <p>The Company agrees to acquire 100% of the shares in Threat Protect in exchange for the issue of 165 million Shares in the Company to the Threat Protect Vendors (or their respective nominees).</p> <p>The Acquisition is conditional upon:</p> <ol style="list-style-type: none"> (a) the Company’s Shareholders approving each of the Acquisition Resolutions at the General Meeting; (b) ASX granting the Company’s application for waivers of: <ul style="list-style-type: none"> • ASX Listing Rule 2.1 (Condition 2), to allow the Company to issue Shares under the Public Offer at \$0.02 per Share and to issue Shares upon conversion of Threat Protect Convertible Notes at a conversion price |

| Topics | Summary |
|--|---|
| | <p>of \$0.016 per Share; and</p> <ul style="list-style-type: none"> • ASX Listing Rule 1.1 (Condition 11), to permit the Company to have options on issue with an exercise price of less than \$0.20 each. <p>(c) for the purposes of ASX Listing Rule 11.1.3, the Company:</p> <ul style="list-style-type: none"> • meeting the requirements in chapters 1 and 2 of the ASX Listing Rules as if it were applying for admission to the Official List of ASX; and • receiving conditional approval from ASX to the reinstatement of its Shares to trading on ASX, on terms and conditions reasonably acceptable to the parties to the Share Sale & Purchase Agreement; and <p>(d) the grant of third party consents to the change in control of Threat Protect.</p> <p>Refer to Section 9.1 for more information.</p> |
| <p>What approvals are being sought at the General Meeting?</p> | <p>At the General Meeting to be held on 5 August 2015, the Company will seek Shareholder approval (and ratification) for:</p> <ul style="list-style-type: none"> • each of the Acquisition Resolutions; • the issue of Shares to the current and former directors of the Company in satisfaction of accrued director fees; and • the prior issue of Shares on 26 May 2015. <p>Refer to the Company's Notice of Meeting lodged with ASX on 3 July 2015 for more information.</p> |
| <p>Why is the Company required to re-comply with chapters 1 and 2 of the ASX Listing Rules?</p> | <p>The Company is required to re-comply with chapters 1 and 2 of the ASX Listing Rules to give effect to a change in the nature and scale of the Company's activities as a result of the Acquisition.</p> <p>The Company will be suspended from trading from the time of the General Meeting and will not be reinstated until the Company has satisfied the conditions of the Acquisition Offers, including re-compliance with chapters 1 and 2 of the ASX Listing Rules.</p> |
| <p>Who is Threat Protect?</p> | <p>Threat Protect is a provider of security, monitoring and risk management solutions.</p> <p>Refer to Section 6 for more information on Threat Protect.</p> |

| Topics | Summary |
|---|---|
| <p>What is Threat Protect’s business model?</p> | <p>Directly and through its reseller base, Threat Protect offers:</p> <ul style="list-style-type: none"> • 24-hour monitoring of electronic security systems using a variety of connection methods • Design, installation and maintenance of security systems including alarms and CCTV • Remote viewing of CCTV cameras • App based duress and personal tracking facilities • Vehicle based location tracking services • Security Personnel services • Corporate risk management consulting <p>Refer to Section 6 for more information.</p> |
| <p>Key risks</p> <p>The Company’s business, assets and operations are subject to certain risk factors that have the potential to influence the Company’s future operating and financial performance. These risks can impact on the value of an investment in Shares.</p> <p>The Board aims to manage these risks by carefully planning its activities and implementing risk control measures. Some of the risks are, however, highly unpredictable and the extent to which they can effectively manage them is limited.</p> <p>Set out below is a summary of specific risks that the Company is exposed to and that may have a direct impact on the Company and its activities or assets.</p> <p>Further risks associated with an investment in the Company are outlined in Section 8.</p> | |
| <p>Security licence registration</p> | <p>Threat Protect’s business relies on the grant of a Crowd Control Agent’s Licence, an Inquiry Agent’s Licence and a Security Agent’s Licence (together, the Licences) pursuant to the Security Act. The Security Act provides that these Licences can only be issued to a natural person. Whilst a natural person may hold the Licences on behalf of a body corporate if they are an officer of the body, the Licences terminate automatically (and are non-transferable) if the person ceases to be an officer of the body corporate. Threat Protect’s Licences are held by Mr Paolo Ferrara (a proposed director of the Company and an existing director of Threat Protect). If Mr Ferrara ceases to be an officer of Threat Protect, Threat Protect would need to have a new officer approved to hold the Licences required to run the business. There is therefore a risk that delays could occur in the approval of a new Licence holder which, if protracted, could result in Threat Protect experiencing business interruption until such time as the new Licences are granted.</p> |

| Topics | Summary |
|---|---|
| <p>Compliance with chapters 1 and 2 of the ASX Listing Rules</p> | <p>The Company's Shares will be suspended from the time of the General Meeting. It is anticipated that the Company's Shares will remain suspended until completion of the Acquisition and the Acquisition Offers, re-compliance with chapters 1 and 2 of the ASX Listing Rules and compliance with any further conditions ASX imposes on such reinstatement.</p> <p>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.</p> |
| <p>Reliance on key personnel</p> | <p>The Company and Threat Protect currently employ a number of key management and personnel, and the Company's future depends on retaining and attracting suitable qualified personnel.</p> <p>In particular Messrs Pynes and Ferrara are the main founders of the Threat Protect business.</p> <p>There is no guarantee that the Company will be able to attract and retain suitable qualified personnel, and a failure to do so could materially adversely affect the Company's business, operating results and financial prospects.</p> |
| <p>Reliance on information and telecommunications systems</p> | <p>Threat Protect is heavily reliant on information and telecommunications systems to deliver its primary service of back to base (remote) monitoring. Whilst these systems have multiple layers of redundancy in accordance with both legislative and Australian Standards requirements, a substantive and disruptive change to the technology surrounding telecommunications could pose a significant risk to Threat Protect if it is unable to respond to the change.</p> |
| <p>Changes to licensing regime impacting on operating costs</p> | <p>Threat Protect is licensed to operate as a security business under the Security Act and delivers its monitoring service in accordance with Australian Standard 2201.2:2004. Threat Protect therefore incurs costs associated with compliance with this regulatory regime. If changes occur to this regime, additional administrative or technical expense may be required to ensure ongoing compliance. Additionally, a failure by Threat Protect to meet its obligations (current and potential) could result in penalties and fines being imposed on Threat Protect.</p> |
| <p>Inability to execute acquisition strategy</p> | <p>Threat Protect's business plan includes both organic and acquisition based strategies to increase revenues. An inability to identify, negotiate and fund acquisitions within financial guidelines determined by Threat Protect's directors could limit the speed at which Threat Protect can take advantage of its predominantly fixed operating costs via bolt-on acquisitions.</p> |

| Topics | Summary |
|-----------------------------------|--|
| <p>Acquisition Options</p> | <p>Upon the Company’s successful reinstatement to trading on ASX, Threat Protect will seek to finalise the due diligence on the Acquisition Options and, subject to the outcome of the due diligence, will seek to complete the acquisition of these businesses. Risks associated with these Acquisition Options and the respective businesses include:</p> <ul style="list-style-type: none"> • each Acquisition Option has an expiry date (as described further in Sections 9.2 and 9.3 respectively). If Threat Protect is not in a position to exercise or complete or extend the Acquisition Options by their respective expiry dates, it will need to identify new opportunities to grow its business; • if Threat Protect (through its relevant subsidiaries), having exercised one or both of the Acquisition Options and the conditions precedent to the resulting sale and purchase contracts having been satisfied or waived, is unable to complete the acquisitions the subject of those Acquisition Options, the respective vendors may be able to take action against Threat Protect for damages. |
| <p>Disposal strategy</p> | <p>The pro forma statement of financial position in Section 7 assumes the Company liquidates the subsidiaries holding its mineral tenements and exploration businesses following completion of the Acquisition at a cost of \$100,000. There is a risk that the liquidation process could become protracted and, even if not protracted, that the Company’s exposure on a liquidation of these subsidiaries could exceed this amount and that any time delay or increase will have a corresponding negative impact on the Company’s financial position.</p> |
| <p>Litigation</p> | <p>Federal Court proceedings: Goldfields Commercial Security Pty Ltd (a subsidiary of Threat Protect) (Goldfields) is the respondent in current Federal Court proceedings commenced by the Deputy Commissioner of Taxation (DCT) relating to unpaid company tax, the outstanding balance of which is \$70,798.76. The tax liability crystallised prior to the date Threat Protect acquired Goldfields and Threat Protect considers that under the terms of the sale and purchase agreement pursuant to which Threat Protect acquired Goldfields (Goldfields SPA), this tax liability is the responsibility of the vendors of Goldfields. Goldfields has agreed with the DCT to pay the amount in full and a portion of this amount will be included in Threat Protect’s proposed counterclaim against the vendors of Goldfields (as discussed below).</p> <p>Supreme Court of Western Australia proceedings: Threat Protect is the respondent in current Supreme Court of Western Australia proceedings commenced by Edward James Meyers and Jeanne Meyers (together, the Plaintiffs). The Plaintiffs have commenced the proceedings to recover allegedly unpaid deferred consideration instalments under the terms of the</p> |

| Topics | Summary |
|--|---|
| | Goldfields SPA which was executed by Threat Protect (as purchaser) and the Plaintiffs (as vendors) on 1 July 2013. Threat Protect is defending the Plaintiffs' action and in doing so, has counterclaimed certain amounts, including \$34,964 of the unpaid Goldfields company tax the subject of the Federal Court proceedings outlined above. Whilst this matter remains ongoing, there will continue to be a financial impact on the Threat Protect group. |
| Re-compliance | There is a risk that the Company may not be able to meet the requirements for re-instatement to trading on ASX. In the event the conditions of the Acquisition Offers are not satisfied or the Company does not receive conditional approval for re-quotation on ASX. If this occurs, the Company will not proceed with the Acquisition Offers and will need to consider an alternative strategy to respond to difficult market conditions in the commodities sector. |
| Contract risk | Some of Threat Protect's customer contracts (including the Brookfield services subcontract and Brookfield Proposed Extension discussed in Section 9.6) can be terminated for reasons outside of Threat Protect's control. The loss of one or more key customer contracts is likely to adversely affect Threat Protect's operating results and the value and price of Shares. |
| Information about the Offers | |
| What rights and liabilities attach to the Shares being offered? | Fully paid ordinary shares in the capital of the Company ranking equally with all existing shares on issue. Refer to Section 12.3 for more information. |
| Are the Offers underwritten? | No, the Offers are not underwritten. |
| Who is the Lead Manager? | The Company has appointed Argonaut as Lead Manager to the Public Offer. Argonaut will receive a Lead Manager's fee of 2% of all funds raised under the Public Offer, while brokers may receive a fee of up to 5% of the value of the Shares placed to their clients. In addition, Argonaut will also receive 20 million Options at an exercise price of \$0.025 each (on a post-Consolidation basis), exercisable on or before the date falling 3 years after their issue as part of its reward package for the Acquisition. Refer to Sections 9.4 and 12.3.3 for more information. |
| When will the Shares be listed? | Application for Official Quotation of the Shares offered pursuant to this Prospectus will be made within 7 days after the date of this Prospectus. Refer to Section 5.6 for more information. |

| Topics | Summary |
|---|--|
| <p>What are the tax implications of investing in Shares under the Offers?</p> | <p>The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.</p> <p>To the maximum extent permitted by law, the Company, its officers and each of their respective advisers accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.</p> |
| <p>How do I apply for Shares under the Public Offer?</p> | <p>Applications for Shares under the Public Offer must be made by completing an Application Form and must be accompanied by a cheque in Australian dollars (or an electronic transfer to the bank account advised by the Company) for the full amount of the application being \$0.02 per Share. Cheques must be made payable to “East Africa Resources Ltd” and should be crossed “Not Negotiable”.</p> <p>Refer to Section 5.5 for more information.</p> |
| <p>When will I receive confirmation that my application has been successful?</p> | <p>It is expected that holding statements will be sent to successful Applicants by post on or about 14 August 2015.</p> <p>Refer to Section 3 for more information.</p> |
| <p>How can I find out more about the Prospectus?</p> | <p>Questions relating to the Offers can be directed to the Company on +61 8 6363 7097.</p> <p>Refer Section 1 for more information.</p> |
| <p>Board and Management</p> | |
| <p>Who are the Directors of the Company?</p> | <p>The Company’s current Directors are:</p> <ul style="list-style-type: none"> • Robert Kirtlan, Non-Executive Chairman • Katina Law, CEO and Executive Director • Michael Griffiths, Non-Executive Director <p>On completion of the Acquisition and the Acquisition Offers, changes will be made to the Board with the resignation of Robert Kirtlan, Katina Law and Michael Griffiths and the appointment of the following Directors:</p> <ul style="list-style-type: none"> • Demetrios Pynes, Managing Director (elect) • Paolo (“Paul”) Ferrara, Executive Director (elect) • Derek La Ferla, Non-Executive Chairman (elect) <p>See Section 11 for full details of the Directors’ experience and expertise.</p> |

| Topics | Summary |
|--|---|
| Who are Threat Protect's key managers? | Threat Protect's key managers are: <ul style="list-style-type: none"> • Jeremy Hopfmueller – General Manager • Simeon Pynes – Guarding Services Manager Refer to Sections 9.9, 9.10 and 11 for more information. |
| What are the Directors' significant interests? | The interests of the existing and Proposed Directors are detailed in Section 11.2. |
| Are there any related party transactions? | Yes. The related party agreements include the following: <ul style="list-style-type: none"> • Consultancy Agreement between the Company, Karich Consulting and Katina Law • Executive Services Agreement between the Company and Demetrios Pynes • Executive Services Agreement between the Company and Paolo Ferrara • Deeds of Indemnity, Insurance and Access with each current Director and each Proposed Director • TCS hire agreement with Threat Protect In addition to the above, the Company proposes to issue Shares to each of the Threat Protect Directors under the Threat Protect Director Offer in satisfaction of outstanding loan and leave balances, as contemplated by resolutions 15 and 16 in the Notice of Meeting. Refer to Section 11.3 and the Notice of Meeting for more information. |
| Other disclosures | |
| What are the Company's and Threat Protect's material contracts? | The Company's and Threat Protect's material contracts comprise: <ul style="list-style-type: none"> • Share Sale & Purchase Agreement for the Acquisition • Option Agreement to acquire the assets of the business known as Hillstone Security Monitoring • Option Agreement to acquire the shares in the Target • Lease of East Perth control room premises • Argonaut Mandate • Brookfield Services subcontract • Loan Agreement with Siren Nominees • Loan Agreement with Quicksilver Asset and Cape Equity • Executive Service Agreement – Simeon Pyne • Executive Service Agreement – Jeremy Hopfmueller • Consulting Agreement – the Company, Karich Consulting |

| Topics | Summary |
|--|--|
| | <p>and Katina Law</p> <ul style="list-style-type: none"> • Executive Services Agreements – Demetrios Pynes and Paolo Ferrara) • Deeds of Indemnity, Insurance and Access <p>Refer to Sections 9 and 11.3 for more information.</p> |
| <p>What is the Company’s financial position?</p> | <p>The Company is currently listed on ASX and its financial history, including its 2014 Annual Report, is available on its website (www.eastafricaresources.com.au).</p> <p>Further financial information regarding the Company and Threat Protect is considered in Section 7 of this Prospectus and the Investigating Accountant’s Report in Section 10 of this Prospectus.</p> |
| <p>Will the Company make any financial forecasts?</p> | <p>Yes, the Company has provided a financial forecast for the purposes of this Prospectus which is discussed in detail in Section 7 of this Prospectus.</p> |
| <p>Will the Shares be subject to escrow?</p> | <p>None of the Shares issued pursuant to the Public Offer, the Vendor Offer, the Threat Protect Noteholder Offer, the Threat Protect Director Offer, the Lender Offer or the Director Offer are expected to be restricted securities.</p> <p>It is estimated that the Options to be issued to brokers, promoters, advisers and the Proposed Directors will be escrowed for a period of 24 months from the date of reinstatement of the Company’s Shares to Official Quotation.</p> <p>Refer to Section 5.9 for more information.</p> |

5. Details of the Offers

5.1 The Offers

5.1.1 Public Offer

Pursuant to this Prospectus, the Company invites applications for 225 million Shares at an issue price of \$0.02 per Share (on a post-Consolidation basis) to raise \$4.5 million.

Oversubscriptions of up to a further 50 million Shares at an issue price of \$0.02 per Share (on a post-Consolidation basis) may be accepted to raise up to a further \$1 million.

The maximum amount which may be raised under the Public Offer is \$5.5 million.

5.1.2 Vendor Offer

Pursuant to this Prospectus, the Company offers to the Threat Protect Vendors (or their nominees) 165 million Shares in aggregate (on a post-Consolidation basis) for the acquisition of all of the shares in Threat Protect (**Vendor Offer**).

No funds will be raised from the Vendor Offer.

5.1.3 Threat Protect Noteholder Offer

Pursuant to this Prospectus, the Company offers the Threat Protect Noteholders (or their nominees) Shares (on a post-Consolidation basis) at a deemed issue price of \$0.016 per Share upon conversion of the outstanding balance of their Threat Protect Convertible Notes (including accrued interest) (**Threat Protect Noteholder Offer**).

No funds will be raised from the Threat Protect Noteholder Offer.

5.1.4 Threat Protect Director Offer

Pursuant to this Prospectus, the Company offers the Threat Protect Directors (or their nominees) 15,565,653 Shares in aggregate (on a post-Consolidation basis) at a deemed issue price of \$0.02 per Share in satisfaction of accrued liabilities (**Threat Protect Director Offer**).

No funds will be raised from the Threat Protect Director Offer.

5.1.5 Lender Offer

Pursuant to this Prospectus, the Company offers Quicksilver Asset and Siren Nominees 15 million Shares in aggregate (on a post-Consolidation basis) at a deemed issue price of \$0.02 per Share in satisfaction of amounts owed by Threat Protect (**Lender Offer**).

No funds will be raised from the Lender Offer.

5.1.6 Director Offer

Pursuant to this Prospectus, the Company offers Peter Munachen, Henry Kennedy, Michael Griffiths and Robert Kirtlan (being current or former directors of the Company) (or their respective nominees) 3,333,300 Shares in aggregate (on a post-Consolidation basis) at a deemed issue price of \$0.02 per Share in satisfaction of accrued director fees (**Director Offer**).

No funds will be raised from the Director Offer.

The Shares offered under this Prospectus will rank equally with the existing Shares on issue.

5.2 Minimum subscription

The minimum subscription to the Public Offer is \$4.5 million.

If the minimum subscription to the Public Offer has not been raised within 4 months after the date of this Prospectus, the Company will not issue any Shares pursuant to the Acquisition Offers and will repay all application monies for those Shares within the time prescribed under the Corporations Act, without interest.

5.3 Use of funds

On successful completion of the Offers, the Directors believe the Company will have sufficient working capital to carry out its objectives as detailed in this Prospectus.

| Funds available | Full Public Offer Subscription (\$) | | Full Public Offer Oversubscription (\$) | |
|---|--|-------------|--|-------------|
| Existing cash reserves ¹ | \$750,594 | | \$750,594 | |
| Funds raised from the Public Offer | \$4,500,000 | | \$5,500,000 | |
| Total | \$5,250,594 | | \$6,250,594 | |
| Allocation of funds | Full Subscription (\$) | % | Full Oversubscription³ (\$) | % |
| Expenses of the Offers ² | \$682,934 | 15.18% | \$754,034 | 13.71% |
| Acquisition of Hillstone Security Monitoring assets | \$400,000 | 8.89% | \$400,000 | 7.27% |
| Acquisition of the Target | \$2,520,000 | 56% | \$2,520,000 | 45.82% |
| Working capital | \$897,066 | 19.93% | \$1,825,966 | 33.20% |
| Total | \$4,500,000 | 100% | \$5,500,000 | 100% |

Notes:

¹ Refer to the Investigating Accountant's Report set out in Section 10 for further details.

² Refer to Section 12.8 for further details.

³ If the Company raises more than the minimum subscription but less than the maximum Public Offer amount of \$5.5 million, the Company intends to apply these funds first towards the additional expenses of the Offers and secondly towards working capital.

The above table is a statement of current intentions as of the date of this Prospectus. The Board reserves the right to alter the way funds are applied on this basis.

5.4 Capital structure

The Company's capital structure following completion of the Offers is summarised below:

| Shares ¹ | Number ² |
|---|-----------------------|
| Shares currently on issue | 89,865,190 |
| Shares to be issued pursuant to the Public Offer | 225,000,000 |
| Oversubscriptions | 50,000,000 |
| Shares to be issued to the Threat Protect Vendors as consideration for the Acquisition ⁷ | 165,000,000 |
| Maximum number of Shares to be issued upon conversion of Threat Protect Convertible Notes ^{3,7} | 36,875,000 |
| Shares to be issued to current Directors in satisfaction of accrued director fees ^{5,7} | 3,333,300 |
| Shares to be issued to Threat Protect directors in satisfaction of accrued liabilities ^{6,7} | 15,565,653 |
| Shares to be issued to lenders in satisfaction of amounts owed by Threat Protect ⁸ | 15,000,000 |
| Total Shares on completion of the Offers⁴ | 600,639,143 |
| Options ¹ | Number ^{2,4} |
| Options exercisable at \$0.1336 each on or before 29 November 2017 | 300,000 |
| Options exercisable at \$0.40 each on or before 29 November 2017 | 300,000 |
| Options exercisable at \$0.60 each on or before 29 November 2017 | 300,000 |
| Options exercisable at 0.025 each on or before the date falling 3 years after their issue to be issued to Directors ⁷ | 15,000,000 |
| Options exercisable at 0.025 each on or before the date falling 3 years after their issue to be issued to the Lead Manager ⁷ | 25,000,000 |
| Options exercisable at \$0.025 each on or before the date falling 3 years after their issue to be issued to advisers and promoters ⁷ | 60,000,000 |
| Total Options on completion of the Offers | 100,900,000 |

Notes:

- The rights attaching to the Shares and Options are summarised in Section 12.3 of this Prospectus.
- Post-Consolidation.
- Disregarding Shares to be issued in satisfaction of accrued interest. Refer to Section 12.3.4 for further details of the Threat Protect Convertible Notes.
- Assumes no Options currently on issue are exercised before completion of the Offers.
- Subject to Shareholder approval at the General Meeting, a total of \$66,666 in accrued director fees will be satisfied by the issue of Shares at a deemed price of \$0.02 per Share.
- Subject to Shareholder approval at the General Meeting, (a) Demetrios Pynes, a director of Threat Protect, will convert his outstanding loan to Threat Protect of \$146,210.64 into Shares in the Company at a deemed price of \$0.02 per Share (on a post-Consolidation basis). He will also convert \$32,337 (net after tax) in accrued annual leave into Shares in the Company at a deemed price of \$0.02 per Share (on a post-Consolidation basis); (b) Paolo Ferrara, another director of Threat Protect, will convert his outstanding loan to Threat Protect of \$100,747.42 into Shares in

the Company at a deemed price of \$0.02 per Share (on a post-Consolidation basis). He will also convert \$32,018 (net after tax) in accrued annual leave into Shares in the Company at a deemed price of \$0.02 per Share (on a post-Consolidation basis).

7. Subject to Shareholder approval at the General Meeting.
8. Subject to Shareholder approval at the General Meeting, \$300,000 in amounts owing by Threat Protect to Quicksilver Asset and Siren Nominees will be converted into 15 million Shares at a deemed issue price of \$0.02 per Share (on a post-Consolidation basis). Refer to Sections 9.7 and 9.8 for details of the respective loan agreements.

5.5 Applications

All Applications for Shares under the Offers must be made using the Application Form.

By completing an Application Form, you will be taken to have declared that all details and statements made by you are complete and accurate and that you have personally received the Application Form together with a complete and unaltered copy of the Prospectus.

Application Forms in respect of the Public Offer must be accompanied by a personal cheque or a bank draft, payable in Australian dollars, for an amount equal to the number of Shares for which the Applicant wishes to apply multiplied by the issue price of \$0.02 per Share. Cheques or bank drafts should be made payable to "**East Africa Resources Ltd**" and crossed "Not Negotiable". No brokerage or stamp duty is payable by Applicants. The amount payable on application will not vary during the period of the Offer. Payments may also be made by direct debit as outlined on the Application Form.

Applications for Shares under the Public Offer must be for a minimum of 100,000 Shares and thereafter in multiples of 25,000 Shares and payment for those Shares must be made in full at the issue price of \$0.02 per Share.

The Company reserves the right to close the Public Offer early.

Applicants should ensure that cleared funds are available at the time the Application Form is lodged, as dishonoured cheques will result in the Application Form being rejected. Application monies will be held in trust in a subscription account established and controlled by the Company until the allotment of Shares has taken place.

Completed Application Forms should be delivered or posted to:

East Africa Resources Ltd
PO Box 1154
West Perth WA 6872
AUSTRALIA

Application Forms must be received at the above address by no later than 5.00pm AWST on the Closing Date.

Detailed instructions on how to complete paper Application Forms are set out on the reverse of those forms. Applicants are not required to sign the Application Form.

5.6 ASX listing

The Company will apply for Official Quotation by ASX of the Shares offered pursuant to this Prospectus within 7 days after the date of this Prospectus.

If the Shares are not admitted to Official Quotation by ASX before the expiration of 3 months after the date of issue of this Prospectus, or such period as varied by ASIC, the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares now offered for subscription.

5.7 Issue

Subject to the minimum subscription to the Public Offer being reached and ASX granting conditional approval for the Company's securities to be reinstated to Official Quotation on ASX, the issue of Shares offered by this Prospectus in relation to the Acquisition Offers will take place as soon as practicable after the Closing Date.

Pending the issue of the Shares or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company on trust for the Public Offer Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

The Directors will determine the allottees of all the Public Offer Shares in their sole discretion. The Directors reserve the right to reject any application or to allocate any applicant fewer Shares than the number applied for. Where the number of Shares issued under the Public Offer is less than the number applied for, or where no issue is made, surplus application monies will be refunded without any interest to the Applicant as soon as practicable after the Closing Date.

Holding statements for Shares issued to the issuer sponsored subregister and confirmation of issue for Clearing House Electronic Subregister System (**CHES**) holders will be mailed to Applicants being issued Shares pursuant to the Offers as soon as practicable after their issue.

5.8 Applicants outside Australia

This Prospectus does not, and is not intended to, constitute an offer in any place or jurisdiction, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

If you are outside Australia it is your responsibility to obtain all necessary approvals for the issue of the Shares pursuant to this Prospectus. The return of a completed Application Form

will be taken by the Company to constitute a representation and warranty by you that all relevant approvals have been obtained.

5.9 Restricted Securities

Chapter 9 of the ASX Listing Rules prohibits holders of restricted Securities from disposing of those Securities or an interest in those Securities for the relevant restriction periods. The holder is also prohibited from granting a security interest over those Securities.

Subject to the Company being reinstated to quotation on the Official List, certain Securities on issue may be classified by ASX as restricted securities and may be required to be held in escrow for up to 24 months from the date of Official Quotation. During the period in which these Securities are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of his or her Shares in a timely manner.

None of the Shares issued pursuant to the Public Offer, the Vendor Offer, the Threat Protect Noteholder Offer, the Threat Protect Director Offer, the Lender Offer or the Director Offer are expected to be restricted securities.

It is estimated that the Options to be issued to brokers, promoters, advisers and the Proposed Directors will be escrowed for a period of 24 months from the date of reinstatement of the Company's Shares to Official Quotation. Shareholder approval is being sought at the General Meeting for the issue of up to 100 million such Options.

ASX may determine further escrow restrictions once the Company lodges its application for quotation of the Shares offered under this Prospectus. The Company will announce to the ASX full details (quantity and duration) of the Securities required to be escrowed prior to the Shares commencing trading on ASX.

5.10 Financial information

For financial information relating to the Company and the combined group subsequent to the Acquisition, refer to Section 7 and to the Investigating Accountant's Report in Section 10.

5.11 Dividend policy

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the availability of distributable earnings and the Company's operating results and financial condition, future capital requirements and general business and other factors the Directors consider relevant. The Company can give no assurance in relation to the payment of dividends or franking credits attached to dividends.

5.12 Other information

| Information | Further Detail |
|---|----------------|
| How to apply for Shares under the Public Offer Complete and return the Application Form, together with payment in full for the number of Shares being applied for. Applications must be for a minimum of 100,000 Shares (\$2,000) and thereafter in multiples of 25,000 Shares (\$500). | Section 5.5 |
| Will the Shares be listed? Application for Official Quotation of the Shares offered pursuant to this Prospectus will be made within 7 days after the date of this Prospectus. | Section 5.6 |
| How will the Shares under the Public Offer be allocated? The Directors will determine the allottees in their sole discretion. | Section 5.7 |
| Where will the Offers be made? No action has been taken to register or qualify the Shares, or otherwise permit a public offering of the Shares the subject of this Prospectus, in any jurisdiction outside Australia. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed. | Section 2.4 |
| Broker commissions The Company reserves the right to pay a commission on amounts subscribed through any licensed securities dealers or Australian financial services licensee and accepted by the Company. | Section 12.8 |
| CHESS & Issuer Sponsorship The Company will apply to participate in CHESS, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company. | Section 12.10 |
| Who should I contact with queries? Any questions concerning the Offers should be directed to the Company by telephone on +61 8 6363 7097. | Section 1 |

5.13 Corporate governance

To the extent applicable, in light of the Company's size and nature, the Company has adopted The Corporate Governance Principles and Recommendations (Third Edition) as published by ASX Corporate Governance Council (**Recommendations**)

The Company's main corporate governance policies and practices as at the date of this Prospectus are outlined in Section 11.5 and the Company's compliance and departures from the Recommendations are set out in Section 11.6.

The Company's full Corporate Governance Plan is available from the Company's website, www.eastafricaresources.com.au.

6. Company & industry overview

6.1 East Africa Resources

The Company was incorporated on 30 June 1993 and has historically operated as a uranium exploration company with interests in Tanzania.

The Company's current exploration assets comprise the Madaba Project, consisting of 3 tenements covering 617km² in the south-east of Tanzania.

Further details on the Company's existing exploration projects can be found within the Company's Quarterly Activity Reports located on the Company's website and the ASX announcements web page.

6.2 Proposed future direction

Recently, the Directors have been mindful of the state of the Australian share market and the financing difficulties in the global junior resources sector. It has become evident that current market conditions make it very difficult to raise funds to continue to explore the exploration project which the Company holds in Tanzania. The Board has therefore assessed a number of opportunities to enhance Shareholder value, culminating in the announcement on 24 April 2015 in relation to the acquisition of the issued capital of Threat Protect. Further details of the Share Sale & Purchase Agreement which relates to that acquisition are contained in Section 9.1.

The Company intends to dispose of its mineral tenements and exploration businesses following completion of the Acquisition. The Directors will continue to explore the mechanisms by which this disposal might be effected in the best interests of Shareholders, whether by way of asset or share sale, demerger, or otherwise. If the Company does not regard any such opportunities for disposal as commercial, the Company intends to pursue liquidation of those entities.

6.3 Background on Threat Protect and its business model

Threat Protect is focused on bringing security as an integrated product to the lives of every day Australians and their businesses. Threat Protect is a provider of security, monitoring and risk management solutions to an ever growing and security conscious market. Alarm monitoring services are a significant growth area as they provide better security at a relatively low cost to clients.

Incorporated on 15 February 2011, Threat Protect was established to build on operating businesses within the security industry with the objective of securing diversified recurring income streams that historically have had low service cancellation rates in periods of economic uncertainty.

Initially, Threat Protect was a reseller of monitoring services provided by another monitoring facility, but held the long term objective of owning its own monitoring facility so as to create a vertically integrated operation. This was achieved in 2012 with the acquisition of the East Perth monitoring facility which resulted in a significant increase in recurring revenue in that year from both acquisition and organic successes.

Directly and through its reseller base, Threat Protect offers:

- 24-hour monitoring of electronic security systems using a variety of connection methods
- Design, installation and maintenance of security systems including alarms and CCTV
- Remote viewing of CCTV cameras
- App based duress and personal tracking facilities
- Vehicle based location tracking services
- Security Personnel services
- Corporate risk management consulting

Threat Protect's Police-licensed operators all come with extensive experience within the security and law enforcement industries and are trained to quickly action the agreed instructions should an alarm be activated.

Threat Protect's facility provides a key infrastructure asset from which to leverage its business, taking advantage of its predominantly fixed costs and low labour requirement.

Threat Protect's facility has been graded to the highest level, being "A1" under the Australian Standards, due to meeting requirements that cover confidentiality and information security, physical resistance to external attack and general redundancy in times of disaster.

The IBIS World Industry Report 07712 January 2014 states that *"Alarm monitoring has wide appeal due to its cash flow capabilities. Since alarms are monitored from a central control room, overheads are generally fixed. Also, once a break-even number of clients is reached, additional clients are almost totally extra profit."*

Since 2011, Demetrios Pynes, Paolo Ferrara and their business associates have successfully managed the acquisition and integration of four security businesses to form the Threat Protect group:

- **Lynke Security** (acquired in 2011): Lynke provided the initial infrastructure and client base from which to build Threat Protect's guarding and consulting units.
- **VIP Electronic Security** (acquired in 2011): VIP Electronic Security was Threat Protect's first acquisition of a monitored security client base, bringing at the time of acquisition over 900 monitored clients to Threat Protect.
- **Checkpoint Security & Alarm & Video Monitoring Centre (AVMC)** (acquired in 2012): Alarm and Video Monitoring Centre was the entity providing monitoring services to the VIP Electronic Security client base. Acquiring AVMC provided Threat Protect with the Grade A1 Control Room infrastructure and also with a reseller network which represented an additional 4,000 monitored clients.
- **Goldfields Commercial Security** (acquired in 2013): Goldfields was located in Kalgoorlie with a client base of approximately 1,000 monitored clients. As these clients were monitored through Alarm & Video Monitoring Centre, the acquisition effectively converted approximately 1,000 relationships from a reseller relationship to a retail basis.

Currently, Threat Protect delivers its services to over 10,600 domestic and commercial customers through its direct and reseller networks. These resellers are other licensed security firms who do not have their own secure facility and utilise Threat Protect to deliver the monitoring capability on their behalf, effectively a “white labelling” offer. Threat Protect is actively growing its reseller base and offering its entire product suite through this effective distribution channel.

Threat Protect has an outstanding option to acquire the security business operated by Hillstone Security Monitoring and has recently exercised a second option to acquire the shares in the Target, each subject to due diligence (together, the **Acquisition Options**). Should Threat Protect complete those acquisitions, it intends to consolidate the operations of these two businesses with the existing business operations serviced from the current East Perth control room. At the completion of this integration, the East Perth control room will service approximately 19,500 customers which will represent approximately 20% of the control room service capacity of 100,000 customers. Further details of the Acquisition Options are set out in Sections 9.2 and 9.3 respectively.

In addition to developing organic growth opportunities, Threat Protect will actively seek opportunities to acquire monitored security client bases or other security related businesses from other security companies who are seeking a liquidity event. Operating in a highly fragmented industry, Threat Protect will continue its current strategy of consolidation.

6.4 Overview of security monitoring industry

The security industry is focussed on providing security, protection and private enquiry services to the general public. Services include guards, patrols, monitored security systems, cash collection and secure document and computer data storage.

A mature, fragmented industry that generated revenue of approximately \$6.3 billion in revenue in 2013-2014 from approximately 6,500 businesses Australia wide, it is highly regulated, governed by state based legislation and encompasses the following general services:

- Protection of assets / persons by virtue of a security officer
- Sale, installation, maintenance and monitoring of electronic security systems
- Sale, installation and maintenance of physical security products such as safes and locks
- Investigation into commercial / personal matters
- Identification and assessment of risk through consulting services
- Delivery of training in security related subject matter

The Australian security industry is broadly segmented as follows:

- Corporate sector: 40%
- Retail sector: 22%
- Households: 16%
- Government sector: 9%

- Mining industries: 4%
- Other: 9%

6.4.1 **Key drivers of security industry activity**

A number of factors contribute to activity in the security industry including but not limited to:

- **The level of criminal activity:** Increases in crime rates (actual or perceived) increase demand for security services.
- **The level of terrorism:** Similarly to the crime rate, the level and prevalence of terrorism (real or perceived) is a variable in the demand for security services.
- **Demand generated from general insurance:** Security products and services are experiencing growth as a result of the demand driven by general insurance company requirements. The insurance related drivers stimulate demand on both residential and commercial levels where insurance premiums are a function of the security measures put in place.
- **Technology advances:** The proliferation of new technological advances has had a significant impact on the security industry over the last 20 years (see Section 6.4.2 below for further discussion).
- **Economic activity:** In addition to insurance and general threat related drivers, sheer growth in the number of residences being built, operating businesses and population growth provide a positive stimulus for the security industry.

The need for government law enforcement and the private security industry to work together is growing, not only for special events but also with respect to protection of public spaces and targeted areas of crime.

6.4.2 **The impact of technology on the security industry**

The security industry has evolved as a result of technological and environmental pressures. A key example of this is the reduction in security patrol services where the same function can now be achieved more cost effectively by an officer situated in a control room remotely accessing CCTV and performing a virtual patrol. In addition to CCTV, electronic security systems in general have made security more cost effective and have integrated security into the everyday processes of business and residences across Australia.

With the focus on technological advancements (especially data connectivity speeds through infrastructure such as high speed internet and the National Broadband Network), the traditional guard and patrol businesses, whilst still necessary for certain clients and for alarm response purposes, are declining market sectors.

However, security services provided remotely from a central control room have grown over the last 5 years as these businesses take advantage of the cheaper and faster connectivity now available through high speed internet connections.

With much lower wage overheads than a guarding or patrolling business, these organisations provide services to both residential and commercial clients.

Whilst the affordability of electronic systems has generated a clear shift towards electronic security, there is no electronic replacement for a security officer in the event that they are required to respond to an alarm activation.

6.4.3 **Licensing, regulation and policy**

In Western Australia, the security industry is governed by the *Security and Related Activities (Control) Act 1996* (WA) and the *Security and Related Activities (Control) Regulations 1997* (WA) (together, the **Security Legislation**).

Licensing of security industry participants in Australia is conducted by the relevant state Police Departments, with licensees required to undergo regular review and audit to ensure compliance with the Security Legislation.

Threat Protect's business relies on the grant of the following licences pursuant to the Security Legislation:

- (a) Crowd Control Agent's Licence (Licence No. CA45344 valid until 3 May 2016) for the supply of the services of crowd controllers;
- (b) Inquiry Agent's Licence (Licence No. IA45344 valid until 3 May 2016) for the supply of the services of investigators; and
- (c) Security Agent's Licence (Licence No. SA45344 valid until 3 May 2016) for the supply of the services of security officers, security consultants, security installers and security body guards,

(together, the **Licences**).

Each of the Licences can only be issued to a natural person and are non-transferable. Whilst a natural person may hold an agent's licence on behalf of a body corporate if they are an officer of the body corporate, the licence terminates automatically if the person ceases to be an officer of the body corporate.

Paul Ferrara (a director of Threat Protect and a Proposed Director) holds each of the Licences on behalf of the Threat Protect group.

Under the Security Act, security control rooms must be located in Australia if they are servicing Australian clients. It is not possible for a security control room to be located in a foreign jurisdiction.

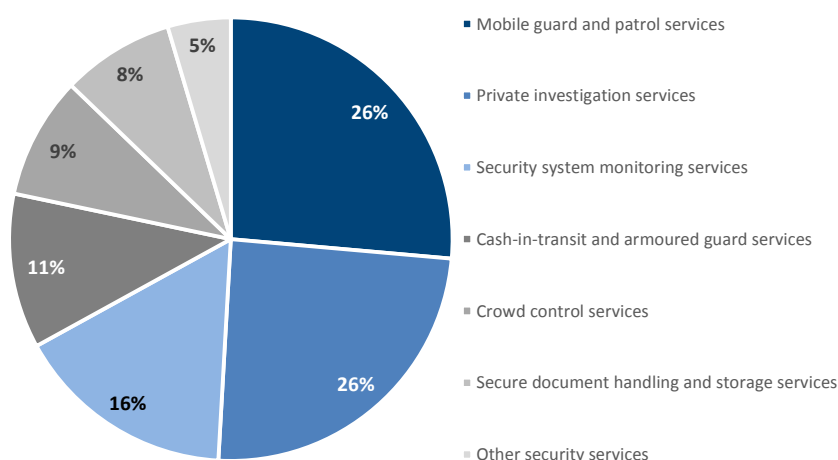
6.4.4 **The Australian monitoring market**

The Australian security industry is forecast to generate approximately \$6.275 billion in revenue annually, of which alarm monitoring represents approximately 16.1% or \$1.01 billion. As a result of the long term trend for positive economic growth in Australia, over the 5 years through 2018-2019, the security industry is expected to grow at an annualised rate of 2.2%, with total industry revenue forecast to reach \$7 billion by 2019.

The industry is highly fragmented, with over 6,500 market participants.

The following table provides a breakdown of revenue across the relevant services:

Revenue segmentation of the Australian security industry



In addition to Threat Protect's control room, there are 3 other Grade A1 control rooms registered in Western Australia. Across Australia, there are 33 control rooms, of which 25 are graded by ASIAL to the A1 level.

6.4.5 Industry consolidation

Highlighting the fragmented nature of the industry, there have been sale and purchase transactions in the industry including:

- the sale of the Signature Security Group business to Tyco International Security Group Pty Limited for \$171 million in 2011;
- the partial sale of SNP Security to Telstra in June 2014 with a transaction value reported to be between \$40 million to \$60 million; and
- the sale of ADT Korea to the Carlyle Group in March 2014 for \$1.93 billion.

6.5 Threat Protect's strategic growth plan

Threat Protect has a well-developed strategic growth plan, focussed on the further utilisation of its core operating assets. As part of this strategic growth plan, upon successful completion of the Acquisition, Threat Protect intends to:

- complete the acquisitions the subject of the Acquisition Options, which will increase Threat Protect's total customer base to approximately 19,500 customers, with the aim of growing top line revenue without significantly increasing its current operating costs; and
- launch across both its existing customer base and to the wider public a Threat Protect monitored 24-hour remote "back to base" monitoring Smart App, which allows a mobile phone user to have their own personal duress alarm that can be used worldwide, on any mobile phone network. This product also enables premises to be monitored without the requirement for a telephone land line, and provides additional functionality to the user by allowing remote arming and disarming of the security

system, as well as the ability to remotely control other equipment such as lighting or air-conditioning. The duress activation is managed by the experienced and licensed personnel who staff Threat Protect's 24 hour control room and who immediately have access to the position of the user via GPS to co-ordinate an appropriate response. This Smart App is currently being marketed to existing clients of Threat Protect and a dedicated marketing plan to the greater Australian and Asian locations is being finalised. This technology will expand the potential client base from Australian domiciled premises to individuals internationally. It will also provide a security solution that addresses the general trend in Australia for residences ceasing to retain a land line phone and using an internet based communication method as the National Broadband Network gains momentum.

6.6 Threat Protect's clients

Threat Protect's focus is to provide an integrated service offering to its clients, supported by the backbone of a remotely monitored electronic security system. Its residential clients experience this integrated service through Threat Protect's ongoing maintenance services, security guard responses and (at times) specialised consulting services.

The majority of Threat Protect's commercial clients take advantage of its security alarm response service and delivery of electronic technical services. In addition, Threat Protect has clients for whom it also provides on-site security officers and regular after hours vehicle patrols.

Threat Protect provides monitoring services across Australia and intends to expand its current guarding and electronic services from Western Australia to all of Australia. Currently, interstate clients are managed through a network of subcontractors.

Whilst security requirements and client confidentiality prevent Threat Protect from disclosing its clients, over the last 5 years, Threat Protect has provided services to:

- large member-based organisations;
- West Australian government departments;
- national retail chains;
- critical infrastructure providers;
- large industrial sites;
- mining companies; and
- thousands of residences throughout Western Australia.

6.7 Key success factors

Threat Protect's Directors believe the key success factors of Threat Protect's business include:

| Key Attribute | Threat Protect |
|--|---|
| Membership of an industry organisation | Threat Protect is a member of both the Australian Security Industry Association and the Security Agents Institute of Western Australia. |
| Use of techniques that add value to base product | Threat Protect provides a full suite of security services and is not limited to providing a single service or promoting a single product range. Rather, Threat Protect's focus is identifying and providing services to minimise client risk. The services Threat Protect provides include security guards, investigators, electronic security and monitoring. Threat Protect has the ability to provide solutions using these services singularly or in combination as identified via risk analysis. |
| Access to latest available and most efficient technology | Threat Protect is currently integrating 'smart app' technology with the delivery of monitoring, tracking and security services to improve and increase client engagements. Threat Protect is also currently upgrading its alarm monitoring management system to allow for the audited provision of video monitoring and verification services. |
| Highly trained workforce | In addition to satisfying the statutory requirements for licensing purposes, Threat Protect promotes a culture of continual learning by engaging in supplier based product training and by forming relationships with training organisations to provide development opportunities for staff members. |
| Development programs for personnel | Threat Protect has received a WA Ministerial commendation for participation in the Western Australian apprenticeship system. Due to the diversity of the Threat Protect business there are both promotion and career change opportunities for its staff. |
| Maintaining a good reputation | Through a commitment to deliver the highest standards of professionalism and ethics, outstanding service, accurate and timely reporting and complete confidentiality, Threat Protect has the capacity to meet the exacting requirements of its clients. Threat Protect actively participates in community based events and is a supporter of the Multiple Sclerosis Society of Western Australia. |

7. Financial information and forecasts

This Section provides a summary of relevant historical financial information of both Threat Protect and the Company and their respective controlled entities.

7.1 Financial information

The financial information has been prepared by the Company and includes:

- The historical statements of comprehensive income of Threat Protect for the financial years ended 30 June 2013 and 30 June 2014 and the half year ended 31 December 2014.
- Forecast financial information of Threat Protect comprising the consolidated income statement for the periods 1 January 2015 to 30 June 2015 and 1 July 2015 to 30 June 2016.
- The historical statement of financial position of both the Company and Threat Protect as at 31 December 2014.

The pro forma financial information comprising the pro forma balance of the combined entities as at 31 December 2014 takes into account the transactions that will arise pursuant to the Acquisition and the Offers and any other significant subsequent events.

7.2 Basis of preparation of the financial information

The historical financial information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies.

Threat Protect's historical financial information for the financial years ended 30 June 2014, 30 June 2013 and the half year ended 31 December 2014 was audited by Bentleys Audit and Corporate (WA) Pty Ltd (**Bentleys**) in accordance with Australian Auditing Standards.

Bentleys issued modified audit opinions on each of the financial reports. The basis for the modified audit opinions was a result of the auditors not being able to observe the counting of physical inventories as at the beginning or end of the financial periods. Furthermore, due to limitations in Threat Protect's accounting system, the auditors were unable to obtain an inventory listing that reconciled to the general ledger at the beginning or end of the financial periods. As such, they were unable to satisfy themselves, through alternative means, concerning inventory quantities and whether the carrying value of the inventory was stated fairly as at 31 December 2014, 30 June 2014 and 30 June 2013.

Bentleys also included an emphasis of matter paragraph in the audit report for each of the periods audited regarding the fact that there is a material uncertainty regarding the ability of Threat Protect to continue as a going concern in the event certain matters, including the Offers and Acquisition, do not proceed.

The pro forma historical financial information has been derived from the Company and Threat Protect's historical financial information, after adjusting for the effects of the pro forma adjustments described in Section 7.7. The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the historical financial information and the events or transactions to which the pro forma adjustments relate, as described in Section 7.7, as if those events or transactions had

occurred as at the date of the historical financial information. Due to its nature, the pro forma historical financial information does not represent the Company and Threat Protect's actual or prospective financial position or financial performance.

The pro forma balance sheet has been prepared by adjusting the 31 December 2014 consolidated balance sheet for the transactions and events outlined in Section 7.7.

The pro forma forecast financial information has been derived from Threat Protect's forecast financial information, after adjusting for the effects of the pro forma adjustments described in Section 7.7. The stated basis of preparation of the pro forma forecast financial information is in accordance with the recognition and measurement principles contained in Australian Accounting Standards, Threat Protect's adopted accounting policies and the events or transactions to which the pro forma adjustments relate, as described in Section 7.7, as if those events or transactions had occurred as at 1 January 2015. Due to its nature, the pro forma forecast does not represent Threat Protect's actual prospective financial performance for the six months ended 30 June 2015 and the period ending 30 June 2016.

The forecast financial information must be in read conjunction with the balance of the information in this Prospectus, particularly Section 8 (Investment risks) and Section 10 (Investigating Accountants Report).

Investors should be aware that the future cannot be predicated with certainty and, as a result, deviations from the forecast financial information are to be expected. Investors should note that the best estimate assumptions are subject to significant uncertainties and contingencies often outside the Directors' control.

7.3 Historical results and forecast results

The following table sets out the consolidated income statements of Threat Protect for FY13 through to 31 December 2014 and the consolidated forecast income statement for the six month period ended 30 June 2015 and the full financial year ending 30 June 2016.

| Threat Protect consolidated income statements for the financial periods FY13 – FY16 | | | | | |
|--|----------------|----------------|--------------|--------------|--------------|
| (\$'000s) | Historical | | | Forecast | |
| | FY13 | FY14 | Dec-14 | Jun-15 | FY16 |
| Revenue | 4,876 | 4,907 | 2,549 | 2,514 | 6,944 |
| Other income | 0 | (4) | 29 | - | - |
| Cost of sales | (2,945) | (2,626) | (1,445) | (1,333) | (2,639) |
| Operating costs* | (2,500) | (3,266) | (1,534) | (1,245) | (3,110) |
| Other expenses | (56) | (63) | (30) | (28) | (9) |
| EBITDA** | (625) | (1,052) | (431) | (94) | 1,186 |
| Depreciation & amortisation | (91) | (111) | (43) | (28) | (56) |
| EBIT | (716) | (1,163) | (475) | (121) | 1,130 |
| Net interest (expense) income | (171) | (385) | (233) | (199) | (293) |
| Net profit (loss) before tax*** | (887) | (1,548) | (707) | (320) | 837 |
| Income tax (expense) benefit | - | 248 | - | - | - |
| Adjusted net profit (loss) after tax | (887) | (1,299) | (707) | (320) | 837 |
| Impairment | (147) | (1,199) | 5 | - | 0 |
| Reported net profit (loss) after tax | (1,034) | (2,498) | (703) | (320) | 837 |

Notes: *Operating costs including integrations costs associated with acquisitions under the Acquisition Options. **Post-integration of the businesses the subject of the Acquisition Options, the annualised EBITDA for the period FY16 is \$1.6 million (net of integration costs of \$160,000). ***Excluding impairment charge, which is shown separately.

The Directors' best estimate assumptions supporting the forecast income statement for the 6 months ended 30 June 2015 and the full financial year ending 30 June 2016 are set out at Section 7.4.3.

7.4 Management discussion on the financial information

7.4.1 Historical

The consolidated income statements for the periods FY13 and FY14 indicate Threat Protect's expenses outstrip operating revenue, such that EBITDA is negative \$625,000 and \$1,052,000 respectively.

During this period, Threat Protect has focussed on building capacity to meet growing demand for services on the expectation of both organic growth and growth from acquisitions.

Threat Protect established a fit for purpose fully accredited control centre in East Perth which can meet the growing demands of the business into the future.

In addition, during this period, Threat Protect has elected to impair goodwill associated with the carrying value of acquired business, intellectual property and other non tangible assets to the expense line which has impacted on the net profit after tax result.

Threat Protect's current operations generate revenue of approximately \$5.09 million per annum. In the last full financial year, audited monitoring income represented 33% of this revenue while other services (guarding, security consultancy, alarm sales and installation) represented 67% of this revenue.

7.4.2 Forecasts

For the purposes of this Prospectus, Threat Protect has provided a forecast for the operating results for the period January 2015 to June 2015. The preparation of this forecast included reviewing unaudited actual results for the three months ended 31 March 2015 and forecast information for the three months ended 30 June 2015.

The FY16 financial forecast has been prepared on the basis of the finalisation and successful integration of the Acquisition Options (see Sections 9.2 and 9.3) as at August 2015.

Upon completion of the acquisitions the subject of the Acquisition Options, the integrated business is forecast to increase revenue from the current level of approximately \$5.1 million per annum to approximately \$6.9 million in FY16, an increase of 35%.

At the same time and due to the fixed cost nature of Threat Protect's existing infrastructure, the business including the acquisitions made under the Acquisitions Options will only moderately impact on expenses from the current level of approximately \$5.6 million (2015 annualised figure) to approximately \$5.7 million (2016 forecast), an increase of 3%.

The Company is forecast to make EBITDA of \$1.186M in FY2016. As the businesses acquired under the Acquisition Options are not part of the Company for the entire year the annualised EBITDA (net of integration costs) is \$1.6 million.

7.4.3 **Forecast financial information**

The forecast financial information is based on various best estimate assumptions, which are set out below. The assumptions below are a summary only and do not represent all factors that will affect Threat Protect's forecast financial performance.

This information is intended to assist investors in assessing the reasonableness and likelihood of the assumptions occurring, and is not intended to be a representation that the assumptions will occur.

The assumptions set out below should be read in conjunction with the risk factors set out in Section 8 and the Investigating Accountant's Report set out in Section 10.

General assumptions

- No material change occurs in the competitive environment in which Threat Protect operates.
- There is no significant deviation from the current market expectations of Australian economic conditions relevant to Threat Protect.
- No material changes in any government legislation or regulation or government policy that have a material impact on Threat Protect's financial performance, cash flows, financial position and accounting policies.
- No material change occurs to Threat Protect's key personnel and Threat Protect maintains its ability to recruit and retain the personnel required to maintain future growth.
- No material change occurs in applicable accounting standards or other reporting requirements of the Corporations Act which has a material impact on the financial performance, financial position, accounting policies or disclosures.
- No material industry disturbance, environment cost, contingent liability or legal liability arises or is settled in a manner which is detrimental to Threat Protect.
- No material acquisition, divestment, restructuring or investment occurs other than as set out in or contemplated by this Prospectus.
- No material change to Threat Protect's corporate or funding structure occurs, other than as set out in, or contemplated by, this Prospectus.
- No material disruptions occur to the continuity of operations of Threat Protect or other material changes in its business activities.

- No material amendment to or termination of any material agreement, contract or arrangement occurs, other than set out in, or contemplated by, this Prospectus.
- None of the key risks discussed in Section 8 eventuate, or if they do, none of them have a material adverse impact on the operations of Threat Protect.
- The Offers proceed in accordance with the timetable set out in Section 3.

Directors' best estimate and specific assumptions

- The forecast has been derived from a formal budget setting process and incorporates the existing Threat Protect business with the addition of the two existing businesses the subject of the Acquisition Options and expected to be acquired.
- The completion of the acquisitions the subject of the Acquisition Options, such that the economic interests of those businesses are transferred on 31 August 2015.
- Integration costs of the acquisitions the subject of the Acquisition Options equal 3 months of the historic operating costs of the relevant business as supplied in due diligence materials.
- One off integrations costs in respect of the acquisitions the subject of the Acquisition Options of \$160,000. This estimate is based on the Proposed Directors' best estimate of actual costs incurred based on historic experience of integrating similar businesses into the Threat Protect business.
- The lines acquired into the business pursuant to the acquisitions the subject of the Acquisition Options will be as stated by the vendors at 450 and 11,000 respectively. The revenue generated from these lines will be as represented by the vendors in the negotiations plus any additional income generated by Threat Protect based upon contractual Telstra rebates.
- Revenue generated from the existing business of Threat Protect is maintained at historical rates consistent with previous years' operations and does not include any growth associated with roll out of additional products and services. On a pro-forma basis, annual revenue from audited monitoring and income represents 50% of revenue while other services (guarding, security consultancy, alarm sales & installation) represented 50% of this revenue.
- There is no recognition of any potential benefit associated with counterclaims associated with current litigation as disclosed at Section 8.2.5.

7.5 Sensitivity analysis

The forecast is based on certain economic and business assumptions about future events. A summary of these assumptions is set out above.

The forecast is sensitive to a number of key assumptions. A summary of the likely impact of movements in certain key assumptions is presented in the table below. However, the changes in the key assumptions set out below are not intended to be indicative of the complete range of variations that may occur and are only intended as an indication of potential changes considered likely by the Directors.

| FY 16 forecast sensitivity | Movement | Impact on forecast FY16 EBITDA |
|-----------------------------------|-----------------|---------------------------------------|
| Monitoring revenue | +/- 10% | +/- \$154,800 |
| Operating costs | +/- 10% | -/+ \$310,967 |

Care should be taken in interpreting these sensitivities. The estimated impact of change in each of the variables has been calculated in isolation from changes in other variables over the full year. It is possible that more than one variable may move at any one point in time, giving rise to cumulative effects, which are not reflected in the above analysis.

In practice, changes in variables may offset each other or may be additive and it is likely that management would, to the extent possible, respond to any adverse change in one variable by taking action to minimise the impact of the Company's earnings. The effect of any such actions has not been considered in the analysis above.

7.6 Historical balance sheet and pro forma balance sheet

The following table sets out the historical consolidated balance with the pro forma adjustment to reflect the impact of the Offers and associated costs that will be incurred immediately following completion of the Offers as if they had occurred or were in place as at 31 December 2014 and other events including the Acquisition as described in this Prospectus:

| | East Africa | Threat | Subsequent | Pro forma adjustments | | Pro forma after Offers | |
|--|--------------------------------|--|--------------------|-----------------------|--------------------|------------------------|------------------|
| | Reviewed as at 31-Dec-14 | Protect Audited as at 31-Dec-14 | | events | Minimum | Maximum | Minimum |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| CURRENT ASSETS | | | | | | | |
| Cash and cash equivalents | 235,328 | 70,266 | 445,000 | 809,462 | 1,738,362 | 1,560,056 | 2,488,956 |
| Trade and other receivables | 10,167 | 613,657 | - | 264,311 | 264,311 | 888,135 | 888,135 |
| Inventory | - | 66,734 | - | - | - | 66,734 | 66,734 |
| Other current assets | - | 109,481 | - | - | - | 109,481 | 109,481 |
| Financial assets | - | 25,232 | - | - | - | 25,232 | 25,232 |
| TOTAL CURRENT ASSETS | 245,495 | 885,370 | 445,000 | 1,073,773 | 2,002,673 | 2,649,638 | 3,578,538 |
| NON CURRENT ASSETS | | | | | | | |
| Financial assets | 130 | - | 280,000 | (259,950) | (259,950) | 20,180 | 20,180 |
| Property, plant and equipment | 34,929 | 278,610 | - | 78,342 | 78,342 | 391,881 | 391,881 |
| Exploration and evaluation expenditure | 2,955,544 | - | (2,955,544) | - | - | - | - |
| Intangible assets | - | - | - | 3,379,425 | 3,379,425 | 3,379,425 | 3,379,425 |
| Other non current assets | - | - | 50,000 | (50,000) | (50,000) | - | - |
| TOTAL NON CURRENT ASSETS | 2,990,603 | 278,610 | (2,625,544) | 3,147,817 | 3,147,817 | 3,791,486 | 3,791,486 |
| TOTAL ASSETS | 3,236,098 | 1,163,980 | (2,180,544) | 4,221,590 | 5,150,490 | 6,441,124 | 7,370,024 |
| CURRENT LIABILITIES | | | | | | | |
| Trade and other payables | 75,125 | 2,258,521 | 1,322,534 | (1,310,138) | (1,310,138) | 2,346,042 | 2,346,042 |
| Short term provisions | - | 397,295 | - | (64,355) | (64,355) | 332,940 | 332,940 |
| Borrowings | - | 3,190,216 | - | (2,569,200) | (2,569,200) | 621,016 | 621,016 |
| TOTAL CURRENT LIABILITIES | 75,125 | 5,846,032 | 1,322,534 | (3,943,693) | (3,943,693) | 3,299,998 | 3,299,998 |
| NON CURRENT LIABILITIES | | | | | | | |
| Borrowings | - | 79,973 | 590,000 | 1,432,242 | 1,432,242 | 2,102,215 | 2,102,215 |
| TOTAL NON CURRENT LIABILITIES | - | 79,973 | 590,000 | 1,432,242 | 1,432,242 | 2,102,215 | 2,102,215 |
| TOTAL LIABILITIES | 75,125 | 5,926,005 | 1,912,534 | (2,511,451) | (2,511,451) | 5,402,213 | 5,402,213 |
| NET ASSETS | 3,160,973 | (4,762,025) | (4,093,078) | 6,733,041 | 7,661,941 | 1,038,911 | 1,967,811 |
| EQUITY | | | | | | | |
| Issued capital | 48,553,680 | 1,347,303 | 185,000 | (43,329,253) | (42,400,353) | 6,756,730 | 7,685,630 |
| Reserves | (197,132) | - | - | 1,084,132 | 1,084,132 | 887,000 | 887,000 |
| Accumulated losses | (45,195,575) | (6,109,328) | (4,278,078) | 48,978,162 | 48,978,162 | (6,604,819) | (6,604,819) |
| TOTAL EQUITY | 3,160,973 | (4,762,025) | (4,093,078) | 6,733,041 | 7,661,941 | 1,038,911 | 1,967,811 |

7.7 Summary of pro forma adjustments

The pro forma historical financial information incorporates the following transactions and events:

- The completion of the Consolidation of the Company's issued capital on the basis of 1 Share for every 4 Shares held and 1 Option for every 4 Options held.
- On 26 May 2015, the Company completed a placement of 46,250,000 Shares (on a pre-Consolidation basis) to sophisticated and professional investors at an issue price of \$0.004 per Share to raise \$185,000 before costs.
- The issue of the Threat Protect Convertible Notes to raise \$590,000. Following completion of the Acquisition, the Threat Protect Convertible Notes will convert into 36,875,000 Shares (disregarding Shares to be issued in satisfaction of accrued interest) at a conversion price of \$0.016 per Share.
- An accrual has been made for all potential liabilities outstanding on the Company's Tanzanian tenements. These liabilities relate to outstanding rents, including an estimation of penalties. The liability that has been included in the pro forma statement of financial position represents the Directors' understanding of the maximum amount that might be payable and without taking into account any counter arguments and matters of practice the Company may raise to contest the extent of the liability if payment is sought.
- Completion of the Acquisition, whereby the Company will issue 165 million Shares to the Threat Protect vendors or their respective nominees.
- The issue of up to 275 million Shares at an issue price of \$0.02 each to raise up to \$5.5 million before costs based on the maximum subscription or the issue of 225 million Shares at an issue price of \$0.02 each to raise up to \$4.5 million before costs based on the minimum subscription.
- Costs of the Offers are estimated to be \$682,934 based on the minimum Public Offer subscription or \$754,034 based on the maximum Public Offer subscription, which are to be offset against the contributed equity.
- The issue of a total of 85 million Options at an exercise price of \$0.025 each expiring 3 years from their date of issue to parties including advisers, promoters and other parties who have assisted with the Public Offer. These have been deemed to be costs of the Offers which are to be offset against the contributed equity.
- The issue of a total of 15 million Options at an exercise price of \$0.025 each expiring 3 years from their date of issue to Directors which have been expensed as share based payments.
- The issue of 3,333,300 Shares at a deemed issue price of \$0.02 per Share to current and former directors in satisfaction of \$66,666 of accrued directors' fees.
- The issue of 8,927,382 Shares to Mr Demetrios Pynes and 6,638,271 Shares to Mr Paolo Ferrara (both current directors of Threat Protect) in satisfaction of director loans and outstanding annual leave balances, totalling \$311,313.

- The conversion of outstanding loan balances of \$150,000 payable to Siren Nominees and \$150,000 payable to Quicksilver Asset into 15,000,000 Shares at a conversion price of \$0.02 per Share.
- The conversion of outstanding loan balances from Siren Nominees, Quicksilver Asset and Cape Equity from current borrowings to non-current borrowings based on confirmations received from each lender confirming payments will not be required within a 12 month period.
- Completion of the acquisition of the assets of Hillstone Holdings with consideration being satisfied by the cash payment of \$450,000 (this consists of a \$50,000 option fee and an additional \$400,000 as remaining consideration). For the purposes of the pro forma adjustments, the consideration paid has been deemed to represent the cost of the 450 customer lines acquired in accordance with *AASB 138 Intangible Assets*. As at the date of this pro forma balance sheet, the Directors do not consider there to be any impairment on the carrying value of the customer lines acquired. However, on the successful acquisition date and subsequent report dates, the carrying value of the intangible assets acquired will be assessed for impairment and any assessment may result in changes to the carrying value of the intangible assets.
- Completion of the acquisition of the shares of the Target with consideration being satisfied by the cash payment of \$2.8 million (this consists of a \$280,000 option fee and an additional \$2.52 million as remaining consideration). For the purposes of the pro forma adjustments, the transaction is deemed to be a business combination. The consideration paid has been allocated to 11,000 customer lines at its fair value in accordance with *AASB 3 Business Combination*. This business combination has been provisionally accounted for at the pro forma date as allowed under *AASB 3*. As at the date of this pro forma balance sheet, the Directors do not consider there to be any impairment on the carrying value of the customer lines acquired and recognised on acquisition as they believe the consideration paid under the agreement represents the fair value of the intangibles acquired. However, on the successful acquisition date and subsequent report dates, the carrying value of the intangible assets acquired will be assessed for impairment and any assessment may result in changes to the carrying value of the intangible assets.
- Following completion of the Acquisition, the Company intends to either dispose of its Tanzanian tenements or the entities which hold those tenements (including any parent entity). If the Company does not regard any such opportunities for disposal as commercial, the Company intends to pursue liquidation of those entities. The pro forma statement of financial position assumes liquidation is undertaken and adjusts the carrying value of the Tanzanian tenements and any associated liabilities held by the disposed entities. It is assumed that liquidation costs of \$100,000 may be incurred by the Company to undertake this process.

| | Proforma after Offer | |
|---|----------------------|------------------|
| | Minimum | Maximum |
| CASH AND CASH EQUIVALENTS | \$ | \$ |
| Cash and cash equivalents | 1,560,056 | 2,488,956 |
| Reviewed balance of East Africa as at 31 December 2014 | 235,328 | 235,328 |
| Audited balance of Threat Protect as at 31 December 2014 | 70,266 | 70,266 |
| <i>Subsequent events:</i> | | |
| Completion of Placement by East Africa | 185,000 | 185,000 |
| Issue of Threat Protect Convertible Notes | 590,000 | 590,000 |
| Payment of Option Fee to acquire the assets of Hillstone Holdings | (50,000) | (50,000) |
| Payment of Option Fee to acquire Target | (280,000) | (280,000) |
| | 445,000 | 445,000 |
| <i>Pro-forma adjustments:</i> | | |
| Proceeds from shares issued under the Offer | 4,500,000 | 5,500,000 |
| Capital raising costs | (682,934) | (754,034) |
| Remaining payment to acquire the assets of Hillstone Holdings | (400,000) | (400,000) |
| Remaining payment to acquire Target (net of cash adjustment) | (2,507,604) | (2,507,604) |
| Expected costs to dispose of Tanzanian entities | (100,000) | (100,000) |
| | 809,462 | 1,738,362 |
| Pro-forma Balance | 1,560,056 | 2,488,956 |

| | | | Proforma after Offer | |
|--|-------------------------------|-------------------------------|----------------------|--------------|
| | | | Minimum | Maximum |
| ISSUED CAPITAL | | | \$ | \$ |
| Issued capital | | | 6,756,731 | 7,685,631 |
| | Number of shares (min) | Number of shares (max) | \$ | \$ |
| Fully paid ordinary share capital of East Africa as at 31 December 2014* | 78,302,690 | 78,302,690 | 48,553,680 | 48,553,680 |
| Fully paid ordinary share capital of Threat Protect as at 31 December 2014 | 17,554 | 17,554 | 1,347,303 | 1,347,303 |
| <i>Subsequent events:</i> | | | | |
| Completion of placement by East Africa* | 11,562,500 | 11,562,500 | 185,000 | 185,000 |
| | 11,562,500 | 11,562,500 | 185,000 | 185,000 |
| <i>Pro-forma adjustments:</i> | | | | |
| Proceeds from Shares issued under the Public Offer | 225,000,000 | 275,000,000 | 4,500,000 | 5,500,000 |
| Capital raising costs | - | - | (682,934) | (754,034) |
| Issue of Shares to acquire Threat Protect | 165,000,000 | 165,000,000 | 1,078,382 | 1,078,382 |
| Elimination of East Africa's issued capital on Acquisition | - | - | (48,738,680) | (48,738,680) |
| Conversion of Threat Protect Convertible Notes | 36,875,000 | 36,875,000 | 590,000 | 590,000 |

| ISSUED CAPITAL | Proforma after Offer | | | |
|--|----------------------|--------------------|------------------|------------------|
| | | | Minimum | Maximum |
| | | | \$ | \$ |
| Shares to be issued in satisfaction of director fees | 3,333,300 | 3,333,300 | 66,666 | 66,666 |
| Shares to be issued in satisfaction of accrued liabilities | 15,565,653 | 15,565,653 | 311,314 | 311,314 |
| Conversion of Siren Nominees and Quicksilver Asset loans to equity | 15,000,000 | 15,000,000 | 300,000 | 300,000 |
| Issue of 85 million Options to brokers considered costs of the Offer | - | - | (754,000) | (754,000) |
| | 460,774,000 | 510,774,000 | (43,329,252) | (42,400,352) |
| Pro-forma Balance | 550,639,143 | 600,639,143 | 6,756,731 | 7,685,631 |

**Number of Shares shown is on a post Share Consolidation basis*

7.8 Provisional accounting for the Acquisition

A summary of the details with respect to the Acquisition is set out below. These details have been determined for the purpose of the pro-forma adjustments as at 31 December 2014, and will require re-determination based on the identifiable assets and liabilities as at the successful Acquisition date, which may result in changes to the value as disclosed below.

- Under the Acquisition, the Company acquires all the shares in Threat Protect by issuing a total of 165 million Shares to the Threat Protect Vendors, giving the Threat Protect Vendors a controlling interest in the Company and equating to a controlling interest in the combined entity following the Acquisition. Threat Protect has thus been deemed the acquirer for accounting purposes as it will own approximately 70.76% of the consolidated entity (prior to the Shares issued in relation to the Offers other than the Vendor Offer). The Acquisition by the Company is not deemed to be a business combination, as the Company is not considered to be a business under AASB 3 Business Combinations.
- As such, the consolidation of these two companies is on the basis of the continuation of Threat Protect with no fair value adjustments, whereby Threat Protect is deemed to be the accounting parent. Therefore, the most appropriate treatment for the Acquisition is to account for it under AASB 2 Share Based Payments, whereby Threat Protect is deemed to have issued shares to Shareholders in exchange for the net assets held by the Company.
- In this instance, the value of the Shares provided has been determined as the notional number of equity instruments that the Threat Protect Vendors would have had to issue to the Company to give the Shareholders the same percentage ownership in the combined entity. We have deemed this to be \$1,078,382.
- The pre-Acquisition equity balances of the Company are eliminated against this increase in Share capital upon consolidation of the two companies and the balance is deemed to be the amount paid for the ASX listing status of the Company, being \$2,010,487.

7.9 Accounting policies

The significant accounting policies adopted in the preparation of the financial information included in this Prospectus are set out below.

Basis of preparation of financial information

The financial information has been prepared in accordance with the recognition and measurement, but not all the disclosure requirements of the Australian equivalents to International Financial Reporting Standards (**AIFRS**), other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the Corporations Act.

The financial information has also been prepared on a historical cost basis, except for derivatives and available-for-sale financial assets that have been measured at fair value. The carrying values of recognised assets and liabilities that are hedged are adjusted to record changes in the fair value attributable to the risks that are being hedged. Non-current assets and disposal groups held-for-sale are measured at the lower of carrying amounts and fair value less costs to sell.

Going concern

The financial information has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The Company's ability to continue as a going concern is dependent on the success of the Public Offer. The Directors believe that the Company will continue as a going concern. As a result, the financial information has been prepared on a going concern basis. However, should the Public Offer be unsuccessful, the Company may not be able to continue as a going concern. No adjustments have been made relating to the recoverability and classification of liabilities that might be necessary should the Company not continue as a going concern.

Reporting basis and conventions

The financial information is also prepared on an accrual basis and is based on historic costs and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

The following is a summary of the material accounting policies adopted by the Company in the preparation of the financial information. The accounting policies have been consistently applied, unless otherwise stated.

Income tax

- Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.
- Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

- Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items recognised outside profit or loss.
- Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.
- Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.
- Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.
- Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.
- Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Inventories

- Inventories are measured at the lower of cost and net realisable value.

Property, plant and equipment

- Recognition and measurement: Items of property, plant and equipment are measured at cost less accumulated depreciation (see below) and impairment losses. The carrying amount of plant and equipment is reviewed annually by the Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.
- Depreciation: With the exception of exploration and evaluation assets, depreciation is charged to the income statement on a diminishing value basis over the estimated useful lives of each part of an item of property, plant and equipment, except to the

extent that they are included in the carrying amount of another asset as an allocation of production overheads.

- Depreciation rates and methods are reviewed annually for appropriateness.
- The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Employee benefits

- **Defined contribution superannuation funds:** A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions to a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution superannuation funds are recognised as an expense in the income statement as incurred.
- **Short term benefits:** Liabilities for employee benefits for wages, salaries and annual leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to the reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates that the Company expects to pay at the reporting date, including related on-costs, such as workers' compensation insurance and payroll tax.
- **Non-accumulating non-monetary benefits,** such as medical care, housing, cars and free or subsidised goods and services, are expensed based on the net marginal cost to the Company as the benefits are taken by the employees.
- **Other long term benefits:** The Company's obligation in respect of long-term employee benefits other than definite benefit plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the Reserve Bank of Australia's cash rate at the last reporting date that has maturity dates approximating the terms of the Company's obligations. Any actuarial gains or losses are recognised in profit or loss in the period in which they arise.

Leases

- Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the Company are classified as finance leases.
- Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the Company will obtain ownership of the asset or over the term of the lease.
- Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised in the income statement on a straight-line basis over the term of the lease.
- Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

Cash and cash equivalents

- Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 9 months or less, and bank overdrafts. Bank overdrafts are shown within short-borrowings in current liabilities on the statement of financial position.

Loans

- Loans are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Loans are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period.

Trade and other receivables

- Trade and other receivables are stated at amortised cost. Receivables are usually settled within 60 days. Collectability of trade and other debtors is reviewed on an ongoing basis. An impairment loss is recognised for debts which are known to be uncollectible. An impairment provision is raised for any doubtful amounts.

Trade and other payables

- These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid and stated at their amortised cost. The amounts are unsecured and are generally settled on 30 day terms.

Share capital

- Ordinary issued capital is recorded at the consideration received. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any related income tax benefit. Ordinary issued capital bears no special terms or conditions affecting income or capital entitlements of the shareholders.

Finance income and expenses

- Finance income comprises interest income on funds invested (including available-for-sale financial assets), gains on the disposal of available-for-sale financial assets and changes in the fair value of financial assets at fair value through profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method.
- Financial expenses comprise interest expense on borrowings calculated using the effective interest method, unwinding of discounts on provisions, changes in the fair value of financial assets at fair value through profit or loss and impairment losses recognised on financial assets. All borrowing costs are recognised in profit or loss using the effective interest method.
- Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in income in the period in which they are incurred.
- Foreign currency gains and losses are reported on a net basis.

Impairment of non-financial assets

- The carrying amounts of non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.
- An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are recognised in the income statement, unless the asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis.
- The recoverable amount of an asset or cash-generating unit is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.
- Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortisation, if no impairment loss had been recognised.

Provisions

- Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.
- Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability.

Revenue and other income

- Interest revenue is recognised as interest accrues using the effective interest method.
- Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances. Revenue is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or there is a risk of return of goods or there is continuing management involvement with the goods.

- All revenue is stated net of the amount of value added taxes (Goods and Services Tax).

Goods and Services tax

- Goods and Services Tax (**GST**) is the term for the broad-based consumption taxes that the Company is exposed to in Australia.
- Revenues, expenses, and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.
- The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as a current asset or liability in the balance sheet.
- Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

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8. Investment risks

8.1 Introduction

The Company's and Threat Protect's activities are subject to a number of risks, which may impact the future financial performance and market price at which Shares offered under this Prospectus trade. Some of these risks can be mitigated by the use of safeguards and appropriate controls. However, others are outside the Company's control and cannot be mitigated. Therefore, investors who acquire the Shares under this Prospectus may be exposed to a number of risks. Broadly, these risks can be classified as risks general to investing in the share market and risks specific to an investment in Shares and the Company's and Threat Protect's underlying business.

This Section sets out some of the major risks associated with investing in the Shares. This list is not exhaustive and investors should read this Prospectus in its entirety before making an investment decision. Investors should also have regard to their own investment objectives and financial circumstances, and should consider seeking appropriate independent investment advice before deciding whether to invest in the Shares.

8.2 Specific risks

8.2.1 Licence risk

Threat Protect's business relies on the grant of a Crowd Control Agent's Licence, an Inquiry Agent's Licence and a Security Agent's Licence (together, the **Licences**) pursuant to the Security Act. The Security Act provides that these Licences can only be issued to a natural person. Whilst a natural person may hold the Licences on behalf of a body corporate if they are an officer of the body, the Licences terminate automatically (and are non-transferable) if the person ceases to be an officer of the body corporate. Threat Protect's Licences are held by Mr Paolo Ferrara (a Proposed Director of the Company and an existing director of Threat Protect). If Mr Ferrara ceases to be an officer of Threat Protect, Threat Protect would need to have a new officer approved to hold the Licences required to run the business. There is therefore a risk that delays could occur in the approval of a new Licence holder which, if protracted, could result in Threat Protect experiencing business interruption until such time as the new Licences are granted.

8.2.2 Changes to licensing regime impacting on operating costs

Threat Protect is licensed to operate as a security business under the Security Act and delivers its monitoring service in accordance with Australian Standard 2201.2:2004. Threat Protect therefore incurs costs associated with compliance with this regulatory regime. If changes occur to this regime, additional administrative or technical expense may be required to ensure ongoing compliance. Additionally, a failure by Threat Protect to meet its obligations (current and potential) could result in penalties and fines being imposed on Threat Protect.

8.2.3 **Reliance on information and telecommunications systems**

Threat Protect is heavily reliant on information and telecommunications systems to deliver its primary service of back to base (remote) monitoring. Whilst these systems have multiple layers of redundancy in accordance with both legislative and Australian Standards requirements, a substantive and disruptive change to the technology surrounding telecommunications could pose a significant risk to Threat Protect if it is unable to respond to the change.

8.2.4 **Inability to execute acquisition strategy**

Threat Protect's business plan includes both organic and acquisition based strategies to increase revenues. An inability to identify, negotiate and fund acquisitions within financial guidelines determined by Threat Protect's directors could limit the speed at which Threat Protect can take advantage of its predominantly fixed operating costs via bolt-on acquisitions.

8.2.5 **Current litigation**

Federal Court proceedings: Goldfields Commercial Security Pty Ltd (a subsidiary of Threat Protect) (**Goldfields**) is the respondent in current Federal Court proceedings commenced by the Deputy Commissioner of Taxation (**DCT**) relating to unpaid company tax, the outstanding balance of which is \$70,798.76. The tax liability crystallised prior to the date Threat Protect acquired Goldfields and Threat Protect considers that under the terms of the sale and purchase agreement pursuant to which Threat Protect acquired Goldfields (**Goldfields SPA**), this tax liability is the responsibility of the vendors of Goldfields. Goldfields has agreed with the DCT to pay the amount in full and portion of this amount will be included in Threat Protect's proposed counterclaim against the vendors of Goldfields (as discussed below).

Supreme Court of Western Australia proceedings: Threat Protect is the respondent in current Supreme Court of Western Australia proceedings commenced by Edward James Meyers and Jeanne Meyers (together, the **Plaintiffs**). The Plaintiffs have commenced the proceedings to recover allegedly unpaid deferred consideration instalments under the terms of the Goldfields SPA which was executed by Threat Protect (as purchaser) and the Plaintiffs (as vendors) on 1 July 2013. Threat Protect is defending the Plaintiffs' action and in doing so, has counterclaimed certain amounts, including \$34,964 of the unpaid Goldfields company tax the subject of the Federal Court proceedings outlined above. Whilst this matter remains ongoing, there will continue to be a financial impact on the Threat Protect group.

8.2.6 **Subsidiary disposal strategy**

As discussed in Section 6.2, the Company intends to dispose of its mineral tenements and exploration businesses following completion of the Acquisition. The Directors will continue to explore the mechanisms by which this disposal might be effected in the best interests of Shareholders, whether by way of asset or share sale, demerger, or otherwise. If the Company does not regard any such opportunities for disposal as commercial, the Company intends to pursue liquidation of those entities. The pro forma statement of financial position in Section 7 assumes the Company undertakes the liquidation of those entities a cost of \$100,000 and adjusts the carrying value of the Tanzanian tenements and

any associated liabilities held by the disposed entities. There is a risk that the liquidation process could become protracted and, even if not protracted, that the Company's exposure on a liquidation of these subsidiaries could exceed this amount and that any time delay or increase will have a corresponding negative impact on the Company's financial position.

8.2.7 **Competitor risks**

Threat Protect's business operates in markets with established competitors and no assurance can be given that the actions of existing or future competitors will not have a material adverse effect on these businesses' operations or financial condition.

The market for security, monitoring and risk management services is highly competitive and characterised by frequent product improvements and evolving technology. Threat Protect's ability to compete successfully will in part depend on its ability to create new products and be the first to market with these products. The development of innovative new products by Threat Protect's competitors or the discovery of alternative services or potential solutions for the problems that Threat Protect's business assists with could result in the products being non-competitive or obsolete.

8.2.8 **Reliance on key management**

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

In particular, Demetrios Pynes and Paolo Ferrara are the main founders of the business.

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

8.2.9 **Financial risks**

The Company's ability to implement its business strategy may depend in part on its ability to raise additional funds. No assurances can be given that such funding will be available or that it will be available on terms attractive to the Company.

8.2.10 **Key employee risks**

The Company's future success may depend in part on its continued access to highly qualified technical and managerial personnel. The loss of key staff could have a material adverse effect on the Company. While the Company seeks to ensure that the services of key personnel are retained, no assurances can be given that the Company will continue to retain and attract key staff as required by its business.

8.2.11 **Volatility in the market price of Shares**

Although the Company is listed on the Official List, there is no assurance that an active trading market for its Shares will be sustained. There is also no assurance that the market price for the Shares will not decline below the price at which they were subscribed for.

8.2.12 **Insurance risks**

Threat Protect maintains insurance coverage that is substantially consistent with industry practice. However, there is no guarantee that such insurance or any future necessary coverage will be available to the Company at economically viable premiums (if at all) or that, in the event of a claim, the level of insurance carried by the Company now or in the future will be adequate, or that a liability or other claim would not materially and adversely affect the Company's business.

8.2.13 **Foreign currency and exchange rate**

Revenue and expenditure of the Company may be domiciled in currencies other than Australian dollars and as such expose the Company to foreign exchange movements, which may have a positive or negative influence on the Australian dollar equivalent of such revenue and expenditure.

The Company will appropriately monitor and assess such risks and may from time to time implement measures, such as foreign exchange currency hedging, to assist in managing these risks. However, the implementation of such measures may not eliminate all such risks and the measures themselves may expose the Company to related risks.

8.2.14 **Liquidity**

Subject to the Company's Shares being reinstated to Official Quotation, certain Shares on issue prior to the close of the Offers may be classified by ASX as restricted securities and will be required to be escrowed for up to 24 months from the date of Official Quotation. During the period in which these securities are prohibited from being transferred, trading in Shares may be less liquid which may impact on a Shareholder's ability to dispose of his or her Shares in a timely manner.

An estimate of the securities that will be subject to escrow is set out in Section 5.9. Once confirmed, the Company will announce to the ASX full details (quantity and duration) of the Shares required to be held in escrow prior to the Shares commencing trading on ASX.

8.2.15 **Re-compliance**

There is a risk that the Company may not be able to meet the requirements for re-instatement to trading on ASX in the event the conditions of the Acquisition Offers are not satisfied or the Company does not receive conditional approval for re-quotation on ASX. If this occurs, the Company will not proceed with the Acquisition Offers and will need to consider an alternative strategy to respond to difficult market conditions in the commodities sector.

8.2.16 **Contract risk**

Some of Threat Protect's customer contracts (including the Brookfield services subcontract and Brookfield Proposed Extension discussed in Section 9.6) can be terminated for reasons outside of Threat Protect's control. The loss of one or more key customer contracts is likely to adversely affect Threat Protect's operating results and the value and price of Shares.

8.3 **General risks**

8.3.1 **General economic climate**

The Company's performance may be significantly affected by changes in economic conditions and particularly conditions which affect the security services industry. The profitability of Threat Protect's business may be affected by some or all of the factors listed below:

- (a) future demand for security, monitoring and risk management services;
- (b) general financial issues which may affect policies, exchange rates, inflation and interest rates;
- (c) deterioration in economic conditions, possibly leading to reductions in consumer spending and other potential revenues which could be expected to have a corresponding adverse impact on the Company's operating and financial performance;
- (d) financial failure or default by any entity with which Threat Protect may become involved in a contractual relationship;
- (e) industrial disputes in Australia and overseas;
- (f) changes in investor sentiment toward particular market sectors;
- (g) the demand for, and supply of, capital; and
- (h) terrorism or other hostilities.

8.3.2 **Political factors**

The Company may be affected by the impact that political factors have on the various world economies or the Australian economy or on financial markets and investments generally or specifically.

8.3.3 **Litigation**

Litigation brought by third parties including but not limited to customers, partners, suppliers, business partners or employees could negatively impact the business in the case where the impact of such litigation is greater than or outside the scope of the Company's insurance.

8.3.5 **Government policies and legislation**

The Company may be affected by changes to government policies and legislation, including those relating to the security services industry, privacy laws, taxation and the regulation of trade practices and competition.

8.3.6 **Stock market conditions**

The market price of the Shares when quoted on the ASX may be influenced by international and domestic factors affecting conditions in equity and financial markets. These factors may affect the prices for the securities of companies quoted on the ASX, including the Company.

8.3.7 **Investment speculative**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the Company's financial performance and the value of the Shares offered under this Prospectus

Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

Potential investors should consider that the investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

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9. Material contracts

9.1 Share Sale & Purchase Agreement for the Acquisition of Threat Protect

9.1.1 The Company has entered into an agreement with the Threat Protect Vendors to purchase 100% of the shares in Threat Protect in consideration for the issue of 165 million Consideration Shares (on a post-Consolidation basis) to the Threat Protect Vendors in proportion to their respective shareholdings in Threat Protect (**Share Sale & Purchase Agreement**).

9.1.2 Completion under the Share Sale & Purchase Agreement (**Completion**) is conditional on each of the following (together, the **Conditions**):

- (a) Shareholders passing resolutions at the General Meeting to approve each of the following (together, the **Acquisition Resolutions**):
- (i) the Consolidation;
 - (ii) the Acquisition for the purposes of ASX Listing Rule 11.1.2;
 - (iii) the issue of the Consideration Shares;
 - (iv) the issue of Shares (on a post-Consolidation basis) at an issue price of \$0.02 per Share pursuant to the Public Offer;
 - (v) the issue of Shares (on a post-Consolidation basis) at a deemed issue price of \$0.016 per Share upon conversion of \$590,000 in outstanding Threat Protect Convertible Notes;
 - (vi) the issue of Shares (on a post-Consolidation basis) at a deemed issue price of \$0.02 per Share in satisfaction of \$66,666 of outstanding directors' fees payable to certain current and former directors of the Company;
 - (vii) the issue of up to 85 million options to acquire Shares (on a post-Consolidation basis) to brokers, promoters and advisers in connection with the Acquisition and the Offers;
 - (viii) the issue of Shares (on a post-Consolidation basis) at a deemed issue price of \$0.02 per Share in satisfaction of amounts owed by Threat Protect to Demetrios Pynes and Paolo Ferrara in respect of director loans and accrued leave entitlements (**Threat Protect Director Entitlements**);
 - (ix) the appointment of each of the Proposed Directors as directors of the Company with effect from completion of the Acquisition;
 - (x) the issue of 5 million Options (on a post-Consolidation basis) to each of the Proposed Directors (being 15 million Options in aggregate);
 - (xi) the issue of 15 million Shares in aggregate to Quicksilver Asset and Siren Nominees in satisfaction of \$300,000 in

outstanding loans owed by the Company to those parties;
and

(xii) the change of the Company's name to 'Threat Protect Australia Limited';

(b) ASX granting the Company's application for waivers of:

(i) ASX Listing Rule 2.1 (Condition 2), to allow the Company to issue Shares at \$0.02 per Share and to issue Shares upon conversion of the Threat Protect Convertible Notes at a conversion price of \$0.016 per Share; and

(ii) ASX Listing Rule 1.1 (Condition 11), to permit the Company to have options on issue with an exercise price of less than \$0.20 each;

(c) for the purposes of ASX Listing Rule 11.1.3, the Company:

(i) meeting the requirements in chapters 1 and 2 of the ASX Listing Rules as if it were applying for admission to the Official List of ASX; and

(ii) receiving conditional approval from ASX to the reinstatement of its ordinary securities to trading on ASX, on terms and conditions reasonably acceptable to the parties; and

(d) Threat Protect receiving a consent to the change in control of Threat Protect from each of the following contract parties, in a form satisfactory to the Company:

(i) Quicksilver Asset;

(ii) Cape Equity; and

(iii) Westpac Bank.

9.1.3 Under the Share Sale & Purchase Agreement, the Company undertakes until Completion:

(a) not to grant any option to subscribe for any security in the Company or allot or issue or agree to allot or issue any security, option, share or loan capital or any security convertible into any share or loan capital in the Company;

(b) not to resolve to reduce its share capital in any way;

(c) not to conduct a buy-back of securities in the Company or resolve to approve the terms of a buy-back of securities in the Company;

(d) not to resolve any new programs or budgets;

(e) not to create, or agree or offer to create, any security interest;

- (f) to conduct its business in accordance with the lawful requirements of all relevant laws, statutes and regulations and observe all lawful orders and requirements of every court and authority;
 - (g) not to enter into any contract or transaction other than in the ordinary course of business, without the prior written approval of the sellers’;
 - (h) to allow the Threat Protect Vendors to have access to the records and accounts of the Company;
 - (i) to receive authorisation from the Threat Protect Vendors before any payment greater than \$25,000 is made by the Company; and
 - (j) not to enter into any contract or commitment requiring it to sell or divest any assets of the Company.
- 9.1.4 Completion must occur on the date falling 5 business days after the satisfaction or waiver of the last of the Conditions (or such other date as is agreed by the parties).
- 9.1.5 At Completion, Demetrios Pynes and Paolo Ferrara agree to deliver to the Company a discharge and release of their respective Threat Protect Director Entitlements. In exchange, the Company agrees to issue 8,927,382 Shares (on a post-Consolidation basis) to Mr Pynes and 6,638,271 Shares (on a post-Consolidation basis) to Mr Ferrara in full satisfaction of the outstanding liability in respect of the Threat Protect Director Entitlements.
- 9.1.6 Each of the Threat Protect Vendors provides limited warranties to the Company which are considered standard for a transaction of this nature. The Company also provides limited warranties to each Threat Protect Vendor which are considered standard for a transaction of this nature.
- 9.1.7 The Share Sale & Purchase Agreement is governed by the laws of Western Australia.

9.2 Acquisition Option Agreement – Hillstone Security Monitoring

- 9.2.1 On 29 April 2015, Hillstone Holdings Pty Ltd as trustee for the CA & PL Bortignon Family Trust (**Vendor**) granted AVMC the option to purchase the monitored lines, contracts and business records of the business known as Hillstone Security Monitoring (**Assets**) (**Hillstone Option**). The Hillstone Option was granted for an option fee of \$50,000 plus GST and is exercisable at any time on or before 28 July 2015.
- 9.2.2 Upon exercise of the Hillstone Option, the Vendor agrees to sell the Assets to AVMC on the following terms (**Hillstone Sale Agreement**):
- (a) The purchase price for the Assets is \$400,000 (**Purchase Price**).
 - (b) Completion of the sale and purchase of the Assets (**Completion**) must occur within 7 business days of AVMC being satisfied with its due diligence enquiries and obtaining approval for a loan for the Purchase Price, provided that if AVMC has not satisfied or waived these conditions by the date falling 3 months after the date the Hillstone

Option is exercised, AVMC is entitled to terminate the Hillstone Sale Agreement.

- (c) The Purchase Price is payable as follows:
 - (i) 50% of the Purchase Price is payable at Completion; and
 - (ii) 50% of the Purchase Price is payable within 7 days after Completion.
- (d) Following Completion, the Vendor must refer existing or potential clients seeking security monitoring services to AVMC and encourage, but not compel, those clients or potential clients to engage VIP Security (a subsidiary of Threat Protect) to provide security monitoring services to those clients or potential clients.
- (e) Each party provides warranties and representations which are considered to be on industry standard terms.
- (f) The Vendor is restrained from competing with AVMC within the Perth metropolitan region of Western Australia for a maximum period of 2 years.
- (g) The Vendor indemnifies AVMC against any claim AVMC suffers as a result of the Vendor's breach of any of its warranties or any claim made due to an event that occurred prior to Completion.

9.3 Acquisition Option Agreement – Security monitoring target

On 21 April 2015, the shareholders of a security monitoring business with an annual turnover in excess of \$1.8 million and over 10,000 subscribers (**Target**) granted Threat Protect the option to purchase all of the shares in the Target for an option grant fee of \$280,000 plus GST (**Sale Shares**). The option was exercised on 22 June 2015. The agreement provides for the sale of the Sale Shares to Threat Protect for a total purchase price of \$2,520,000 (payable in instalments, and subject to a cash-debt adjustment and a downwards adjustment by reference to the number of monitored lines not transferred to Threat Protect's control room). Completion of the sale is conditional upon (amongst other conditions) availability of funding, satisfactory completion of due diligence and execution of employment contracts with certain key personnel, which conditions must be satisfied (or waived) by no later than 30 September 2015, failing which any party is entitled to terminate the agreement.

9.4 Lead Manager Mandate – Argonaut

- 9.4.1 The Company and Argonaut have entered into a mandate dated 24 April 2015 (as varied by letter agreement dated 29 June 2015) (**Mandate**) pursuant to which Argonaut agrees to act as the Company's exclusive corporate and financial adviser in connection with the Acquisition and a subsequent capital raising (together, the **Transaction**).
- 9.4.2 The Mandate commences on 24 April 2015 and continues until the earlier of 10 September 2015 and the date on which the Company advises Argonaut that it will not pursue the Transaction (**End Date**), provided that if any part of the Transaction has commenced prior to the End Date, the Mandate will be extended until the earlier of the completion of the relevant part of the Transaction, or

termination of the Mandate in accordance with its terms (as discussed further below).

9.4.3 The Company agrees to pay Argonaut professional fees comprising each of the following:

- (a) a Lead Manager's fee of 2% of the value of all finance raised in connection with the Transaction;
- (b) a work fee of \$10,000 per month (capped at \$50,000 during the term of the Mandate) payable monthly in arrears; and
- (c) a capital raising fee of 5% of the value of all finance raised in connection with the Transaction from Argonaut's sources.

In addition, the Company agrees to issue Argonaut 20 million Options (on the terms summarised in Section 12.3.3) upon the successful completion of the Transaction and to reimburse Argonaut's reasonable out-of-pocket expenses (including legal costs) incurred in connection with the Transaction.

9.4.4 The Company provides numerous representations and warranties in favour of Argonaut under the Mandate on industry standard terms.

9.4.5 The Mandate may be terminated:

- (a) by Argonaut in a number of circumstances which are considered to be on industry standard terms; and
- (b) by the Company:
 - (i) without cause, in which event the Company agrees to pay Argonaut \$100,000 less any corporate advisory fees previously paid to Argonaut; or
 - (ii) if Argonaut commits a material breach of the Mandate and fails or is unable to rectify the breach within 14 days of being required to do so by the Company.

9.5 Lease Agreement – Threat Protect control room

Threat Protect's wholly owned subsidiary, AVMC (as tenant) and Jia Li Sun, Liang Ching Tan and Kam Nominees Pty Ltd (as landlords) have entered into a lease of premises in East Perth, Western Australia. The premises are used by Threat Protect to house its offices, a data room and Threat Protect's alarm and video monitoring centre.

The lease is registered at Landgate with registration number L933388.

Under the lease, AVMC is also granted a licence to occupy a 29m² area at the rear of the property on substantially the same terms as the lease to occupy the basement floor.

The lease commenced on 1 May 2012 for an initial term of 5 years. Under the lease, AVMC is granted options for two further terms of 5 years; the first being exercisable between 1 December 2016 and 1 March 2017 and the second being exercisable between 1 December 2021 and 1 March 2022.

Rent is currently \$54,596 per annum and AVMC is required to contribute to outgoings in addition to rent.

A market rent review will occur on 1 May 2017 and 1 May 2022. A CPI rent review will also occur at 1 May in each year of the lease term until 1 May 2025 except for those years where a market rent review occurs.

The landlord may not sell or transfer the property without first giving notice to AVMC offering to sell the land to AVMC on the terms on which the landlord is prepared to sell the premises to other parties.

If the landlord receives an offer to purchase the land or any part of the land or any interest in the land which is on terms acceptable to the landlord, the landlord must, before accepting the offer, give AVMC notice in writing of that offer and offer to sell the land to AVMC on terms no more onerous than the offer received by the landlord.

AVMC is required to take out various insurance policies under the lease, including public risk insurance policy for \$20 million and a workers' compensation insurance policy for an amount not less than \$20 million.

AVMC indemnifies the landlord from and against any liability, loss, damage, expense or claim which the landlord may incur during the term in respect of or arising from loss, damage or injury to property or person occurring within the building or the premises caused or contributed to by AVMC or arising out of AVMC's occupation of the premises.

AVMC is entitled to assign its obligations under the lease with the landlord's prior written consent.

AVMC may grant a sublease over whole or part of the premises subject to satisfying certain conditions.

The lease may be terminated in the event of a breach of the terms of the lease or an insolvency event occurring with respect to AVMC.

9.6 Brookfield services subcontract

Pursuant to an agreement dated 23 December 2013, Brookfield Johnson Controls Pty Ltd (as it was then known) (**Brookfield**) appointed VIP Security (trading as Threat Protect) as the provider of security services and monitoring at certain sites from 1 February 2014 on a 'month by month' basis.

Fixed lump sum amounts totaling \$2,670,000 in aggregate are payable by Brookfield over the first three years of the contract term.

As at the date of this Prospectus, VIP Security and Brookfield have concluded negotiations in relation to a proposed two-year extension to the provision of services by VIP Security to 9 Brookfield customer sites with effect from 1 February 2015, however the contract has not yet been signed (**Proposed Extension**). The Proposed Extension, if signed, will replace the agreement dated 23 December 2013 in its entirety.

Under the Proposed Extension, Brookfield has two one-year options to further extend the term.

The Proposed Extension has a contract value of approximately \$2,527,208 (excluding any variations which may be agreed in the future).

The Proposed Extension may be terminated in a number of circumstances which are out of VIP Security's control, including where a Brookfield head contract is terminated, the principal to any head contract enforces its right to replace or terminate VIP Security as a subcontractor, the customer sites the subject of the Proposed Extension are sold or Brookfield exercises its right to terminate without cause on 20 business days' prior written notice to VIP Security. Upon termination, VIP Security is entitled to payment for performance of the services up to the termination date.

9.7 Loan Agreement with Siren Nominees

Siren Nominees has provided an unsecured loan facility to Threat Protect under which the outstanding balance is approximately \$597,305. The loan accrues interest at the rate of 12% per annum and there is no penalty rate in respect of late repayments, nor any default provisions. Siren Nominees has agreed to convert \$150,000 of the outstanding balance of the loan by subscribing for Shares under the Lender Offer, subject to Shareholder approval at the General Meeting, and has further agreed that it will not call on the loan for the 12 months following the date of Threat Protect's 2015 financial report. There are no loan covenant conditions attached to the loan.

9.8 Loan Agreement with Quicksilver Asset and Cape Equity

Pursuant to a secured loan agreement dated 30 May 2012 (as varied on or about 2013 and 1 May 2015) between Quicksilver Asset and Cape Equity (together, the **Lenders**) and AVMC (as borrower) (**Loan Agreement**), the Lenders advanced a loan to AVMC in the amount of \$1,200,000, which has subsequently been extended to \$1,854,288 (**Loan**).

The Loan is guaranteed by Threat Protect, VIP Security, the Threat Protect Directors and Bradley Donald Howe and secured by the present and after-acquired personal property (as that term is defined in the *Personal Property Securities Act 2009* (Cth) (**PPSA**)) and all non-PPSA personal property of VIP Security, AVMC and Threat Protect pursuant to the terms of a general security deed.

The Loan accrues interest at the prescribed rate of 15% per annum and at the default rate of 20% per annum on overdue amounts.

The Loan Agreement contains numerous events of default which are considered to be on industry standard terms. Upon the occurrence of an event of default, the outstanding balance of the principal sum of the Loan and any accrued interest will at the Lenders' election become immediately due and payable.

The Loan is repayable in full on the date falling 24 months after the initial advance date, however the Lenders have agreed not to call on the Loan during the 12 month period commencing on the date of Threat Protect's 2015 financial report.

9.9 Executive Service Agreement – Simeon Pynes

Threat Protect has appointed Mr Simeon Pynes as the Guarding Services Manager of Threat Protect pursuant to an agreement dated 1 January 2013.

Under the Service Agreement, Threat Protect agrees to pay Mr Pynes a total base salary of \$70,000 per annum. In addition, he is entitled to receive a motor vehicle, mobile telephone, computer and parking bay.

Mr Pynes is entitled to 4 weeks' paid annual leave for each year of service with Threat Protect and additional leave (including personal leave) in accordance with applicable legislation.

Mr Pynes is engaged by Threat Protect on an exclusive basis and is restricted from being employed by or providing services to any person other than Threat Protect or being involved in any other business or undertaking during the term of the Service Agreement without Threat Protect's prior consent. He is however entitled to accept directorships and board positions with other companies and committees on such terms as agreed by Threat Protect.

The Service Agreement may be terminated by either party giving at least 5 weeks' prior notice (or, in the case of termination by Threat Protect, by Threat Protect paying Mr Pynes in lieu of notice). Threat Protect is entitled to terminate the Service Agreement summarily without notice in the event of any serious misconduct by Mr Pynes.

9.10 Executive Service Agreement – Jeremy Hopfmueller

Threat Protect has appointed Mr Jeremy Hopfmueller as the General Manager of Threat Protect pursuant to an agreement dated 29 July 2014 (**Service Agreement**). Under the Service Agreement, Threat Protect agrees to pay Mr Hopfmueller a total base salary of \$165,000 per annum. In addition, he is entitled to receive a mobile telephone, computer and parking bay.

Mr Hopfmueller is entitled to 4 weeks' paid annual leave for each year of service with Threat Protect and additional leave (including personal leave) in accordance with applicable legislation.

Mr Hopfmueller is engaged by Threat Protect on an exclusive basis and is restricted from being employed by or providing services to any person other than Threat Protect or being involved in any other business or undertaking during the term of the Service Agreement without Threat Protect's prior consent. He is however entitled to accept directorships and board positions with other companies and committees on such terms as agreed by Threat Protect.

The Service Agreement may be terminated by either party giving at least 5 weeks' prior notice (or, in the case of termination by Threat Protect, by Threat Protect paying Mr Hopfmueller in lieu of notice). Threat Protect is entitled to terminate the Service Agreement summarily without notice in the event of any serious misconduct by Mr Hopfmueller.

9.11 Agreements with Directors and related parties

In addition to the material contracts discussed above, the Company is also a party to the agreements further described in Section 11.3 (Agreements with Directors or related parties).

10. Investigating Accountant's Report

For personal use only

For personal use only

EAST AFRICA RESOURCES LIMITED
(to be renamed Threat Protect Australia
Limited)

Investigating Accountant's Report

8 July 2015

8 July 2015

The Directors
East Africa Resources Limited
Level 1, 10 Ord Street
West Perth WA 6005

Dear Directors

INVESTIGATING ACCOUNTANT'S REPORT

1. Introduction

BDO Corporate Finance (WA) Pty Ltd ('BDO') has been engaged by East Africa Resources Limited ('East Africa or 'the Company') to prepare this Investigating Accountant's Report ('Report') in relation to certain financial information of East Africa for inclusion in the Prospectus. The Prospectus is required under Australian Securities Exchange ('ASX') requirements for East Africa to re-comply with Chapters 1 and 2 of the ASX Listing Rules, as a result of East Africa signing an agreement to acquire Threat Protect Australia Pty Ltd ('Threat Protect') in exchange for consideration of 165 million fully paid ordinary shares in East Africa to the shareholders of Threat Protect or their respective nominees ('the Transaction').

Broadly, the Prospectus will offer up to 275 million Shares at an issue price of \$0.02 each to raise up to \$5.5 million before costs ('the Public Offer'). The Public Offer is subject to a minimum subscription level of 225 million Shares to raise \$4.5 million before costs.

The Prospectus also contains separate offers to the Threat Protect Vendors, Threat Protect Noteholders, current and former directors of the Company, the Threat Protect Directors, Quick Silver Asset and Siren Nominees. However, no funds raised will be raised from these offers.

The Company will hold a General Meeting whereby, among other things, Shareholders will vote on the consolidation of the Company's share capital on a 1 for 4 basis, with any fractional entitlements being rounded up to the nearest whole share. All references to shares on issue in our Report are on a post share consolidation basis unless otherwise stated. At the General Meeting to be held, the Company will also propose to change its name to Threat Protect Australia Limited.

Expressions defined in the Prospectus have the same meaning in this Report. BDO Corporate Finance (WA) Pty Ltd ('BDO') holds an Australian Financial Services Licence (AFS Licence Number 316158).

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This Report has been prepared for inclusion in the Prospectus. We disclaim any assumption of responsibility for any reliance on this Report or on the Financial Information to which it relates for any purpose other than that for which it was prepared.

2. Scope

You have requested BDO to perform a limited assurance engagement in relation to the historical, pro forma historical and forecast financial information described below and disclosed in Section 7 of the Prospectus.

The historical and pro forma historical financial information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001.

Historical Financial Information

You have requested BDO to review the following historical financial information (together the 'Historical Financial Information') prepared by the Company and included in the Prospectus:

- the historical Statements of Comprehensive Income of Threat Protect for the financial years ended 30 June 2013 and 30 June 2014 and the half year ended 31 December 2014; and
- the historical Statement of Financial Position of both the Company and Threat Protect as at 31 December 2014.

The Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the company's adopted accounting policies. The Historical Financial Information of the Company has been extracted from the financial report of East Africa for the half year ended 31 December 2014, which was reviewed by Rothsay Chartered Accountants in accordance with Australian Auditing Standards. Rothsay Chartered Accountants issued an unmodified review conclusion on the financial report.

The Historical Financial Information of Threat Protect has been extracted from the financial reports of Threat Protect for the half year ended 31 December 2014 and the years ended 30 June 2014 and 30 June 2013, which were audited by Bentley's Audit and Corporate (WA) Pty Ltd in accordance with Australian Auditing Standards. Bentley's Audit and Corporate (WA) Pty Ltd issued modified audit opinions on each of the financial reports. The basis for the modified audit opinions was a result of the auditors not being able to observe the counting of physical inventories as at the beginning or end of the financial periods. Furthermore, due to limitation in Threat Protects' accounting system, the auditors were unable to obtain an inventory listing that reconciled to the general ledger at the beginning or end of the financial periods. As such they were unable to satisfy themselves, through alternative means, concerning inventory quantities and whether the carrying value of the inventory was stated fairly as at 31 December 2014, 30 June 2014 and 30 June 2013. Bentley's Audit and Corporate (WA) Pty Ltd also included an emphasis of matter paragraph in the audit report for each of the periods audited regarding the fact that there is a material uncertainty regarding the ability of Threat Protect to continue as a going concern in the event certain matters, including the Offer and Transaction, do not proceed.

The modified audit opinions on the financial reports of Threat Protect for the half year ended 31 December 2014 and the years ended 30 June 2014 and 30 June 2013 related to inventory on hand at each balance date. For the purposes of our conclusion set out in Section 5 of this Report, we do not consider these balances to be material in nature.

Pro Forma Historical Financial Information

You have requested BDO to review the following pro forma historical financial information (the 'Pro Forma Historical Financial Information') of the Company and Threat Protect included in the Prospectus:

- the pro forma historical Statement of Financial Position as at 31 December 2014.

The Pro Forma Historical Financial Information has been derived from the Historical Financial Information of the Company and Threat Protect, after adjusting for the effects of the pro forma adjustments described in Section 7.7 of the Prospectus. The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the historical financial information and the events or transactions to which the pro forma adjustments relate, as described in Section 7.7, as if those events or transactions had occurred as at the date of the historical financial information. Due to its nature, the Pro Forma Historical Financial Information does not represent the Company and Threat Protect's actual or prospective financial position or financial performance.

The Pro Forma Historical Financial Information has been compiled by the Company to illustrate the impact of the events or transactions described in Section 7.7 of the Prospectus on the Company and Threat Protect's financial position as at 31 December 2014. As part of this process, information about the Company and Threat Protect's financial position has been extracted by the Company from the respective financial statements for the half year ended 31 December 2014.

Forecast Financial Information

You have requested BDO to review the following forecast financial information (collectively the 'Forecast Financial Information') of Threat Protect included in the Prospectus:

- the forecast Statement of Comprehensive Income for the six months ended 30 June 2015 (including actual results for the three months ended 31 March 2015 and forecast information for the three months ending 30 June 2015); and
- the forecast Statement of Comprehensive Income for the year ending 30 June 2016.

The Forecast Financial Information has been derived from Threat Protect's Forecast Financial Information, after adjusting for the effects of the pro forma adjustments described in Section 7.7 of the Prospectus. The stated basis of preparation of the Forecast Financial Information is in accordance with the recognition and measurement principles contained in Australian Accounting Standards, the entity's adopted accounting policies and the events or transactions to which the pro forma adjustments relate, as described in Section 7.7 of the Prospectus, as if those events or transactions had occurred as at 1 January 2015.

Due to its nature, the Forecast Financial Information may differ from Threat Protect's actual prospective financial performance for the six month period ending 30 June 2015 and the year ending 30 June 2016 as it is based on the general and specific assumptions detailed in Section 7.4.3 of the Prospectus.

3. Directors' responsibility

The directors of the Company are responsible for the preparation and presentation of the Historical Financial Information and Pro Forma Historical Financial Information, including the selection and determination of pro forma adjustments made to the Historical Financial Information and included in the Pro Forma Historical Financial Information. The directors of the Company are also responsible for the preparation and presentation of the Forecast Financial Information, including the best-estimate assumptions underlying the Forecast Financial

Information, also the selection and determination of the pro forma adjustments made to the Forecast Financial Information and included in the Forecast Financial Information. This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of Historical Financial Information, Pro Forma Historical Financial Information and Forecast Financial Information that are free from material misstatement, whether due to fraud or error.

4. Our responsibility

Our responsibility is to express limited assurance conclusions on the Historical Financial Information, Pro Forma Historical Financial Information and Forecast Financial Information, the best-estimate assumptions underlying the Forecast Financial Information, and the reasonableness of the Forecast Financial Information, based on our limited assurance engagement. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

Our limited assurance procedures consisted of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited assurance engagement is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or limited assurance reports on any financial information used as a source of the financial information.

5. Conclusion

Historical Financial Information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Historical Financial Information, as described in Section 7.3 and 7.6 of the Prospectus, and comprising:

- the historical Statements of Comprehensive Income of Threat Protect for the financial years ended 30 June 2013 and 30 June 2014 and the half year ended 31 December 2014; and
- the historical Statement of Financial Position of both the Company and Threat Protect as at 31 December 2014.

are not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 2 of this Report.

Pro Forma Historical Financial information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information, as described in Section 7.6 of the Prospectus, and comprising:

- the pro forma historical Statement of Financial Position of the Company and Threat Protect as at 31 December 2014

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 2 of this Report.

Forecast Financial Information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that:

- the directors' best-estimate assumptions used in the preparation of the pro forma forecast Statements of Comprehensive Income of Threat Protect for the six months ending 30 June 2015 and the year ending 30 June 2016 do not provide reasonable grounds for the Forecast Financial Information; and
- in all material respects, the Forecast Financial Information:
 - is not prepared on the basis of the directors' best-estimate assumptions, as described in Section 7.4.3 of the Prospectus; and
 - is not presented fairly in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and Threat Protect's adopted accounting policies, and the pro forma adjustments as if those adjustments had occurred as at the date of the forecast; and
 - the forecast itself is unreasonable.

Forecast Financial Information

The Forecast Financial Information has been prepared by management and adopted by the directors in order to provide prospective investors with a guide to the potential financial performance of Threat Protect for the six months ending 30 June 2015 and the year ending 30 June 2016. There is a considerable degree of subjective judgement involved in preparing forecasts since they relate to events and transactions that have not yet occurred and may not occur. Actual results are likely to be different from the Forecast Financial Information since anticipated events or transactions frequently do not occur as expected and the variation may be material. The directors' best-estimate assumptions on which the Forecast Financial Information is based relate to future events and transactions that management expect to occur and actions that management expect to take and are also subject to uncertainties and contingencies, which are often outside the control of Threat Protect. Evidence may be available to support the directors' best-estimate assumptions on which the Forecast Financial Information is based however such evidence is generally future-oriented and therefore speculative in nature. We are therefore not in a position to express a reasonable assurance conclusion on those best-estimate assumptions, and accordingly, provide a lesser level of assurance on the reasonableness of the directors' best-estimate assumptions. The limited assurance conclusion expressed in this report has been formed on the above basis.

Prospective investors should be aware of the material risks and uncertainties in relation to an investment in the Company, which are detailed in the Prospectus, and the inherent uncertainty relating to the Forecast Financial Information. Accordingly, prospective investors should have regard to the investment risks described in Section 8 of the Prospectus. The sensitivity analysis described in Section 7.5 of the Prospectus demonstrates the impact on the Forecast Financial Information of changes in key best-estimate assumptions. We express no opinion as to whether the Forecast Financial Information will be achieved.

The Forecast Financial Information has been prepared by the Directors in order to provide prospective investors with a guide to the potential financial performance of Threat Protect for the six months ending 30 June 2015 and the year ending 30 June 2016. We disclaim any assumption of responsibility for any reliance on this report, or on the Forecast Financial Information to which it relates, for any purpose other than that for which it was prepared. We have assumed, and relied on representations from certain members of management, that all

material information concerning the prospects and proposed operations of Threat Protect have been disclosed to us and that the information provided to us for the purpose of our work is true, complete and accurate in all respects. We have no reason to believe that those representations are false.

6. Independence

BDO is a member of BDO International Ltd. BDO does not have any interest in the outcome of the Offer other than in connection with the preparation of this Report and participation in due diligence procedures, for which professional fees will be received.

7. Disclosures

This Report has been prepared, and included in the Prospectus, to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to be a substitute for professional advice and potential investors should not make specific investment decisions in reliance on the information contained in this Report. Before acting or relying on any information, potential investors should consider whether it is appropriate for their objectives, financial situation or needs.

Without modifying our conclusions, we draw attention to Section 2 of this Report, which describes the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose.

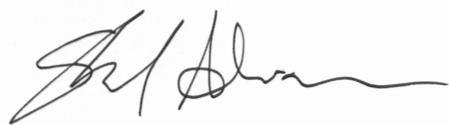
BDO has consented to the inclusion of this Report in the Prospectus in the form and context in which it is included. At the date of this Report this consent has not been withdrawn. However, BDO has not authorised the issue of the Prospectus. Accordingly, BDO makes no representation regarding, and takes no responsibility for, any other statements or material in or omissions from the Prospectus.

8. Financial Services Guide

Our Financial Services Guide follows this Report. This guide is designed to assist retail clients in their use of any general financial product advice in our Report.

Yours faithfully

BDO Corporate Finance (WA) Pty Ltd



Sherif Andrawes

Director

APPENDIX 1 – FINANCIAL SERVICES GUIDE

BDO Corporate Finance (WA) Pty Ltd ABN 27 124 031 045 ('we' or 'us' or 'ours' as appropriate) has been engaged by East Africa Resources Limited ('East Africa') to provide an Investigating Accountant's Report for inclusion in the Prospectus.

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 \$43,000.

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 Proteomics 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 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

Contact details

You may contact us using the details set out on page 1 of our Report.

11. Directors, substantial Shareholders & corporate governance

Subject to completion of the Acquisition, it is intended that the Company's Board of Directors will be comprised of Mr Demetrios Pynes, Mr Paolo ("Paul") Ferrara and Mr Derek La Ferla. Mr Robert Kirtlan and Mr Michael Griffiths intend to resign as Directors following completion of the Acquisition and the Board will seek to identify new candidates with the necessary skills and experience to complement the Board. Ms Katina Law will continue as a Director during a limited handover period post-completion of the Acquisition.

Brief profiles of the Directors of the Company following completion of the Acquisition are set out below.

11.1 Directors and senior management

Demetrios Pynes – Managing Director (elect) | B.Com, Grad. Dip. Applied Finance

Demetrios Pynes is a highly experienced businessman with specialist knowledge of both the finance and security industries. Mr Pynes holds a Bachelor of Commerce with double majors in finance and banking. He also has post-graduate qualifications in commerce. Mr Pynes spent several years as a banking and finance executive, during which time he was an analyst and adviser to high net-worth clients. For the past 12 years, Mr Pynes has operated various successful businesses, mainly in the security industry. He has previously held security officer and security consultant licences.

Mr Pynes is also a director of Tactical Conflict Solutions Pty Ltd (**TCS**), an entity in which he holds a 25% beneficial interest. TCS is a registered training organisation which provides qualifications in the security and related industries. TCS is managed on a day to day basis by a full time manager and engages trainers on a subcontract basis to provide instruction on behalf of TCS. Notwithstanding his directorship of TCS, Mr Pynes will remain available to the Company on a day to day basis to discharge his duties to the Company in his capacity as a director.

Paolo ("Paul") Ferrara – Executive Director (elect) | B.Com

A co-founder of Threat Protect, Paul in his capacity of Chief Operating Officer brings many years of experience in logistics and business. Prior to Threat Protect, Paul was assigned several roles in both Australia and Singapore for SIRVA, a global provider of transport and relocation services. With qualifications in management and information systems, specialising in telecommunications, Paul is well suited to his specialist role of integrating businesses and new opportunities into the Threat Protect group. Paul holds the security, crowd control and enquiry agent licences on behalf of Threat Protect.

Mr Ferrara is also a director of TCS, an entity in which he holds a 25% beneficial interest. Notwithstanding his directorship of TCS, Mr Ferrara will remain available to the Company on a day to day basis to discharge his duties to the Company in his capacity as a director.

Derek La Ferla – Non-Executive Chairman (elect) | BA, B Juris, LLB

Mr La Ferla is an experienced corporate lawyer and company director with more than 30 years' experience. He is currently a Partner with large independent Western Australian firm, Lavan Legal, in the firm's Corporate Services Group. He is also a member of the firm's Advisory Board and previously served on the Norton Rose Australia National Board (while the firm was known as Deacons).

During his career as a director, Mr La Ferla has been a director of a number of listed public, private investment and not for profit companies. He is the current chairman of Sandfire Resources NL, OTOC Limited and Cashmere Iron Limited. In addition, he was a director of Sirol Ecosolutions Pty Ltd, the trading entity of a private company, formed by a number of sophisticated investors, with operations in the tyre recycling industry in New South Wales. The company was placed into voluntary administration on 21 May 2009.

Mr La Ferla is a fellow of the Australian Institute of Company Directors and a Mentor under its Chair's Mentoring Program.

Katina Law – CEO, Executive Director | B.Com, CPA, MBA (London), GAICD

Ms Law has 24 years of experience working in the resources sector, across several continents, both on site and in senior corporate roles. Through her consulting company she has provided services in the areas of financial management, financial decision making and strategic business development to mining and exploration clients.

Jeremy Hopfmueller – Threat Protect General Manager

Jeremy Hopfmueller has been a senior executive in the security industry for more than 20 years. His experience spans administration, operations and senior management. Commencing in 1995 as a guard for Wormald, Mr Hopfmueller has specialist knowledge in the areas of monitoring, service, customer service, installation, operations and management, including holding a national management position. He spent the past three years in State Manager and General Manager roles for security company, ADT before joining Threat Protect as General Manager.

Simeon Pynes – Threat Protect Guarding Services Manager

Simeon Pynes has more than 20 years' experience in management, client liaison and the security industry. As the key account manager of Threat Protect's guarding and investigation clients, Mr Pynes is responsible for staff supervision and direct client liaison. Mr Pynes is fully licensed in the areas of Investigation, Security Consultancy, Security Officer and Crowd Control. He has completed the Certificate II in Security Operations, Certificate III in Investigations, Certificate IV in Human Resources and Certificate IV in Occupational Health and Safety.

11.2 Disclosure of interests

Remuneration of Directors

The Chairman and the Directors (with the exception of the managing director) are entitled to be remunerated for their services as follows:

- The amount of the Directors' remuneration is a yearly sum not exceeding the sum from time to time determined by the Company in general meeting. The maximum aggregate annual remuneration which may be paid to non-executive Directors is \$150,000. This amount cannot be increased without Shareholder approval.
- The Directors' remuneration accrues from day to day, except for any non-cash benefit which is taken to accrue at the time the benefit is provided, subject to the terms on which the benefit is provided.

The Company may also pay the Directors' travelling and other expenses that they properly incur:

- in attending Directors' meetings or any meetings of committees of Directors;
- in attending any general meeting of the Company; and
- in connection with the Company's business.

The annual remuneration paid to Directors for the financial years ended 30 June 2013 and 30 June 2014 is set out in the following tables.

Year ended 30 June 2013

| Director | Fees and salary (\$) | Share based payments (\$) | Total (\$) |
|--------------------------------|----------------------|---------------------------|----------------|
| Robert Kirtlan ¹ | N/A | N/A | N/A |
| Katina Law ² | 243,090 | 69,600 | 312,690 |
| Michael Griffiths ² | N/A | N/A | N/A |
| Total: | 243,090 | 69,600 | 312,690 |

Notes:

1. Robert Kirtlan was appointed as a Director on 20 November 2013.
2. Refer to Section 11.3.1 for details of Katina Law's Consultancy Agreement.
3. Michael Griffiths was appointed as a Director on 20 November 2013.

Year ended 30 June 2014

| Director | Fees and salary (\$) | Share based payments (\$) | Total (\$) |
|--------------------------------|----------------------|---------------------------|----------------|
| Robert Kirtlan ¹ | 14,583 | Nil | 14,583 |
| Katina Law ² | 256,642 | Nil | 256,642 |
| Michael Griffiths ³ | 14,583 | Nil | 14,583 |
| Total: | 285,808 | Nil | 285,808 |

Notes:

1. Robert Kirtlan was appointed as a Director on 20 November 2013.
2. Refer to Section 11.3.1 for details of Katina Law's Consultancy Agreement.
3. Michael Griffiths was appointed as a Director on 20 November 2013.

Remuneration for year ended 30 June 2015

The annual remuneration for each of the Directors for the financial year ended 30 June 2015 is set out below:

| Director | Fees and salary (\$) | Share based payments (\$) | Total (\$) |
|----------------|----------------------|---------------------------|------------|
| Robert Kirtlan | 18,750 | 8,333 | 27,083 |
| Katina Law | 195,592 | Nil | 195,592 |

| Director | Fees and salary (\$) | Share based payments (\$) | Total (\$) |
|-------------------|----------------------|---------------------------|----------------|
| Michael Griffiths | 18,750 | 8,333 | 27,083 |
| Total: | 233,092 | 16,666 | 249,758 |

Directors' interests in Securities

The direct and indirect interests of the current Directors in the Company's Securities as at the date of this Prospectus are shown in the following table on a post-Consolidation basis:

| Director | Shares | | Options | |
|-------------------|------------------|----------------------|----------------|----------------------|
| | Current No. | Post Acquisition No. | Current No. | Post Acquisition No. |
| Robert Kirtlan | 1,562,917 | 2,500,417 | Nil | Nil |
| Katina Law | 435,893 | 435,893 | 900,000 | 900,000 |
| Michael Griffiths | 867,695 | 1,805,195 | Nil | Nil |
| Total: | 2,866,505 | 4,741,505 | 900,000 | 900,000 |

The direct and indirect interests of the Proposed Directors in the Company's Securities as at the date of this Prospectus and assuming the Acquisition is completed, are as follows:

| Director | Shares | | Options | |
|-----------------|-------------|-------------------------|-------------|----------------------|
| | Current No. | Post Acquisition No. | Current No. | Post Acquisition No. |
| Demetrios Pynes | Nil | 30,696,779 ¹ | Nil | 5,000,000 |
| Paolo Ferrara | Nil | 28,417,068 ² | Nil | 5,000,000 |
| Derek La Ferla | Nil | 3,125,000 ³ | Nil | 5,000,000 |
| Total: | Nil | 62,238,847 | Nil | 15,000,000 |

Notes:

1. Includes 21,769,397 Consideration Shares to be issued to Michelle Angelique Pynes, a related party of Proposed Director, Demetrios Pynes.
2. Includes 21,778,797 Consideration Shares to be issued to Concetta Ferrara, a related party of Proposed Director, Paolo Ferrara.
3. Comprises Shares to be issued upon conversion of Threat Protect Convertible Notes.

11.3 Agreements with Directors or related parties

The Company's policy in respect of related party agreements is as follows:

- a Director with a material personal interest in a matter is required to give notice to the other Directors before such a matter is considered by the Board; and
- for the Board to consider such a matter, the Director who has a material personal interest is not to be present while the matter is being considered at the meeting and does not vote on the matter.

11.3.1 **Consultancy Agreement – Karich Consulting and Katina Law**

The Company, Katina Maria Law and Karich Consulting (an entity controlled by Ms Law) (**Consultant**) are parties to a Consultancy Services Agreement dated 7 September 2012 (**Consultancy Agreement**).

Under the Consultancy Agreement, the Company engages the Consultant to provide executive director and management services to the Company (**Services**). The Consultant agrees to procure the services of Ms Law for this purpose for a minimum of 12 days per month.

The Consultancy Agreement commenced on 1 September 2012 and the current term expires on 31 August 2015. The agreement is automatically renewed for further 12-month periods unless the Company gives the Consultant at least 3 months' prior written notice of its intention not to renew the Consultancy Agreement.

In consideration for the Services provided by the Consultant, the Company agrees to pay the Consultant:

- (a) a retaining fee of \$16,299.36 plus GST per month during which the Services are provided for up to 12 days (payable monthly in arrears); and
- (b) an additional fee of \$169.79 per hour plus GST for any hours worked in excess of 12 days in a month (payable monthly within 14 days of presentation of a request for payment)),

(together, the **Fees**).

In addition, the Company agrees to reimburse all reasonable out-of-pocket expenses properly incurred by the Consultant and/or Ms Law in the performance of the Services.

The Fees increase each year during the term of the Consultancy Agreement by a factor equal to the percentage increase in the consumer price index since the immediately preceding annual Fees review date.

The Company indemnifies the Consultant and the Employee against any liability incurred by either of them in connection with the performance of the Services or with Ms Law's role as an officer of the Company or any related body corporate of the Company, unless such liability arises out of conduct involving the Consultant's gross negligence or a lack of good faith by Ms Law.

The Consultancy Agreement may be terminated in a number of circumstances, including:

- (a) by the Consultant giving the Company 3 months' prior written notice; or
- (b) by the Company at its convenience.

Upon termination, Ms Law must resign as a Director of the Company and as a director of any of its subsidiaries.

The parties agree to resolve any disputes in relation to the validity of any termination of the Consultancy Agreement by arbitration.

The Consultancy Agreement is governed by the laws of Western Australia.

11.3.2 **Executive Services Agreements**

The Company has entered into Executive Services Agreements with each of Mr Demetrios Pynes and Mr Paul Ferrara.

Pynes Executive Services Agreement

With effect from completion of the Acquisition (**Commencement Date**), Mr Pynes is appointed Managing Director of the Company (**Pynes Executive Services Agreement**).

The Company agrees to pay Mr Pynes a salary of \$160,000 per annum plus superannuation, which will be reviewed annually in accordance with the Company's policy for the annual review of salaries.

In addition to his salary, Mr Pynes is entitled to receive a performance based bonus, motor vehicle allowance, mobile telephone and laptop. He is also entitled to receive director's fees during such period as he serves as a Director of the Company.

Mr Pynes is entitled to leave in accordance with the National Employment Standards.

Mr Pynes is prohibited from competing with the Company during the term of his employment and following the termination of his employment for a period of up to 2 years without the Company's prior written consent.

Mr Pynes' Executive Services Agreement may be terminated by either party giving at least 3 months' prior notice (or, in the case of termination by the Company, by the Company paying Mr Pynes in lieu of notice).

With effect from the Commencement Date, Mr Pynes agrees to waive certain rights of his family trust to receive additional shares in Threat Protect prior to completion of the Acquisition. He also agrees that the issue of Shares to him under the Threat Protect Director Offer shall be in satisfaction of accrued entitlements with Threat Protect (as described in detail in the Notice of Meeting).

Mr Pynes' existing executive service agreement with Threat Protect dated 1 November 2013 is terminated by the Pynes Executive Services Agreement with the Company with effect from the Commencement Date.

Ferrara Executive Services Agreement

With effect from completion of the Acquisition (**Commencement Date**), Mr Ferrara is appointed as a Director of Operations of the Company (**Ferrara Executive Services Agreement**).

The Company agrees to pay Mr Ferrara a salary of \$160,000 per annum plus superannuation, which will be reviewed annually in accordance with the Company's policy for the annual review of salaries.

In addition to his salary, Mr Ferrara is entitled to receive a performance based bonus, motor vehicle allowance, mobile telephone and laptop. He is also entitled to receive director's fees during such period as he serves as a Director of the Company.

Mr Ferrara is entitled to leave in accordance with the National Employment Standards.

Mr Ferrara is prohibited from competing with the Company during the term of his employment and following the termination of his employment for a period of up to 2 years without the Company's prior written consent.

Mr Ferrara's Executive Services Agreement may be terminated by either party giving at least 3 months' prior notice (or, in the case of termination by the Company, by the Company paying Mr Ferrara in lieu of notice).

With effect from the Commencement Date, Mr Ferrara agrees to waive certain rights of his family trust to receive additional shares in Threat Protect prior to completion of the Acquisition. He also agrees that the issue of Shares to him under the Threat Protect Director Offer shall be in satisfaction of accrued entitlements with Threat Protect (as described in detail in the Notice of Meeting).

Mr Ferrara's existing executive service agreement with Threat Protect dated 1 November 2013 is terminated by the Ferrara Executive Services Agreement with the Company with effect from the Commencement Date.

11.3.3 **Deeds of indemnity, insurance and access**

The Company has entered into a Deed of Indemnity, Insurance and Access with each current Director and each Proposed Director (each an **Indemnified Party**). The deeds are effective from the date of commencement of each Indemnified Party as a director of the Company.

Under these deeds, the Company indemnifies each Indemnified Party to the extent permitted by the Corporations Act against any liability arising as a result of acting as a Director. The Company is required under the deeds to maintain insurance policies for the benefit of each Indemnified Party and must allow each Indemnified Party to inspect board papers in certain circumstances.

11.3.4 **TCS hire agreement with Threat Protect**

Mr Pynes and Mr Ferrara (both of whom are Threat Protect Directors and Proposed Directors) each hold a beneficial interest in TCS. TCS is a registered training organisation which provides qualifications in the security and related industries. Threat Protect hires training space at its leased premises located in Belmont, Western Australia to TCS on an ad hoc basis at a rate of \$220 per day.

Incentive arrangements

The executive Directors will be eligible to participate in any short term and long term incentive arrangements operated or introduced by the Company (or any subsidiary) from time to time:

- in accordance with the terms and conditions governing those arrangements; and
- as determined or varied (including in respect of the form of any benefit provided to an executive) at the discretion of the Board from time to time.

11.4 Substantial Shareholders

Those Shareholders holding 5% or more of the Shares on issue both as at the date of this Prospectus and on completion of the Offers (assuming full subscription and assuming no existing Options on issue are exercised) are set out in the respective tables below.

As at the date of this Prospectus (on a pre-Consolidation basis):

| Shareholder | Shares | % |
|---------------------------------|------------|-------|
| Sundowner International Limited | 67,932,611 | 18.9% |
| Westday Enterprises Pty Ltd | 26,909,250 | 7.48% |

On completion of the Offers and the Acquisition (assuming no existing substantial Shareholder subscribes for and receives additional Shares pursuant to the Offers and assuming no existing Options on issue are exercised):

| Shareholder | Shares | % |
|-----------------------|------------|-------|
| Alison Elizabeth Howe | 31,018,571 | 5.16% |
| Demetrios Pynes | 30,696,779 | 5.11% |
| Christina Michael | 30,078,615 | 5.0% |
| Redun Pty. Ltd. | 30,069,215 | 5.0% |

The Company will announce to the ASX details of its top 20 Shareholders (following completion of the Offers) prior to the Shares being reinstated to Official Quotation on ASX.

11.5 Corporate governance

To the extent applicable, the Company has adopted *The Corporate Governance Principles and Recommendations (3rd Edition)* as published by ASX Corporate Governance Council (**Recommendations**).

This summary identifies the key corporate governance policies and practices adopted by the Board of Directors. The Board is committed to ensuring continued investor confidence in the Company's operations and in maintaining high standards of corporate governance in the performance of their duties.

The role of the Board of Directors and senior management

The role of the Board is to provide leadership for and supervision of the Company's senior management. The Board provides the strategic direction of the Company and regularly measures the progression by senior management of that strategic direction.

Those who have the opportunity to materially influence the integrity, strategy and operation of the Company and its financial performance are considered to be part of senior management.

The role of senior management is to progress the strategic direction provided by the Board. In particular, the Managing Director / CEO, or equivalent, is responsible for the day-to-day activities of the Company in advancing the strategic direction.

Responsibilities of the Board

The Board is collectively responsible for promoting the success of the Company by:

- overseeing the Company, including its control and accountability systems;
- appointing the Managing Director / CEO, or equivalent and, where appropriate, removing the Managing Director / CEO, or equivalent;
- ratifying the appointment and, where appropriate, the removal of senior executives;
- approving the Company's policies on risk oversight and management, internal compliance and control, code of conduct, and legal compliance;
- approving the Company's annual budget and monitoring the Company's financial performance;
- ensuring the integrity of the Company's financial and other reporting;
- providing overall corporate governance of the Company, including conducting regular reviews of the balance of responsibilities within the Company to ensure division of functions remain appropriate to the needs of the Company;
- appointing the external auditor and the appointment of a new external auditor when any vacancy arises, provided that any appointment made by the Board must be ratified by shareholders at the next annual general meeting of the Company;
- engaging with the Company's external auditors;
- monitoring compliance with all of the Company's legal obligations; and
- making regular assessment of whether each non-executive director is independent in accordance with the Company's policy on assessing the independence of Directors.

Composition of the Board

Under the Company's constitution, the minimum number of Directors is three and the maximum number is nine. The board as at the date of this Prospectus comprises three Directors, namely Robert Kirtlan, Katina Law and Michael Griffiths. Upon completion of the Acquisition, the Board will comprise of four Directors, namely Demetrios Pynes, Paolo Ferrara, Derek La Ferla and Katina Law. The Directors consider the size and composition of the Board is and will be appropriate given the current size and status of the Company.

Each Director is bound by all of the Company's charters, policies and codes of conduct. If the Board determines it is appropriate or necessary, it may establish committees to assist with carrying out various responsibilities of the Board. Such committees will be established by a formal charter.

The Board should be structured in such a way that it has a proper understanding of, and competence to deal with, the current and emerging issues of the business and encourages enhanced performance of the Company. Reference is made to the Company's size and operations as they evolve from time to time.

Risk management

The Board determines the Company's risk profile and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal controls. The responsibility for undertaking and assessing risk management and internal control effectiveness is delegated to management.

The Company's process of risk management and internal compliance and control includes:

- identifying and measuring risks that might impact upon the achievement of the Company's goals and objectives, and monitoring the environment for emerging factors and trends that affect these risks;
- formulating risk management strategies to manage identified risks and designing and implementing appropriate risk management policies and internal controls; and
- monitoring the performance of, and improving the effectiveness of, risk management systems and internal compliance and controls.

Code of Conduct

The Board's Code of Conduct requires Directors, management and employees to deal with the Company's customers, suppliers, competitors and each other with honesty, fairness and integrity and to observe the rule and spirit of the legal and regulatory environment in which the Company operates.

The Code prohibits Directors, management and employees from involving themselves in situations where there is a real or apparent conflict of interest between them as individuals and the interest of the Company.

The Company also has a policy on financial and other inducements. Directors, management and employees are required to respect the confidentiality of all information of a confidential nature acquired in the course of the Company's business. Directors, management and employees must protect the Company's assets to ensure availability for legitimate business purposes. The Company acknowledges its responsibility to Shareholders, the community, and the individual. The Company will use its best endeavours to ensure a safe work place and maintain proper occupational health and safety practices.

Remuneration arrangements

The full Board performs the function of the Remuneration Committee, including reviewing:

- the Company's remuneration policy and framework;
- senior executives' remuneration and incentives; and
- superannuation arrangements.

Executive remuneration

The Board makes decisions which:

- motivate executive Directors and senior executives to pursue long term growth and success of the Company within an appropriate control framework;
- demonstrate a clear correlation between senior executives' performance and remuneration;
- align the interests of key leadership with the long-term interests of Shareholders; and
- prohibit executives from entering into transactions or arrangements which limit the economic risk of participating in unvested entitlements.

Non-executive remuneration

The Board is to ensure that:

- fees paid to non-executive Directors are within the aggregate amount approved by shareholders and make recommendations to the Board with respect to the need for increases to this aggregate amount at the Company's annual general meeting;
- non-executive Directors are remunerated by way of fees (in the form of cash and superannuation benefits);
- non-executive Directors are not provided with retirement benefits other than statutory superannuation entitlements; and
- non-executive Directors are not entitled to participate in equity-based remuneration schemes designed for executives without due consideration and appropriate disclosure to Shareholders.

Incentive plans and benefit programs

The Board is to:

- review and make recommendations concerning long-term incentive compensation plans, including the use of share options and other equity-based plans. The Board will administer equity-based and employee benefit plans, and as such will discharge any responsibilities under those plans, including making and authorising issues of equity, in accordance with the terms of those plans;
- ensure that incentive plans are designed around appropriate and realistic performance targets that measure relative performance and provide rewards when they are achieved; and
- continually review and if necessary improve any existing benefit programs established for employees.

The Board may, when it considers it necessary or appropriate, obtain advice from external consultants or specialists in relation to remuneration related matters.

Trading policy

In accordance with ASX Listing Rule 12.9, the Board has adopted a policy which prohibits dealing the Company's securities by Directors, officers and employees and their related entities when those persons possess price sensitive, non-public information. The policy also contains the following blackout periods within which Directors, officers and employees are prohibited from trading, being the periods:

- Half Year Financial Report – one month preceding the release of results to the ASX; and;
- Year End Financial Report – one month preceding the release of results to the ASX.

The policy prohibits short term or speculative trading of the Company's securities.

Directors, officers and employees are required to obtain clearance prior to trading.

The Company's securities trading policy is available on the Company's website at www.eastafricaresources.com.au

Diversity policy

The Board has adopted a policy which outlines that the Company group supports a workplace that embraces and promotes diversity. Diversity constitutes people at relevant levels within the Company group (including Board, executive, management, employee, contractor and otherwise) with a diverse blend of skills, experiences, perspectives, styles and attributes, including on account of their culture, gender, age or otherwise.

The Board has set measurable objectives and will assess these objectives and the progress towards greater diversity periodically.

The Company's objectives with regard to diversity are as follows:

- The Company's composition of Board, executive, management, employees, contractors and otherwise should be as diverse as practicable.
- To provide equal opportunities for all positions within the Company and continue the Company's commitment to employment based on merit.
- To periodically review the Company's workforce structure and assess where and how improvements can be implemented incorporating greater diversity.
- To monitor and evaluate any new advice, programmes or training that become available with regard to diversity in the workplace.
- To ensure the Company continues to provide a safe working environment, free from threat, prejudice or discrimination.
- To communicate this policy within the Company, to Shareholders and the market.

11.6 Departures from Recommendations

Following reinstatement to trading on the Official List of ASX, the Company will be required to report any departures from the Recommendations in its annual financial report.

The Company's compliance and departures from the Recommendations as at the date of this Prospectus are as below:

| Recommendation | Compliance | Note | |
|--|---|-------------------|--------|
| Principle 1: Lay solid foundations for management and oversight | | | |
| 1.1 | Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions. | Comply | - |
| 1.2 | Companies should disclose the process for evaluating the performance of senior executives. | Not in compliance | Note 5 |
| 1.3 | Companies should provide the information indicated in the Guide to Reporting on Principle 1. | Comply | - |
| Principle 2: Structure the Board to add value | | | |
| 2.1 | A majority of the Board should be independent directors. | Comply | - |
| 2.2 | The Chair should be an independent director. | Comply | - |
| 2.3 | The roles of the Chair and the Chief Executive Officer should not be exercised by the same individual. | Comply | - |
| 2.4 | The Board should establish a nomination committee. | Not in compliance | Note 1 |
| 2.5 | Companies should disclose the process for evaluating the performance of the Board, its committees and individual directors. | Not in compliance | Note 5 |
| 2.6 | Companies should provide the information in the Guide to Reporting on Principle 2. | Comply | - |

| Recommendation | Compliance | Note | |
|---|--|-------------------|--------|
| Principle 3: Promote ethical and responsible decision-making | | | |
| 3.1 | <p>Companies should establish a code of conduct and disclose the code or a summary of the code including:</p> <ul style="list-style-type: none"> • the practices necessary to maintain confidence in the company's integrity; • the practices necessary to take into account their legal obligations and the reasonable expectations of their shareholders; and • the responsibility of and accountability of individuals for reporting and investigating reports of unethical practices. | Comply | - |
| 3.2 | <p>Companies should establish a policy concerning trading in company securities by directors, senior executives and employees and disclose the policy or a summary of that policy.</p> | Comply | - |
| 3.2 | <p>Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them.</p> | Comply | - |
| Principle 4: Safeguard integrity in financial statements | | | |
| 4.1 | <p>The Board should establish an audit committee.</p> | Comply | - |
| 4.2 | <p>The audit committee should be structured so that it:</p> <ul style="list-style-type: none"> • consists of only non-executive directors; • consists of a majority of independent directors; • is chaired by an independent chair, who is not chair of the Board; and • has at least three members. | Not in compliance | Note 2 |
| 4.3 | <p>The audit committee should have a formal charter.</p> | Not in compliance | Note 2 |
| 4.4 | <p>Companies should provide the information indicated in the Guide to Reporting on Principle 4.</p> | Comply | - |

| Recommendation | Compliance | Note | |
|---|---|-------------------|--------|
| Principle 5: Make timely and balanced disclosure | | | |
| 5.1 | Companies should establish written policies designed to ensure compliance and ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for that compliance and disclose those policies or a summary of those policies. | Comply | - |
| 5.2 | Companies should provide the information indicated in the Guide to Reporting on Principle 5. | Comply | - |
| Principle 6: Respect the rights of shareholders | | | |
| 6.1 | Companies should design a communications policy for promoting effective communications with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy. | Comply | - |
| 6.2 | Companies should provide the information indicated in the Guide to Reporting on Principle 6. | Comply | - |
| Principle 7: Recognise and manage risk | | | |
| 7.1 | Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies. | Comply | - |
| 7.2 | The Board should require management to design and implement the risk management and internal control systems to manage the company's material business risks and disclose a summary of those policies. | Not in compliance | Note 4 |
| 7.3 | The Board should disclose whether it has received assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial statement risks. | Comply | - |

| Recommendation | | Compliance | Note |
|---|---|--|--------|
| 7.4 | Companies should provide the information indicated in the Guide to Reporting on Principle 7. | Substantially comply and in the process of further developing risk management procedures | - |
| Principle 8: Remunerate fairly and responsibly | | | |
| 8.1 | The Board should establish a remuneration committee. | Not in compliance | Note 3 |
| 8.2 | Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives. | Comply | - |
| 8.3 | Companies should provide the information indicated in the Guide to Reporting on Principle 8. | Comply | - |

Notes:

1. The Board of Directors of the Company does not have a formally appointed nomination committee. The Board is of the opinion that due to the nature and size of the Company, the functions performed by a nomination committee can be adequately handled by the full Board.
2. The Board of Directors of the Company does not have a formally appointed audit committee. The Board is of the opinion that due to the nature and size of the Company, the functions performed by an audit committee can be adequately handled by the full Board.
3. The Board of Directors of the Company does not have a formally appointed remuneration committee. The Board is of the opinion that due to the nature and size of the Company, the functions performed by a remuneration committee can be adequately handled by the full Board.
4. The Board has not received a formal documented report from management on the effectiveness of their management of the company's material business risks other than verbal updates at Board meetings. The Board has encouraged an increased focus on risk management during the year. A risk management plan was prepared by management and consultants during the year. Frequent discussions and reviews of the various risks that the Company and its subsidiaries may be exposed to are regularly carried out. The Company is committed to further developing and strengthening the Company's risk management policies.
5. The Board and management's suitability, overall structure and composition to carry out the Company's objectives is discussed and reviewed on an as-required basis during regular meetings of the Board.

12. Additional information

12.1 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

Details of current litigation involving Threat Protect are contained in Section 4.

12.2 Tax status

The Company is taxed in Australia as a public company. The Company's financial year ends on 30 June, annually.

12.3 Rights attaching to Securities

12.3.1 Rights attaching to Shares

The following is a summary of the more significant rights attaching to Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

(a) General meetings

- (i) Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.
- (ii) Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution.

(b) Voting rights: Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the Share, but in respect of partly paid

Shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) **Dividend rights**

- (i) Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.
- (ii) The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.
- (iii) Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

(d) **Winding-up**

- (i) If the Company is wound up, any property that remains after satisfaction of all debts and liabilities of the Company and the payment of costs, charges and expenses of winding up will be distributed among the Shareholders in accordance with their respective rights.
- (ii) Any amount that would otherwise be distributable to the holder of a partly paid Share must be reduced by the amount unpaid on that Share as at the date of distribution.
- (iii) The liquidator may, with the authority of a special resolution of the Company, divide amongst the Shareholders the whole or any part of the Company's property and decide how the division is to be carried out between the

Shareholders or classes of Shareholders. No Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability.

- (e) **Shareholder liability:** As the Shares offered under this Prospectus are fully paid shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.
- (f) **Transfer of Shares:** Generally, Shares are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the ASX Listing Rules.
- (g) **Variation of rights**
 - (i) Pursuant to section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.
 - (ii) If at any time the share capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.
- (h) **Alteration of Constitution:** The Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

12.3.2 Terms of Options currently on issue

- (a) Each Option carries the right in favour of the Option holder to subscribe for one Share.
- (b) The Options issued must be exercised on or before 29 November 2017.
- (c) Subject to ASX Listing Rules, the Options are exercisable as follows:
 - (i) 300,000 Options are exercisable at \$0.1336 each (on a post-Consolidation basis);
 - (ii) 300,000 Options are exercisable at \$0.40 each (on a post-Consolidation basis); and

- (iii) 300,000 Options are exercisable at \$0.60 each (on a post-Consolidation basis).
- (d) The Option holder may exercise any of the Options during a takeover period.
- (e) Subject to the ASX Listing Rules, an Option holder may not sell, transfer, assign, give or otherwise dispose of, in equity or in law, the benefit of the Options, other than to an Eligible Nominee of that Option holder.
- (f) The Options cannot be listed for official quotation on ASX nor on any other official stock exchange in any other country.
- (g) The Options are exercisable by the delivery to the Company, or the Share Registry, of the Option exercise form appearing on the reverse of the option certificate stating the intention of the Option holder to exercise all or a specified number of the Options held by the Option holder accompanied by the option certificate and a cheque made payable to the Company for the exercise price for each of the Options to be exercised. An exercise of only some of the Options does not affect the rights of the Option holder to the balance of the Options held by the Option holder.
- (h) The Company must allot the resultant Shares and dispatch the holding statements within five business days of the exercise of the Options.
- (i) Shares allotted pursuant to an exercise of Options rank, from the date of allotment, equally with existing Shares of the Company in all respects.
- (j) The Company must within 3 business days of allotment make application to have Shares allotted pursuant to an exercise of the Options listed for official quotation by ASX and any other stock exchange on which the Shares are quoted from time to time.
- (k) There are no participating rights or entitlements inherent in the Options and holders are not 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 10 business days after the issue is announced. This will give Option holders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
- (l) There will be no change to the exercise price of the Option or the number of Shares over which the Option is exercisable in the event of the Company making a pro rata issue of Shares or other securities to the holders of Shares (other than a bonus issue).
- (m) If there is a bonus share issue (**Bonus Issue**) to the holders of Shares, the number of Shares over which the Options are exercisable will be increased by the number of Shares which the Option holder

would have received if the Options had been exercised before the record date for the bonus issue. The Bonus Shares must be paid up by the Company out of the profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue and upon issue rank equally in all respects with the other shares of that class on issue at the date of issue of the Bonus Shares.

- (n) In the event of a re-organisation of the issued capital of the Company the Options must be re-organised in accordance with the ASX Listing Rules.

12.3.3 **Terms of Options to be issued to advisers, brokers, promoters and the Proposed Directors in connection with the Acquisition**

- (a) **Entitlement:** Subject to paragraph (m) below, each Option entitles the holder to subscribe for one Share upon exercise of the Option.
- (b) **Exercise Price and Expiry Date:** Subject to paragraphs (j) and (l) below, the amount payable upon exercise of each Option will be \$0.025 (**Exercise Price**).
- (c) **Expiry Date:** Each Option will expire at 5:00pm (WST) on the date falling 3 years after its issue date (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (d) **Exercise Period:** The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).
- (e) **Notice of Exercise:** The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.
- (f) **Exercise Date:** A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).
- (g) **Timing of issue of Shares on exercise:** Within 15 Business Days after the later of the following:
 - (i) the Exercise Date; and
 - (ii) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information,

but in any case no later than 20 Business Days after the Exercise Date, the Company will:

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

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

- (h) **Shares issued on exercise:** Shares issued on exercise of the Options rank equally with the then issued shares of the Company.
- (i) **Quotation of Shares issued on exercise:** If admitted to the Official List of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.
- (j) **Reconstruction of capital:** If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- (k) **Participation in new issues:** There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.
- (l) **Adjustment for rights issue:** In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to Shareholders after the date of issue of the Options, the Exercise Price will be reduced in accordance with the formula set out in ASX Listing Rule 6.22.2.

- (m) **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):
- (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.
- (n) **Unquoted:** The Company will not apply for quotation of the Options on ASX.
- (o) **Transferability:** The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

12.3.4 Terms of Threat Protect Convertible Notes

Threat Protect has issued an aggregate principal amount of \$590,000 of convertible notes. The notes were issued between 4 May 2015 and 14 May 2015 and bear interest at a rate of 10% per annum (compounded monthly). Interest is payable in arrears on a monthly basis but may be capitalised at the discretion of Threat Protect. The terms of those notes provide that, on the reinstatement of the Company's Shares to trading on the ASX, the notes will automatically convert into Shares in the Company, subject to Shareholders approving the issue of such Shares for the purposes of ASX Listing Rule 7.1.

12.4 Details of Company and Threat Protect group entities

As at the date of this Prospectus, the Company's consolidated entities are as follows:

| Controlled entities | Country of incorporation | Interest held |
|-----------------------------------|--------------------------|---------------|
| East Africa Resources Limited | Australia | Parent |
| Tanganyika Uranium Corp | Canada | 100% |
| TZU Resources Pty Limited | Australia | 100% |
| Frontier Resources Ltd | Tanzania | 100% |
| Sterling Resources Ltd | Tanzania | 100% |
| Aust East Africa Mining Ltd | Tanzania | 100% |
| Savanna Mineral Resources Pty Ltd | Australia | 100% |

Upon completion of the Acquisition, the Company will also control Threat Protect and its consolidated entities, which as at the date of this Prospectus are as follows:

| Controlled entities | Country of incorporation | Interest held |
|--|--------------------------|---------------|
| Threat Protect Australia Pty Ltd | Australia | Parent |
| VIP Security Industries Pty Ltd | Australia | 100% |
| AVMC (Aust) Pty Ltd | Australia | 100% |
| Goldfields Commercial Security Pty Ltd | Australia | 100% |

12.5 Interests of Directors

Other than as set out in this Prospectus, no Director or Proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with ASIC, any interest in:

- 12.5.1 the formation or promotion of the Company;
 - 12.5.2 any property acquired or proposed to be acquired by the Company in connection with:
 - (a) its formation or promotion; or
 - (b) the Offers; or
 - 12.5.3 the Offers,
- and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or Proposed Director:
- 12.5.4 as an inducement to become, or to qualify as, a Director; or
 - 12.5.5 for services provided in connection with:
 - (a) the formation or promotion of the Company; or
 - (b) the Offers.

12.6 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus, no:

- 12.6.1 person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- 12.6.2 promoter of the Company; or
- 12.6.3 underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with ASIC, any interest in:

- 12.6.4 the formation or promotion of the Company;
- 12.6.5 any property acquired or proposed to be acquired by the Company in connection with:
- (a) its formation or promotion; or
 - (b) the Offers; or
- 12.6.6 the Offers,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- 12.6.7 the formation or promotion of the Company; or
- 12.6.8 the Offers.

BDO has acted as Investigating Accountant and has prepared the Investigating Accountant's Report which is included in Section 10. The Company estimates it will pay BDO a total of \$43,000 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with ASIC, BDO has not received any fees from the Company for any other services.

Argonaut has acted as Lead Manager to the Company in relation to the Public Offer. The Company will pay Argonaut fees in accordance with the Lead Manager Mandate summarised in Section 9.4 for these services. During the 24 months preceding lodgement of this Prospectus with ASIC, Argonaut has received \$34,252 in fees from the Company for services relating to placement of Shares.

Lavan Legal have acted as the solicitors in relation to the Offers. The Company estimates Lavan Legal will be paid \$170,000 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with ASIC, Lavan Legal have not received fees from the Company for any other services.

12.7 Consents

Each of the parties referred to in this Section:

- 12.7.1 does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
- 12.7.2 to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

BDO has given its written consent to being named as Investigating Accountant in this Prospectus and to the inclusion of the Investigating Accountant's Report in Section 10 in the form and context in which the information and report is included. BDO has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

Lavan Legal have given their written consent to being named as the solicitors to the Company in this Prospectus. Lavan Legal have not withdrawn their consent prior to the lodgement of this Prospectus with ASIC.

Argonaut has given its written consent to being named as the Lead Manager to the Company in this Prospectus. Argonaut has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

Computershare has given its written consent to being named as the share registry to the Company in this Prospectus. Computershare has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

Rothsay Chartered Accountants have given their written consent to being named as the auditor to the Company in this Prospectus. Rothsay Chartered Accountants have not withdrawn their consent prior to the lodgement of this Prospectus with ASIC.

Bentleys have given their written consent to being named as the auditor to Threat Protect in this Prospectus. Bentleys have not withdrawn their consent prior to the lodgement of this Prospectus with ASIC.

There are a number of other persons referred to in this Prospectus who are not experts and who have not made statements included in this Prospectus. There are no statements made in this Prospectus on the basis of any statements made by these persons. These persons did not consent to being named in this Prospectus and did not authorise or cause the issue of this Prospectus.

12.8 Expenses of the Offers

The total expenses of the Offers (excluding GST) are estimated to be approximately \$682,934 for full subscription or \$754,034 including full over subscriptions and are expected to be applied towards the items set out in the table below:

| Item of Expenditure | Full Subscription (\$) | Full Oversubscriptions (\$) |
|---|---------------------------|-----------------------------------|
| ASIC fees | 2,320 | 2,320 |
| ASX fees | 72,614 | 73,714 |
| Broker commissions & Lead Manager fees ¹ | 365,000 | 435,000 |
| Legal fees | 170,000 | 170,000 |
| Investigating Accountant's fees | 43,000 | 43,000 |
| Printing and distribution | 20,000 | 20,000 |
| Miscellaneous | 10,000 | 10,000 |
| Total: | 682,934 | 754,034 |

Note: Argonaut will receive a Lead Manager's fee of 2% of all funds raised under the Public Offer, while brokers may receive a fee of up to 5% of the value of the Shares placed to their clients. Argonaut will also receive fees in accordance with the terms of the Lead Manager Mandate, as described further in Section 9.4.

12.9 Continuous disclosure obligations

The Company is a “disclosing entity” (as defined in section 111AC of the Corporations Act) and, as such, is subject to regular reporting and disclosure obligations. The Company will be required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

Price sensitive information will be publicly released through ASX before it is disclosed to Shareholders and market participants. Distribution of other information to Shareholders and market participants will also be managed through disclosure to the ASX.

12.10 Clearing House Electronic Subregister System (CHES) and Issuer Sponsored holdings

The Company will apply to participate in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company.

Electronic sub-registers mean that the Company will not be issuing certificates to investors. Instead, investors will be sent a statement that sets out the number of Shares issued to them under this Prospectus. The notice will also advise Shareholders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Electronic sub-registers also mean ownership of securities can be transferred without having to rely upon paper documentation. A monthly statement will be sent to Shareholders if there has been any change to the number of Shares held during the preceding month. That statement is dispatched in the week following the relevant month end.

12.11 Privacy statement

The Company collects information about each Applicant from the Application Form for the purposes of processing and, if the Application is successful, to administer the Applicant’s shareholding in the Company.

By submitting an Application Form, each Applicant agrees that the Company may use the information in the Application Form for the purposes set out in this Prospectus and may disclose it for those purposes to the Share Registry, the Company’s related bodies corporate, agents, contractors and third party service providers (including mailing houses), ASX, ASIC and other regulatory authorities.

If an Applicant becomes a Shareholder, the Corporations Act requires the Company to include information about the Shareholder (name, address and details of the Shares held) in its public registers. This information must remain in the registers even if that person ceases to be a Shareholder. Information contained in the Company’s registers is also used to facilitate distribution payments and corporate communications (including the Company’s financial results, annual reports and other information that the Company may wish to communicate to its Shareholders) and compliance by the Company with legal and regulatory requirements. Successful Applicants may request access to their personal information held by (or on behalf of) the Company by telephoning or writing to the Company Secretary.

If you do not provide the information required on the Application Form, the Company may not be able to accept or process your Application.

For personal use only

13. Directors' authorisation

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director and each Proposed Director has consented to the lodgement of this Prospectus with ASIC.



Katina Law
CEO & Executive Director
For and on behalf of
East Africa Resources Limited

For personal use only

14. Glossary

Where the following terms are used in this Prospectus they have the following meanings:

| | |
|--------------------------------|---|
| \$ | means the official currency of the Commonwealth of Australia. |
| Acquisition | means the Company's proposed acquisition of Threat Protect, as described in further detail in Section 9.1. |
| Acquisition Offers | means the Public Offer, the Vendor Offer, the Threat Protect Director Offer, the Threat Protect Noteholder Offer and the Lender Offer, but excludes the Director Offer. |
| Acquisition Options | means Threat Protect's options to acquire the assets of the business known as Hillstone Security Monitoring and the shares in the Target, the terms of which are summarised in Sections 9.2 and 9.3 respectively. |
| Acquisition Resolutions | has the meaning given to that term in Section 9.1. |
| Applicant | means a person who applies for Shares pursuant to the Public Offer using an Application Form. |
| Application Form | means the application form attached to or accompanying this Prospectus relating to the Public Offer and/or the Vendor Offer and/or the Threat Protect Noteholder Offer and/or the Threat Protect Director Offer and/or the Lender Offer and/or the Director Offer, as the context requires or permits.. |
| Argonaut | means Argonaut Securities Pty Limited ACN 108 330 650. |
| ASIAL | means the Australian Security Industry Association Ltd ACN 000 813 365. |
| ASIC | means Australian Securities & Investments Commission. |
| ASX | means ASX Limited ACN 008 624 691 or the Australian Securities Exchange, as the context requires. |
| ASX Listing Rules | means the official listing rules of ASX. |
| AVMC | means AVMC (Aust) Pty Ltd ACN 156 666 330, a wholly owned subsidiary of Threat Protect. |
| BDO | means BDO Corporate Finance (WA) Pty Ltd ACN 124 031 045. |
| Bentleys | means Bentleys Audit & Corporate (WA) Pty Ltd ACN 121 222 802. |
| Board | means the board of Directors as constituted from time to time. |
| Cape Equity | means Cape Equity Pty Ltd ACN 008 789 893. |
| CCTV | means closed-circuit television. |

| | |
|---------------------------------|--|
| Closing Date | means the closing date of the Offers as set out in the indicative timetable in the Investment Overview in Section 4 (subject to the Company reserving the right to extend the Closing Date or close the Offers early). |
| Company | means East Africa Resources Limited ACN 060 774 227. |
| Computershare | means Computershare Investor Services Pty Limited ACN 078 279 277, the Company's share registry. |
| Consideration Shares | means the Shares to be issued to the Threat Protect Vendors, being 165 million Shares. |
| Consolidation | means the proposed consolidation of the Company's capital on a 1 for 4 basis as contemplated by Resolution 2 in the Notice of Meeting. |
| Constitution | means the constitution of the Company. |
| Corporations Act | means the <i>Corporations Act 2001</i> (Cth). |
| Director Offer | has the meaning given to that term in Section 5.1.6. |
| Directors | means the directors of the Company. |
| Eligible Nominee | means a spouse of a Director, a body corporate in which a Director is beneficially entitled to not less than 50% of the issued voting share capital, or a trustee of a family trust established for the benefit of the family of the Director, in their capacity as trustee. |
| Exposure Period | means the period of 7 days after the date of lodgement of this Prospectus with ASIC, which period may be extended by ASIC by not more than 7 days pursuant to section 727(3) of the Corporations Act. |
| General Meeting | means the general meeting of Shareholders to be held on 5 August 2015. |
| Goldfields | means Goldfields Commercial Security Pty Ltd ACN 009 400 042. |
| Hillstone Holdings | means Hillstone Holdings Pty Ltd ACN 009 326 210. |
| Investigating Accountant | means BDO Corporate Finance (WA) Pty Ltd ACN 124 031 045. |
| Karich Consulting | means Karich Consulting Pty Ltd ACN 119 494 021 (an entity controlled by Director, Ms Katina Law). |
| Lead Manager | means Argonaut. |
| Lender Offer | has the meaning given to that term in Section 5.1.5. |
| Notice of Meeting | means the notice convening the General Meeting, as dispatched to Shareholders on 3 July 2015. |
| Offer Period | means the period commencing on the Opening Date and ending on the Closing Date. |

| | |
|---|--|
| Offers | means the offers of Shares under this Prospectus, as described in Section 5. |
| Official List | means the official list of ASX. |
| Official Quotation | means official quotation by ASX in accordance with the ASX Listing Rules. |
| Opening Date | means the opening date of the Offers as set out in the indicative timetable in the Investment Overview in Section 4. |
| Option | means an option to acquire a Share. |
| Proposed Directors | means each of Mr Demetrios Pynes, Mr Paolo (“Paul”) Ferrara and Mr Derek La Ferla. |
| Prospectus | means this prospectus. |
| Public Offer | has the meaning given to that term in Section 5.1.1. |
| Quicksilver Asset | means Quicksilver Asset Pty Ltd ACN 106 986 261. |
| Section | means a section of this Prospectus. |
| Security | means a Share and/or an Option as the context requires. |
| Security Act | means the <i>Security and Related Activities (Control) Act 1996 (WA)</i> . |
| Share | means a fully paid ordinary share in the capital of the Company. |
| Shareholder | means a holder of Shares. |
| SAIWA | means the Security Agents Institute of WA. |
| Siren Nominees | means Siren Nominees Pty Ltd ACN 139 580 279. |
| Takeover Period | in relation to a takeover bid in respect of Shares, means the period referred to in section 624 of the Corporations Act as extended under the Corporations Act, provided that where a takeover bid is publicly announced prior to the service of a bidder’s statement on the Company in relation to that takeover bid, the Takeover Period is deemed to have commenced at the time of that announcement. |
| Target | has the meaning given to that term in Section 9.3. |
| TCS | means Tactical Conflict Solutions Pty Ltd ACN 123 287 785. |
| Threat Protect | means Threat Protect Australia Pty Ltd ACN 149 334 118. |
| Threat Protect Convertible Notes | means the notes described in Section 12.3.4. |
| Threat Protect Director Offer | has the meaning given to that term in Section 5.1.4. |

| | |
|--|--|
| Threat Protect Noteholder Offer | has the meaning given to that term in Section 5.1.3. |
| Threat Protect Noteholders | means holders of Threat Protect Convertible Notes |
| Threat Protect Vendors | means the shareholders in Threat Protect. |
| Vendor Offer | has the meaning given to that term in Section 5.1.2. |
| VIP Security | means VIP Security Industries Pty Ltd ACN 069 249 010. |
| WST | means Western Standard Time as observed in Perth, Western Australia. |



For all enquiries:

(within Australia) 1300 787 272
(outside Australia) +61 8 9323 2000

Public Offer Application Form

The Public Offer closes at 5:00pm AWST on 12 August 2015

This Public Offer Application Form is important. If you are in doubt as to how to deal with it, please contact your stockbroker or professional adviser without delay.

You should read the East Africa Resources Limited ACN 060 774 227 Prospectus dated 9 July 2015 carefully before completing this Application Form. The Corporations Act 2001 (Cth) prohibits any person from passing on this Application Form (whether in paper or electronic form) unless it is attached to or accompanies a complete and unaltered copy of the Prospectus and any relevant Supplementary Prospectus (whether in paper or electronic form).

A I/we apply for

Grid for entering number of shares

Number of Shares in East Africa Resources Limited at A\$0.02 per Share or such lesser number of Shares which may be allocated to me/us.

B I/we lodge full application money

A\$ Grid for entering application money

C Individual/joint applications - refer to naming standards overleaf for correct forms of registrable title(s)

Title or Company Name Given Name(s) Surname grid

Joint Applicant 2 or Account Designation

Grid for Joint Applicant 2 or Account Designation

Joint Applicant 3 or Account Designation

Grid for Joint Applicant 3 or Account Designation

D Enter the postal address - include State and Postcode

Unit Street Number Street Name or PO Box/Other information grid

Grid for address continuation

City/Suburb/Town State Postcode grid

E Enter your contact details

Contact Name grid

Telephone Number - Business Hours grid

F CHES Participant

Holder Identification Number (HIN)

X Grid for CHES HIN

Please note that if you supply a CHES HIN but the name and address details on your form do not correspond exactly with the registration details held at CHES, your application will be deemed to be made without the CHES HIN, and any Shares issued as a result of the Public Offer will be held on the Issuer Sponsored subregister.

G Payment details

Drawer Cheque Number BSB Number Account Number Amount of Cheque A\$ grid

Make your cheque, bank draft or money order payable to ' East Africa Resources Ltd ' and cross 'Not Negotiable'. For direct debit, deposit funds to East Africa Resources Limited BSB 036-000, Account 62-3931 and use your application name as the reference.

By submitting this Application Form:

- I/we declare that this Application Form is complete and lodged according to the Prospectus, and any relevant Prospectus, and the declarations/statements on the reverse of this Application Form,
I/we declare that all details and statements made by me/us (including the declaration on the reverse of this Application Form) are complete and accurate, and
I/we agree to be bound by the Constitution of East Africa Resources Limited.

See overleaf for completion guidelines ->

How to complete this Public Offer Application Form

A Number of Shares applied for under the Public Offer
Enter the number of Shares you wish to apply for. The Application must be for a minimum of 100,000 Shares (\$A2,000) and thereafter in multiples of 25,000 (\$500).

B Application monies
Enter the amount of application monies. To calculate the amount, multiply the number of Shares applied for in Step A by the Public Offer issue price of A\$0.02.

C Applicant name(s)
Enter the full name you wish to appear on the statement of shareholding. This must be either your own name or the name of a company. Up to 3 joint Applications may register. You should refer to the table below for the correct forms of registrable title. Applications using the wrong form of names may be rejected. Clearing House Electronic Subregister System (CHES) participants should complete their name identically to that presently registered in the CHES system.

D Postal address
Enter your postal address for all correspondence. All communications to you from the Share Registry will be mailed to the person(s) and address as shown. For joint applicants, only one address can be entered.

E Contact details
Enter your contact details. These are not compulsory but will assist us if we need to contact you regarding this Application.

F CHES
East Africa Resources Limited will apply to the ASX to participate in CHES, operated by ASX Settlement Pty Limited, a wholly owned subsidiary of ASX Limited. If you are a CHES participant (or are sponsored by a CHES participant) and you wish to hold Shares issued to you under this Application on the CHES Subregister, enter your CHES HIN. Otherwise, leave this section blank and on issue, you will be sponsored by East Africa Resources Limited and allocated a Securityholder Reference Number (SRN).

G Payment
Make your cheque, bank draft or money order payable in Australian dollars to 'East Africa Resources Ltd' and cross it '**Not Negotiable**'. Cheques must be drawn from an Australian bank. Cash will not be accepted. The total payment amount must agree with the amount shown in Step B. Complete the cheque details in the boxes provided. Cheques will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques received may not be re-presented and may result in your Application being rejected. Paperclip (do not staple) your cheque(s) to the Application Form. Receipts will not be forwarded. When paying by Direct Debit, the Application Form must still be submitted for your application to be processed.

Before completing the Application Form, the applicant(s) should read the Prospectus to which this Public Offer application relates. By lodging the Application Form, the applicant agrees that this application for Shares in East Africa Resources Limited is upon and subject to the terms of the Prospectus and the Constitution of East Africa Resources Limited, agrees to take any number of Shares that may be issued to the applicant(s) pursuant to the Prospectus and declares that all details and statements made are complete and accurate. It is not necessary to sign the Application Form.

Lodgement of Application

Application Forms must be received by East Africa Resources Limited by no later than 5.00pm WST on 12 August 2015. You should allow sufficient time for this to occur. Return the Application Form with cheque, bank draft or money order attached to:

East Africa Resources Limited or Fax: (08) 6363 7099
PO Box 1154
West Perth WA 6872

East Africa Resources Limited does not accept any responsibility if you lodge the Application Form at any other address or by any other means.

Privacy Notice

The personal information you provide on this form is collected by Computershare Investor Services (CIS), as registrar for the securities issuers (the issuer), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. In addition, the issuer may authorise us on their behalf to send you marketing material or include such material in a corporate communication. You may elect not to receive marketing material by contacting CIS using the details provided overleaf or emailing privacy@computershare.com.au. We may be required to collect your personal information under the *Corporations Act 2001* (Cth) and ASX Settlement Operating Rules. We may disclose your personal information to our related bodies corporate and to other individuals or companies who assist us in supplying our services or who perform functions on our behalf, to the issuer for whom we maintain securities registers or to third parties upon direction by the issuer where related to the issuer's administration of your securityholding, or as otherwise required or authorised by law. Some of these recipients may be located outside Australia, including in the following countries: Canada, India, New Zealand, the Philippines, the United Kingdom and the United States of America. For further details, including how to access and correct your personal information, and information on our privacy complaints handling procedure, please contact our Privacy Officer at privacy@computershare.com.au or see our Privacy Policy at <http://www.computershare.com.au>.

Correct forms of registrable title(s)

Note that ONLY legal entities are allowed to hold Shares. Application Forms must be in the name(s) of a natural person(s), companies or other legal entities acceptable to East Africa Resources Ltd. At least one full given name and the surname is required for each natural person. Application Forms cannot be completed by persons less than 18 years of age. Examples of the correct form of registrable title are set out below.

| Type of investor | Correct form of registration | Incorrect form of registration |
|---|--|--|
| Individual: use given names in full, not initials | Mr John Alfred Smith | JA Smith |
| Company: use the company's full title, not abbreviations | ABC Pty Ltd | ABC P/L or ABC Co |
| Joint holdings: use full and complete names | Mr Peter Robert Williams & Ms Louise Susan Williams | Peter Robert & Louise S Williams |
| Trusts: use the trustee(s) personal name(s) | Mrs Susan Jane Smith <Sue Smith Family A/C> | Sue Smith Family Trust |
| Deceased estates: use the executor(s) personal name(s) | Ms Jane Mary Smith & Mr Frank William Smith <Est John Smith A/C> | Estate of late John Smith or John Smith Deceased |
| Minor (a person under the age of 18): use the name of a responsible adult with an appropriate designation | Mr John Alfred Smith <Peter Smith A/C> | Master Peter Smith |
| Partnerships: use the partners' personal names | Mr John Robert Smith & Mr Michael John Smith <John Smith and Son A/C> | John Smith and Son |
| Long names | Mr John William Alexander Robertson-Smith | Mr John W A Robertson-Smith |
| Clubs/Unincorporated Bodies/Business Names: use office bearer(s) personal name(s) | Mr Michael Peter Smith <ABC Tennis Association A/C> | ABC Tennis Association |
| Superannuation funds: use the name of the trustee of the fund | Jane Smith Pty Ltd <Super Fund A/C> | Jane Smith Pty Ltd Superannuation Fund |

Vendor Offer Application Form

For personal use only

Threat Protect Noteholder Offer Application Form

For personal use only

Threat Protect Director Offer Application Form

For personal use only

Lender Offer Application Form

For personal use only

Director Offer Application Form

For personal use only