THREAT PROTECT AUSTRALIA LIMITED

ACN 060 774 227

NOTICE OF EXTRAORDINARY GENERAL MEETING

TIME: 10:00AM WST

DATE: Thursday 5 July 2018

PLACE: Cliftons, Ground Floor, Parmelia House,
191 St Georges Terrace, Perth
PERTH WA 6000

This Notice of Extraordinary General Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Shareholders should refer to the Independent Expert's Report contained inside this Notice of Extraordinary General Meeting. The Independent Expert has determined that the control transaction referred to in this Notice is fair and reasonable to the non-associated Shareholders.

Should you wish to discuss the matters in this Notice of Extraordinary General Meeting please do not hesitate to contact the Company Secretary on +61 8 9322 2922

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IMPORTANT INFORMATION

TIME AND PLACE OF MEETING

Notice is given that the Extraordinary General Meeting of the Shareholders, to which this Notice of Extraordinary General Meeting relates, will be held at 10:00 AM WST on Thursday 5 July 2018 at Cliftons, Ground Floor, Parmelia House, Perth WA 6000.

YOUR VOTE IS IMPORTANT

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

VOTING ELIGIBILITY

The Directors have determined, pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth), that the persons eligible to vote at the Extraordinary General Meeting are those who are registered Shareholders at 5:00 PM WST on Tuesday 3 July 2018.

VOTING IN PERSON

To vote in person, attend the Extraordinary General Meeting at the time, date and place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, members are advised that:

- each member has a right to appoint a proxy;
- the proxy need not be a member of the Company; and
- a member who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints two proxies and the appointment does not specify the proportion or number of the members' votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

New sections 250BB and 250BC of the Corporations Act came into effect on 1 August 2011 and apply to voting by proxy on or after that date. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to this General Meeting. Broadly, the changes mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are set out below.

Proxy vote if appointment specifies way to vote

Section 250BB (1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does**:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
  - the proxy is not recorded as attending the meeting;
  - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

DEFINED TERMS

Capitalised terms in this Notice of Extraordinary General Meeting and Explanatory Statement are defined either in the "Glossary" Section or where the relevant term is first used.

ASIC AND ASX

A final copy of this Notice of Extraordinary General Meeting and Explanatory Statement has been lodged with ASIC and ASX.

Neither ASIC, ASX nor any of their respective officers takes any responsibility for the contents of this document.

AGENDA

1. RESOLUTION – ISSUE OF CONVERTIBLE NOTES TO FIRST SAMUEL LTD (OR ITS NOMINEES)

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

"That, for the purpose of Item 7 of section 611 of the Corporations Act and for all other purposes, approval is given for:

(a) the Company to issue First Samuel Ltd (or its nominee(s)) up to 42,857,143 Shares in the event that the Convertible Notes convert into Shares; and

(b) First Samuel Ltd (or its nominee(s)) to acquire a Relevant Interest in the Company's Shares as a result of converting Convertible Notes into Shares which increases First Samuel Ltd (or its nominees) Voting Power in the Company:

(i) from 20% or below to more than 20%; and

(ii) from a starting point that is above 20% and below 90%,

on the terms and conditions set out by the Explanatory Statement."

Independent Expert's Report

Shareholders should carefully consider the Independent Expert's Report prepared by Moore Stephens for the purposes of Shareholder approval required under item 7 of section 611 of the Corporations Act for this Resolution. The Independent Expert's Report comments on the fairness reasonableness of the transaction to the non-associated Shareholders. The Independent Expert has determined that the transaction is fair and reasonable to the non-associated Shareholders.

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of this Resolution by First Samuel Ltd and any of its associates.

However, the Company need not disregard a vote if:

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

(b) it is cast by the Chair a as proxy for a person who is entitled to vote in accordance with a direction on the Proxy Form to vote as the Proxy Form decides.

OTHER BUSINESS

Shareholders are invited to ask questions, make comments and to raise any other business which may lawfully be brought before the Extraordinary General Meeting.

Dated: 30 May 2018

By Order of the Board

Simon Whybrow

COMPANY SECRETARY

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolution which is the subject of the business of the Meeting.

1. RESOLUTION – ISSUE OF CONVERTIBLE NOTES TO FIRST SAMUEL LTD (OR ITS NOMINEE(S))

This Resolution seeks Shareholder approval for the Company to issue up to 42,857,143 Shares to First Samuel Limited or its nominee(s) (**First Samuel**) in the event that Convertible Notes (defined below) are converted into Shares.

1.1 Background

As announced on the ASX Markets Platform on 3 November 2016, the Company entered into an unsecured convertible note deed with First Samuel (as amended by a deed of variation dated 21 November 2016) (**Deed**).

The key terms of the Deed are set out below.

(a) **Deed**

(i) The Company may issue up to 9,000,000 convertible notes (**Convertible Notes**) in three tranches at its election prior to the Maturity Date (defined below).

(ii) Each Convertible Note has a face value of $1.00, providing the Company the Company with a funding facility of up to $9,000,000.

(iii) As at the date of this Notice, the Company has issued all of the 9,000,000 Convertible Notes to First Samuel, providing the company with $9,000,000 which was utilised in the Company's acquisition of the Grade One Security and Queensland Security Rangers businesses in March 2017, the acquisitions of Alpha Alarms Pty Ltd and Seekers Security Management Pty Ltd in December 2017, and the acquisition of Security Alarm Monitoring Service Pty Ltd in March 2018.

(iv) The Convertible Notes mature on 24 February 2020, being the date that is three years from the first issue date of Convertible Notes (**Maturity Date**).

(v) The conversion of Convertible Notes into Shares is subject to the Company obtaining Shareholder approval for the purposes of item 7 of section 611 of the Corporations Act.

(vi) If Shareholder approval is obtained prior to the Maturity Date, the Convertible Notes will automatically convert into Shares at the conversion ratio detailed below.

(vii) If Shareholder approval is not obtained prior to the Maturity Date, the Convertible Notes may be redeemed by First Samuel at a premium to the conversion price.

(viii) Prior to the Maturity Date, interest is payable on the outstanding face value of the Convertible Notes on issue at a rate of 9% payable on the date after the first issue date of Convertible Notes and each six months thereafter. After the Maturity Date, interest is payable on the outstanding face value of the Convertible Notes on issue at a rate of 11%.

(ix) The number of Shares to be issued on conversion of Convertible Notes is equal to **X** in the following formula:

$$X = Y / CP$$

Where:

Y is the number of Convertible Notes being converted

CP is the conversion price, being $0.03 per Share (subject to adjustments described in section 1.1(xi) below)

Where the conversion of a Convertible Note leads to a fraction of a Share, the number of Shares to be issued is to be rounded up to the nearest whole number.

(x) The conversion price is subject to adjustments for capital reconstructions and bonus issues in the usual manner. Additionally, if the Company issues Shares to any person at a price lower than $0.03 per Share at any time between the first issue date of the Convertible Notes and the date all Convertible Notes are converted or redeemed, the conversion price will be reduced to that price.

(xi) On 27 November 2017, the Company consolidated its securities on a 7-to-1 basis. Pursuant to the Deed, the conversion price of the Convertible Notes was amended by multiplying the conversion price by 7. As such, the current conversion price of the Convertible Notes is $0.21.

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(xii) The Company may in its discretion redeem some or all outstanding Convertible Notes at any time after the first anniversary date of the first issue of Convertible Notes with 30 days' written notice to First Samuel.

(xiii) Similarly, First Samuel may redeem any outstanding Convertible Notes:

- at any time after the Maturity Date but before the sunset date, being 5 years after the first date of issue of Convertible Notes; or
- following an event of default that is not remedied within 10 business days of First Samuel giving notice to Threat Protect to remedy such default.

(xiv) The redemption amount is equal to the face value of each Convertible Note (i.e. $1.00 per Convertible Note) plus a redemption premium of $0.67 per Convertible Note and accrued interest.

(xv) The Convertible Notes are unsecured.

(xvi) The Convertible Notes are not be listed on ASX.

(xvii) The Convertible Notes do not carry any voting rights at Shareholder meetings or the right to participate in rights issues or bonus issues.

(xviii) The Convertible Notes are freely transferable subject to the noteholder lodging with the Company:

- a duly executed instrument of transfer, together with the original note certificate for the Convertible Notes to which the transfer relates; and
- an accession deed executed by the transferee.

(xix) The Company and First Samuel have both given warranties and undertakings considered standard for an agreement of this nature, including complying with laws, changing its business and notice requirements.

(xx) The Deed sets out a number of default events considered standard for an agreement of this nature, including breach of the Deed and insolvency. If a default event occurs, First Samuel can declare all money owing under the Deed to be immediately due and payable.

(b) **Use of funds**

The funds raised from the issue of Convertible Notes under the Deed have or will be applied towards:

(i) mergers and acquisitions in line with the Company's monitored security acquisition strategy; and

(ii) working capital requirements of the Company (which may include expenditure to maintain the Company's assets in good standing, creditors, wages, payment to contractors, rent and outgoings, insurance, accounting, audit and legal fees, other items of a general administrative nature and cash reserves which may be used in connection with the Company's assets or any other project, as determined by the Board at a relevant time).

(c) **Funding Facility**

As announced on 27 February 2018, the Company has secured an additional $8,000,000 unsecured debt funding facility with First Samuel (**Facility**). The Facility will attract an interest rate of 6% for an initial 6 months after the issue date of the debentures and 7% per annum thereafter.

The Facility will allow the Company to continue to execute on its strategy of making acquisitions that are complementary to company's stated business and growth strategies. The Facility is on arm's length commercial terms and does not grant First Samuel any right to convert any amounts owed by the Company to First Samuel under the Facility into Shares. As such, the issue of debentures under the Facility will not result in any increase in the Voting Power of First Samuel set out in section 1.2.

1.2 Section 606 of the Corporations Act

Section 606 of the Corporations Act prohibits a person from acquiring a Relevant Interest in issued voting shares of a listed company that would cause that persons (or another person's) Voting Power to increase above 20%, or from a starting point above 20% and below 90%, unless the acquisition is made under an exception in section 611.

(a) **Voting Power**

The Voting Power of a person in a company is determined in accordance with section 610 of the Corporations Act. It is aimed at grouping together and counting the percentage of all voting shares in a company that are controlled by a person and its associates (i.e. their Relevant Interests).

(b) **Relevant Interests**

Section 608(1) of the Corporations Act provides that a person has a Relevant Interest in securities if that person:

(i) is the holder of the securities;

(ii) has power to exercise, or control the exercise of, a right to vote attached to the securities; or

(iii) has power to dispose of, or exercise control over the disposal of, the securities.

It is immaterial whether the power or control is direct or indirect, and it does not matter how remote the Relevant Interest is or how it arises. If two or more people can jointly exercise one of these powers, each of them is taken to have that power.

In addition, section 608(3) of the Corporations Act provides that, if a body corporate has a Relevant Interest in securities, a person will also have a Relevant Interest in those securities if:

(i) the person has Voting Power in the body which is above 20%; or

(ii) the person controls the body.

(c) **Associates**

In determining who is an associate for the purposes of calculating a person's Voting Power, section 12(2) of the Corporations Act provides that:

(i) the following entities are associates of a body corporate:

(A) another body corporate which it controls;

(B) another body corporate which controls it; and

(C) another body corporate that is controlled by the same entity which controls it;

(ii) a person will be an associate of another person if they have, or propose to enter into, a relevant agreement for the purpose of controlling or influencing:

(A) the composition of a body's board; or

(B) the conduct of the body's affairs; and

(iii) a person will be an associate of another person if they are acting, or propose to act, in concert in relation to the affairs of a body.

1.3 Item 7 of section 611 of the Corporations Act

Item 7 of section 611 of the Corporations Act provides an exception to the prohibition in section 606 where the acquisition of the Relevant Interest has been approved by shareholders in general meeting, provided that:

- no votes are cast in favour of the resolution by the person proposing to make the acquisition or their associates; and
- Shareholders are given all information known to the acquirer or the company that was material to the decision on how to vote.

The Company completed a capital raising of $1,500,000 through the placement of Shares to First Samuel on 7 November 2016 (20,000,000 Shares at an issue price of $0.03 per Share) and 29 November 2016 (30,000,000 Shares at an issue price of $0.03). These securities were consolidated to 7,142,857 Shares following the Company's share consolidation. First Samuel has acquired an additional 4,899,060 Shares on market.

Therefore, at the date of this Notice, First Samuel has a Relevant Interest in 12,041,917 Shares giving it Voting Power of 10.79%.

If the total number of Convertible Notes available to be issued to First Samuel under the Deed and converted into Shares, the maximum Voting Power, based on the conversion formula described above, that First Samuel may obtain in the Company as a result of converting all Convertible Notes into Shares under the Deed is 35.54% (subject to certain assumptions).

Please refer to Section 1.4(b) for further information on the Voting Power that may be acquired by First Samuel pursuant to the conversion of Convertible Notes into Shares.

Accordingly, the Company is seeking Shareholder approval to this Resolution for the purposes of item 7 of section 611 of the Corporations Act.

1.4 Prescribed information

The following information is required to be provided to Shareholders under the Corporations Act and *ASIC Regulatory Guide 74: Acquisitions approved by members* for the purposes of obtaining approval under item 7 of section 611 of the Corporations Act. Shareholders are also referred to the Independent Expert's Report prepared by Moore Stephens contained in Annexure A of this Notice.

(a) **Identity of the acquirer and its associates**

Any Shares issued pursuant to the conversion of Convertible Notes are to be acquired by First Samuel (on behalf of its managed discretionary account clients).

First Samuel is a Melbourne based wealth management business that has been providing integrated wealth management services since 1999, and has approximately $650 million under discretionary management.

First Samuel focuses on medium to long term investments, and has significant corporate experience having been involved in numerous corporate restructurings, capital raises and merger and acquisition activities.

(b) **Effect on the acquirer's Voting Power**

First Samuel has a Relevant Interest in Shares in the Company and has 10.79% Voting Power in the Company.

The maximum Voting Power that First Samuel may obtain in the Company as a result of converting all the Convertible Notes that may be issued under the Deed into Shares is 35.54% (i.e. a 24.75% increase).

The Voting Power to be acquired by First Samuel pursuant to the conversion of Convertible Notes into Shares will depend on a number of factors, including:

(i) the total amount drawn down by the Company under the Deed and, in turn, the number of Convertible Notes that are issued to First Samuel;

(ii) the timing of when First Samuel converts Convertible Notes into securities; and

(iii) the number of additional Shares issued (if any).

The table below sets out the potential effect of the issue of Convertible Notes on First Samuel's Voting Power in the Company based on the number of Convertible Notes currently on issue and the total number of Convertible Notes able to be issued by the Company under the Deed.

	Shares held by First Samuel	Total Shares on issue[1]	Voting Power
Existing position	12,041,917	111,631,634	10.79%
Upon the conversion of all Convertible Notes able to issued to First Samuel under the Deed	54,899,060	154,488,777	35.54%

Notes:

1. Assumes that no additional Shares are issued by the Company.

(c) **Reasons for the proposed acquisition**

The Company has issued Convertible Notes to gain access to capital to fund its monitored security acquisition strategy and for working capital (which may include expenditure to maintain the Company's assets in good standing, creditors, wages, payment to contractors, rent and outgoings, insurance, accounting, audit and legal fees, other items of a general administrative nature and cash reserves which may be used in connection with the Company's assets or any other project, as determined by the Board at the relevant time).

The Company expects that the funds raised by the issue of Convertible Notes will allow the Company to fund its growth and acquisition plans in the near term.

(d) **Timing of the proposed acquisition**

If Shareholder approval is obtained, the Convertible Notes will automatically convert into Shares on 24 February 2020.

(e) **Material terms of the proposed acquisition**

A summary of the key terms of the Deed are set out in Section 1.1 (a).

(f) **Other relevant agreements**

Other than the Deed, no relevant agreements exist between the Company and First Samuel, or any of their associates.

(g) **Acquirer's intentions regarding the future of the Company**

Other than as disclosed elsewhere in this Notice, First Samuel:

(i) has no current intention of making any changes to the business of the Company;

(ii) has no current intention to inject further capital into the Company;

(iii) does not intend to change the employment arrangements of the Company;

(iv) does not propose to transfer any assets between the Company and First Samuel, or their associates;

(v) has no intention to otherwise redeploy the fixed assets of the Company; and

(vi) does not intend to change the financial or dividend distribution policies of the Company.

These intentions are based on information concerning the Company, its business and the business environment which is known to First Samuel at the date of this Notice. Final decisions regarding these matters will only be made by First Samuel in light of material information and circumstances at the relevant time. Accordingly, the statements set out above are statements of current intention only, which may change as new information becomes available to it or as circumstances change.

(h) **Directors' interests**

No Director is a related party of First Samuel and no Director has a material personal interest in the issue of Convertible Notes to First Samuel under this Resolution.

(i) **Additional directors**

No persons will become a director of the Company if Shareholders approve this Resolution.

(j) **Independent Expert's Report**

The Independent Expert's Report assesses whether the acquisition of Shares by First Samuel pursuant to this Resolution is fair and reasonable to the Shareholders who are not associated with First Samuel. The Independent Expert's Report also contains an assessment of the advantages and disadvantages of the proposed acquisition the subject of this Resolution. This assessment is designed to assist all Shareholders in reaching their voting decision.

Moore Stephens has prepared the Independent Expert's Report and has provided an opinion that it believes the proposal as outlined in this Resolution is, on balance, **fair and reasonable** to the Shareholders not associated with First Samuel. It is recommended that all Shareholders read the Independent Expert's Report in full which is enclosed as Annexure A of this Notice.

(k) **Reasons to vote in favour of this Resolution**

The Directors recommend that Shareholders vote in favour of this Resolution for the reasons set out below.

(i) The Independent Expert considers that the proposed transaction is fair and reasonable to the non-associated shareholders of the Company.

(ii) The Australian security industry is highly fragmented and the Company believes the industry is conducive to consolidation, given its stable revenue streams and fixed infrastructure cost models. The Company's growth strategy is focused on leveraging the largely fixed cost infrastructure and significant capacity of its extensive security control room through the acquisition of monitored security client bases across Australia. In light of this, without the approval of the conversion of Convertible Notes, the Company would need to assess funding options with respect to the redemption of the Convertible Notes, which would limit the Company's ability to implement its growth and acquisition strategy.

(iii) If the Notes are converted into Shares the $9 million of debt outstanding owed to First Samuel under the Deed will be extinguished. This debt would be due for repayment at any point between 24 February 2020 (Maturity Date) to 24 February 2022 (Sunset Date). Based on current liquidity levels of the Company, it does not have capacity to repay this debt without adversely affecting the Company. The Company would be required to sell a significant portion of its assets to meet the obligation and would result in a significant cut back in business operations, fund the payment through a capital raising event (further diluting existing shareholders), or assume more debt.

(iv) If Shareholder approval is not gained prior to the Maturity Date then, at any time after the Maturity Date but before the Sunset Date, First Samuel may require the Company to redeem all outstanding Notes. As at the Sunset Date all Notes will be automatically redeemed. Upon redemption Threat Protect will be due to pay all outstanding amounts on the Notes (face value) and a redemption premium ($0.67 per note redeemed). This will result in a further $6.03 million payable to First Samuel by the Company.

(v) Access to capital is extremely limited for companies in light of low investor sentiment towards equity capital markets. The Deed represents a unique and attractive opportunity for the Company which will significantly strengthen its financial position.

(vi) The access to funds will provide the Company with sufficient capital money moving forward to effectively continue its growth and acquisition strategy. Since its listing on the ASX, the Company has completed 6 acquisitions and has made due diligence investigations into a number of potential acquisitions.

(vii) If Threat Protect has not reached approval by the Maturity Date the Notes attract a higher coupon rate of 11% (up from 9% pre- maturity date). .

(viii) First Samuel has also provided debt funding to the company. If Shareholders do not approve it could jeopardize future relations with First Samuel and other debt providers.

(ix) The conversion price of the Notes is $0.21. This means that First Samuel will effectively pay $0.21 per share to convert the Notes into equity. This is a premium to the current listed share price of Threat Protect, which is $0.20. If Threat Protect went to the market to raise equity it is likely that it would have to do so at a price below the current share price which would result in greater dilution than converting the Notes..

(l) **Reasons to vote against this Resolution**

Although the Directors recommend that Shareholders vote in favour of this Resolution, the Directors consider that Shareholders may consider voting against this Resolution for the reasons set out below.

(i) The issue of Shares following the conversion of Convertible Notes will dilute existing shareholders interests in the Company.

(ii) Following the conversion of Convertible Notes, due to the increased shareholding that First Samuel will hold in the Company (up to a maximum 35.54% of the Company, depending on share issues made before the Maturity Date), the likelihood of a third party takeover of the Company may be reduced, which means the non-associated Shareholders of the Company may miss the potential share price premium that is usually associated with takeover offers.

(m) **Directors' recommendations**

The Directors unanimously recommend that Shareholders vote in favour of this Resolution due to the reasons set out above in Section 1.4(k).

2. ENQUIRIES

Shareholders are requested to contact Mr Simon Whybrow on + 61 8 9322 2922 if they have any queries in respect of the matters set out in these documents.

GLOSSARY

$ means Australian dollars.

AWST means Australian Western Standard Time as observed in Perth, Western Australia.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited or the Australian Securities Exchange, as the context requires.

Board means the board of Directors.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Company means Threat Protect Australia Limited ACN 060 774 227.

Constitution means the constitution of the Company.

Corporations Act means the Corporations Act 2001 (Cth).

Director means a director of the Company.

Equity Securities has the meaning given in the Listing Rules.

Explanatory Statement means the explanatory statement accompanying the Notice.

Extraordinary General Meeting, **EGM** or **Meeting** means the meeting convened by the Notice.

Listing Rules means the official listing rules of ASX.

Notice or **Notice of Extraordinary General Meeting** or **Notice of General Meeting** means this notice of general meeting including the Explanatory Statement and the Proxy Form.

Proxy Form means the proxy form accompanying the Notice.

Resolutions means the resolutions set out in the Notice of Extraordinary General Meeting, or any one of them, as the context requires.

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

Shareholder means a holder of a Share.

PROXY FORM

APPOINTMENT OF PROXY
THREAT PROTECT AUSTRALIA LIMITED
ACN 060 774 227

EXTRAORDINARY GENERAL MEETING

I/We ______________________________

of: ______________________________

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

Name: ______________________________

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

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Meeting to be held at 10:00AM WST, on Thursday 5 July 2018 at Cliftons, Ground Floor, Parmelia House, 191 St Georges Terrace, Perth WA 6000, and at any adjournment thereof.

The Chair intends to vote undirected proxies in favour of all Resolutions in which the Chair is entitled to vote, to the extent permitted by law.

Voting on business of the Meeting		**FOR**	**AGAINST**	**ABSTAIN**
Resolution	Issue of Shares to First Samuel Ltd	☐	☐	☐

Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.
If you have not directed your proxy how to vote as your proxy in respect of Resolution 1 and the Chair is, or may by default be, appointed your proxy, you must mark the box below.

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

Signature of Shareholder(s):

Individual or Shareholder 1	**Shareholder 2**	**Shareholder 3**
Sole Director/Company Secretary	Director	Director/Company Secretary

Date: ______________________________

Contact name: ______________________________ **Contact ph (daytime):** ______________________________

E-mail address: ______________________________ **Consent for contact by e-mail:** **YES** ☐ **NO** ☐

THREAT PROTECT AUSTRALIA LIMITED

ACN 060 774 227

Instructions for Completing 'Appointment of Proxy' Form

1. (**Appointing a proxy**): A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.

2. (**Direction to vote**): A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.

3. (**Signing instructions**):

   - (**Individual**): Where the holding is in one name, the Shareholder must sign.
   - (**Joint holding**): Where the holding is in more than one name, all of the Shareholders should sign.
   - (**Power of attorney**): If you have not already provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
   - (**Companies**): Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to Section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.

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

5. (**Return of Proxy Form**): To vote by proxy, please complete and sign the enclosed Proxy Form and return by:

   (a) post to the Company, PO Box 1920, WEST PERTH WA 6872; or

   (b) facsimile to the Company on facsimile number +61 (08) 9322 9711,

   so that it is received not less than 48 hours prior to commencement of the Meeting.

   Proxy Forms received later than this time will be invalid.

MOORE STEPHENS

Threat Protect Australia Limited

Independent Expert's Report

and Financial Services Guide

17 May 2018

The Proposed Transaction is Fair and Reasonable

Prepared by Moore Stephens Perth Corporate Services Pty Ltd
Australian Financial Services License No. 240773

MOORE STEPHENS PERTH CORPORATE SERVICES PTY LTD

Australian Financial Services License No. 240773

FINANCIAL SERVICES GUIDE

This Financial Services Guide is issued in relation to our Independent Expert's Report on the proposed conversion of the 9,000,000 convertible notes Threat Protect Australia Limited ("Threat Protect") has issued to First Samuel Limited ("First Samuel"), each with a face value of $1.00. Our report has been prepared at the request of the Directors of Threat Protect for inclusion in the Notice of Meeting to be dated on or around 28 June 2018

Moore Stephens Perth Corporate Services Pty Ltd

Moore Stephens Perth Corporate Services Pty Ltd ("MSPCS") has been engaged by the directors of Threat Protect to prepare an independent expert's report expressing our opinion as to whether or not the Proposed Transaction is "fair and reasonable" to the shareholders of Threat Protect.

MSPCS holds an Australian Financial Services Licence – Licence No 240773.

Financial Services Guide

As a result of our report being provided to you we are required to issue to you, as a retail client, a Financial Services Guide ("FSG"). The FSG includes information on the use of general financial product advice and is issued so as to comply with our obligations as holder of an Australian Financial Services Licence.

Financial Services we are licensed to provide

We hold an Australian Financial Services Licence which authorises us to provide reports for the purposes of acting for and on behalf of clients in relation to proposed or actual mergers, acquisitions, takeovers, corporate restructures or share issues, and to carry on a financial services business to provide general financial product advice for securities to retail and wholesale clients.

We provide financial product advice by virtue of an engagement to issue a report in connection with the issue of securities of a company or other entities.

Our report includes a description of the circumstances of our engagement and identifies the party who has engaged us. You have not engaged us directly but will be provided with a copy of our report as a retail client because of your connection with the matters on which our report has been issued. We do not accept instructions from retail clients and do not receive remuneration from retail clients for financial services.

Our report is provided on our own behalf as an Australian Financial Services Licensee authorised to provide the financial product advice contained in this report.

General Financial Product Advice

Our report provides general financial product advice only, and does not provide personal financial product advice, because it has been prepared without taking into account your particular personal circumstances or objectives either financial or otherwise, your financial position or your needs.

Some individuals may place a different emphasis on various aspects of potential investments.

An individual's decision in relation to the proposed transaction may be influenced by their particular circumstances and, therefore, individuals should seek independent advice.

Benefits that we may receive

We will charge fees for providing our report. The basis on which our fees will be determined has been agreed with, and will be paid by, the person who engaged us to provide the report. Our fees have been agreed on either a fixed fee or time cost basis. We estimate that our fees for the preparation of this report will be approximately $25,000 plus GST.

Remuneration or other benefits received by our employees

All our employees receive a salary. Employees may be eligible for bonuses based on overall productivity and contribution to the operation of MSPCS or related entities but any bonuses are not directly in connection with any assignment and in particular are not directly related to the engagement for which our report was provided.

Referrals

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

Associations and relationships

MSPCS is the licensed corporate advisory arm of Moore Stephens Perth, Chartered Accountants. The directors of MSPCS may also be partners in Moore Stephens Perth Chartered, Accountants.

Moore Stephens Perth, Chartered Accountants is comprised of a number of related entities that provide audit, accounting, tax, and financial advisory services to a wide range of clients.

MSPCS's contact details are set out on our letterhead.

Neither MSPCS nor its related entities have previously provided any professional services to Threat Protect.

Complaints resolution

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, Moore Stephens, PO Box 5785, St George's Terrace, Perth WA 6831.

On receipt of a written complaint we will record the complaint, acknowledge receipt of the complaint and seek to resolve the complaint as soon as practical.

If we cannot reach a satisfactory resolution, you can raise your concerns with the Australian Financial Complaints Limited ("AFC"). AFC is an independent body established to provide advice and assistance in helping resolve complaints relating to the financial services industry. MSPCS is a member of AFC. AFC may be contacted directly via the details set out below.

Australian Financial Complaints Limited
GPO Box 3
Melbourne VIC 3001
Toll free: 1300 78 08 08
Facsimile: 03 9613 6399
Email: info@fos.org.au

Contents

17 May 2018

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The Directors
Threat Protect Australia Limited
Level 1
672 Murray Street
West Perth, WA, 6005

Dear Directors

INDEPENDENT EXPERT'S REPORT

1. INTRODUCTION

1.1 This Independent Expert's Report ("IER") has been prepared to accompany the Notice of General Meeting and Explanatory Statement ("Notice") to be provided to shareholders for a General Meeting of Threat Protect Australia Limited ("Threat Protect" or "the Company") at which shareholder approval will be sought for the conversion of 9,000,000 convertible notes ("Notes") which are convertible to fully paid ordinary shares to First Samuel Limited ("First Samuel"), each with a face value of $1.00 per Note ("Proposed Transaction").

1.2 Further details of the Proposed Transaction are set out in Section 3.

2. SUMMARY & OPINION

Purpose of the Report

2.1 Section 606 of the Corporations Act prohibits a person from acquiring a relevant interest in the issued voting shares of a public company if the acquisition results in that person's voting interest increasing from a starting point below 20% to an interest above 20%. Completion of the Proposed Transaction is expected to result in First Samuel acquiring at least a 20% interest in Threat Protect.

2.2 Under Item 7 of Section 611 of the Act, the prohibition contained in Section 606 of the Act does not apply if the acquisition has been approved by the Non-Associated Shareholders of the Company. Accordingly, the Company is seeking approval from the Non-Associated Shareholders for the Proposed Transaction under Item 7 of Section 611 of the Act.

2.3 Item 7 Section 611 of the Act states that shareholders must be given all information that is material to the decision on how to vote at the meeting. ASIC Regulatory Guide 111 ("RG 111") advises the requirement to commission an Independent Expert's Report in such circumstances and provides guidance on the content.

2.4 The Directors of Threat Protect have engaged Moore Stephens Perth Corporate Services Pty Ltd ("MSPCS" or "Moore Stephens") being independent and qualified for the purpose, to prepare an Independent Expert's Report to express an opinion as to whether or not the Proposed Transaction is fair and reasonable to the shareholders of Threat Protect not associated with the Proposed Transaction (the "Non-Associated Shareholders").

2.5 Our assessment of the Proposed Transaction relies on financial information and instructions provided by the Company and the Directors. We have critically analysed the information provided to us, but we have not completed any audit or due diligence of the information which has been provided for the entities which have been valued. This report does not contain any accounting or taxation advice.

Approach

2.6 Our report has been prepared having regard to Australian Securities & Investments Commission ("ASIC") Regulatory Guide 111 Content of Expert's Reports ("RG 111") and Regulatory Guide 112 Independence of Expert's ("RG 112")

Approach (continued)

2.7 In arriving at our opinion, we have assessed the terms of the Proposed Transaction, as outlined in the body of our report, by considering the following;

- How the value of a Threat Protect share prior to the Proposed Transaction on a control basis compares to the value of a Threat Protect share following the Proposed Transaction on a minority basis;
- Assumed that the Notes are treated as debt prior to the Proposed Transaction and assumed that the note converts to shares(equity) post the Proposed Transaction.
- Advantages and disadvantages of approving the Proposed Transaction;
- The likelihood of a superior alternative Proposed Transaction being available to Threat Protect;
- Other factors which we consider to be relevant to the shareholders of Threat Protect in their assessment of the Proposed Transaction; and
- The position of the shareholders of Threat Protect should the Proposed Transaction not be successful.

2.8 Further information on the approach we have employed in assessing whether the Proposed Transaction is "fair and reasonable" is set out at Section 4 of this Report.

Opinion

2.9 We have considered the terms of the Proposed Transaction as outlined in the body of our report and have concluded that the Proposed Transaction is fair and reasonable to the Non-Associated Shareholders of Threat Protect, as set out in sections 11 and 12 of this Report.

Fairness

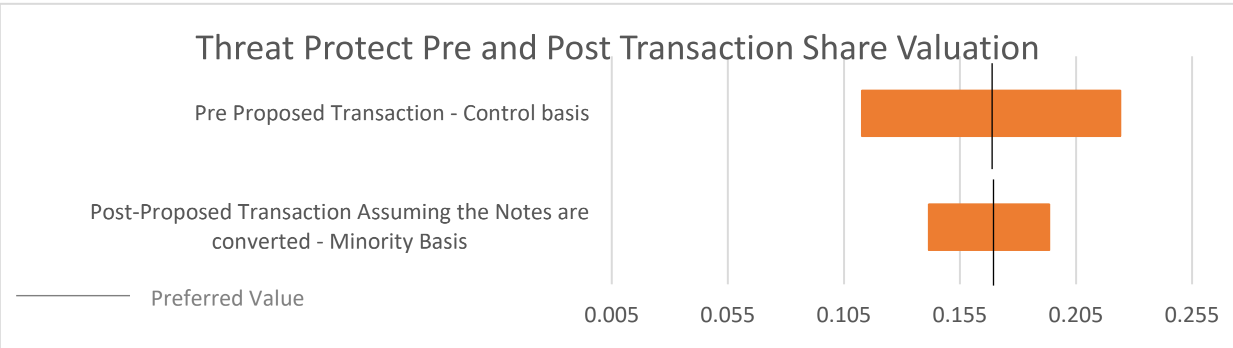
2.10 In Section 11 we determined that the value of Threat Protect shares prior to the Proposed Transaction compares to the value of Threat Protect shares following the Proposed Transaction, as detailed below.

Table 1: Assessed values of a Threat Protect Share pre and post the Proposed Transaction

Assessment of fairness	Low Value $	Midpoint Value $	High Value $
Fair Value of Threat Protect pre the Proposed Transaction - Control basis	0.11	0.17	0.22
Fair Value of a Threat Protect share post the Proposed Transaction on a minority basis assuming the Notes are converted	0.14	0.17	0.19

Source: Moore Stephens analysis

Figure 1: Valuation in graphical representation



Source: Moore Stephens analysis

Fairness (continued)

2.11 In accordance with the guidance set out in ASIC RG 111, and in the absence of any other relevant information, for the purposes of complying with s611 item 7 of the Corporations Act, we consider the Proposed Transaction to be fair to the Non-Associated Shareholders of Threat Protect.

2.12 We note that, based on the range of values presented, it is possible for the transaction to be fair (low end of the ranges) or not fair (high end of the ranges). As such, we have considered the mid points of our valuations ranges. On balance we consider the Proposed Transaction to be fair as there is no decreased in the preferred value on a per share basis for non-associated shareholders.

Reasonableness

2.13 RG 111 establishes that an offer is reasonable if it is fair. It may also be reasonable if, despite not being fair, there are sufficient reasons for security holders to accept the Proposed Transaction in the absence of a higher bid before the Proposed Transaction closes. We have considered the analysis in Section 12 of this report, in terms of both;

- Advantages and disadvantages of the Proposed Transaction;
- Other considerations, including the level of control of Threat Protect if the Proposed Transaction is successful and the position of shareholders of Threat Protect if the Proposed Transaction is not successful.

2.14 In our opinion, if the Proposed Transaction is successful the position of Non-Associated Shareholders of Threat Protect is more advantageous than their position if the Proposed Transaction is not successful. Accordingly, in the absence of a superior Proposed Transaction, and any other relevant information, we believe that the Proposed Transaction is reasonable for Non-Associated Shareholders of Threat Protect.

2.15 The advantages and disadvantages considered are summarised below (details in section 12);

Advantages

- The Proposed Transaction is fair
- The company can extinguish $9m of debt which would be otherwise payable at any time between the Maturity Date to the Sunset Date
- If the Convertible Notes are not converted into shares, the Company may not be able to meet the repayment due
- The Company will avoid paying the redemption premium
- If the issuer has not reached approval by the maturity date (24 February 2020), the Notes attract a higher coupon rate of 11% (up from 9% pre maturity date)
- The ability to fulfil payments of amounts owing to First Samuel. Inability to repay debts could result in damaged future relations with First Samuel and discourage future funding facilities with them and other debt
- The conversion price of the Notes is higher than the current share price
- Impact of Capital Raising on Conversion Price

Disadvantages

- Existing shareholders will be diluted
- First Samuel could gain control of Threat Protect.

3. SUMMARY OF THE PROPOSED TRANSACTION

3.1 On 25 February 2017 Threat Protect entered into a convertible note agreement with the capacity to issue 9,000,000 notes to First Samuel. The Notes have the following key terms:

- A face value of $1.00 per Note;
- A conversion price which is the lower of:
  - $0.21; or
  - The price of any capital raisings prior to the conversion of the Notes.
- An interest rate of 9% per annum, increasing to 11% from 24 February 2020 if the conversion has not been approved
- A maturity date of three years after issue (24 February 2020) ("Maturity Date") and a sunset date of five years after issue (24 February 2022) ("Sunset Date");
- Any convertible notes outstanding at the Sunset Date will be automatically redeemed on the Sunset Date. At any time between the Maturity Date and the Sunset Date, First Samuel will have the capacity to redeem the notes;
- The Redemption Premium for Convertible Notes redeemed shall be $0.67 per Convertible Note;
- Default interest accrues daily on the Outstanding Amount at the relevant Interest Rate plus 2%.

3.2 As at the date of this report all of the notes have been issued.

Key conditions of the Proposed Transaction

3.3 The Proposed Transaction is subject to a number of conditions precedent, including Threat Protect obtaining all necessary shareholder, regulatory and ASX approvals.

Rationale for the Proposed Transaction

3.4 For successful conversion of the Notes into fully paid ordinary shares in the Company, the Company must obtain shareholder approval before the Maturity Date. If approval is not obtained, the Notes can be redeemed by First Samuel at any time between the Maturity Date and Sunset Date. As a result Threat Protect will incur a large payable, increased interest rates on the Notes and a Redemption Premium. If redemption occurs, this will have a significant impact on the working capital of Threat Protect because the company does not have the funds to redeem the Notes. We note that First Samuel might be able to convert some of the Notes without Shareholder approval if its interest in Threat Protect does not exceed 19.9% or change by more than 3% over a six month period.

Impact of the Proposed Transaction on Threat Protect's Capital Structure

3.5 The table below sets out a summary of the capital structure of Threat Protect prior to, and post, the Proposed Transaction:

Table 2: Share structure of Threat Protect prior to and post the Proposed Transaction

	Prior to Note Conversion		Post Note Conversion	
Shares on issue				
Non-associated Threat Protect Shareholders	99,589,717	89%	99,589,717	64%
Associated Shareholders - First Samuel	12,041,917	11%	54,899,060	36%
Total Shares on issue	111,631,634	100%	154,488,777	100%

Source: Company Estimates

4. SCOPE OF THE REPORT

Purpose of the Report

4.1 Section 606 of the Corporations Act prohibits a person from acquiring a relevant interest in the issued voting shares of a public company if the acquisition results in that person's voting interest increasing from a starting point below 20% to an interest above 20%. Completion of the Proposed Transaction is expected to result in the First Samuel ('Vendors') acquiring greater than a 20% interest in Threat Protect.

4.2 Under Item 7 of Section 611 of the Act, the prohibition contained in Section 606 of the Act does not apply if the acquisition has been approved by the Non-Associated Shareholders of the Company. Accordingly, the Company is seeking approval from the Non-Associated Shareholders for the Proposed Transaction under Item 7 of Section 611 of the Act.

4.3 Item 7 Section 611 of the Act states that shareholders must be given all information that is material to the decision on how to vote at the meeting. ASIC Regulatory Guide 111 ("RG 111") advises the requirement to commission an Independent Expert's Report in such circumstances and provides guidance on the content.

Regulatory guidance

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

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

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

Adopted basis of evaluation

4.7 RG 111 states that a transaction is fair if the value of the offer price or consideration is greater than the value of the securities subject of the offer. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length. RG111 requires the value of the Threat Protect shares to be issued to the Vendors prior to the Proposed Transaction to be valued on a control basis, and the value of Threat Protect following the Proposed Transaction to be valued on a minority basis.

4.8 Further to this, RG 111 states that a transaction is reasonable if it is fair. It might also be reasonable if despite being 'not fair' the expert believes that there are sufficient reasons for Non – Associated Shareholders to accept the Proposed Transaction in the absence of any higher bid.

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

- A comparison between the value of a Threat Protect share prior to the Proposed Transaction on a control basis, and the value of a Threat Protect share post the Proposed Transaction on a minority basis upon the conversion of the Convertible Notes (fairness – see Section 11 – Assessment of Fairness); and
- An investigation into other significant factors to which Non-Associated Shareholders might give consideration, prior to accepting the Proposed Transaction, after reference to the value derived above (reasonableness – see Section 12 -Assessment of Reasonableness).

5. PROFILE OF THREAT PROTECT

Background

5.1 Threat Protect Australia are based out of Perth, Western Australia and listed on the ASX in September 2015 through the reverse takeover of East Africa Resources Limited. The company provides security, monitoring and risk management services for home and businesses in Australia. The company offers 24/7 alarm monitoring services to both commercial and residential property. Furthermore, the company offers physical security services with onsite guards. The business is broken down into the following segments:

Monitoring:

5.2 The monitoring segment of Threat Protect provides monitoring to approximately 60,000 connections. The monitoring segment provided 46% of the company's revenue over FY17. However, this is expected to increase significantly following the recent acquisition of Alpha Alarms Pty Ltd ("Alpha Alarms") and Seekers Security Management Pty Ltd (acquired 5 December 2017) ("Seekers"), and Security Alarm Monitoring Service Pty Ltd (acquired 15 March 2018) ("SAMS").

Guarding Services:

5.3 The guarding segment of the business incorporates static and patrol services on an ongoing contracted basis with some ad-hoc event or temporary assignments. The Guarding segment accounted for 49% company revenue over FY17.

Board of Directors

5.4 The current Board of Directors are:

Table 3: Threat Protect Directors

Name	Title	Experience
Mr Derek La Ferla	Non-Executive Chairman	Mr La Ferla is an experienced corporate lawyer with more than 30 years' experience. He has been on the board of several ASX listed companies including Sandfire Resources NL, OTOC Limited, Cashmere Iron Limited, Veris Limited, Emerson Stewart Group Limited, Katana Capital Limited and Goldfields Money Limited.
Demetrios Pynes	Managing Director	Mr Pynes has been the managing director of Threat Protect since September 2015. Mr Pynes is a highly experienced businessman with specialist knowledge in both the finance and security industry.
Paolo (Paul) Ferrara	Executive Director	Mr Ferrara is a Co-Founder of Threat Protect Australia Limited and has been its Chief Operating Officer and Executive Director since September 2015.
Dimitri Bacopanos	Non-Executive Director	Mr Bacopanos has more than 20 years' experience in transaction and M&A advisory having served as Executive Director in the Transaction Advisory Services team at EY.
Simon Whybrow	Company Secretary and Chief Commercial Officer	Mr Whybrow has served as the CFO of Threat Protect Australia Limited since 18 May 2016. Mr Whybrow is a CPA qualified accountant with 15 years of experience in financial, company secretarial and commercial management. Mr. Whybrow served as the Chief Financial Officer and Secretary of RMA Energy Limited from July 24, 2007 to August 27, 2010.

Source: Capital IQ and Threat Protect Management

The Historical Consolidated Financial Information

5.5 The information below provides a summary of the financial information of Threat Protect for the six months ended 31 December 2017 and the year ended 30 June 2017 extracted from the audited financial statements of the Company. We have also included management accounts as at 31 March 2018.

5.6 The auditor of Threat Protect issued an unqualified opinion on the financial statements for the year ended 30 June 2017 and 30 June 2016.

5.7 The table below sets out the Consolidated Statement of Financial Position of Threat Protect as at 30 June 2017, 31 December 2017 and 31 March 2018.

Table 4: Financial Position Threat Protect

Consolidated Statement of Financial Position	Ref	Management accounts as of 31-Mar-18 $	31-Dec-17 $	30-Jun-17 $
ASSETS				
Current assets				
Cash and cash equivalents	5.8	1,019,959	686,060	1,163,364
Trade and other receivables		3,805,170	4,283,153	3,946,763
Financial assets		183,569	183,569	182,669
Inventories		53,427	42,517	32,386
Other current assets		470,128	466,624	248,423
		5,532,253	**5,661,923**	**5,573,605**
Non-current assets				
Plant and equipment		936,413	1,009,965	718,294
Intangible assets	5.8	23,475,129	17,789,908	13,601,882
		24,411,542	**18,799,873**	**14,320,176**
Total assets		**29,943,795**	**24,461,796**	**19,893,781**
LIABILITIES				
Current liabilities				
Trade and other payables	5.8	6,171,569	7,035,021	5,995,425
Provisions		547,685	612,862	471,915
Borrowings		1,669,470	1,759,974	1,707,386
		8,388,724	**9,407,857**	**8,174,726**
Non-current liabilities				
Provisions		87,486	81,636	71,168
Borrowings	5.8	16,921,903	8,921,903	5,603,295
Deferred tax liability	5.8	1,638,561	2,196,447	1,638,560
		18,647,950	**11,199,986**	**7,313,023**
Total liabilities		**27,036,674**	**20,607,843**	**15,487,749**
NET ASSETS		**2,907,121**	**3,853,953**	**4,406,032**
EQUITY				
Issued capital		14,756,220	14,760,082	14,710,082
Reserves		1,647,135	1,647,135	1,147,135
Accumulated losses		(13,496,234)	(12,553,266)	(11,451,186)
Total Equity		**2,907,121**	**3,853,951**	**4,406,031**

Source: Audited Threat Protect financial statements for the six months ended 31 December 2017, year ended 30 June 2017 and unaudited management accounts as at 31 March 2018.

5.8 We note that the 31 March 2018 management accounts are not audited and audited financial statements may be different to those displayed above. However, we note that the quarterly report released by Threat Protect is based on the 31 March 2018 management accounts. Further, we do not expect any changes to the 31 March 2018 management accounts to have an impact on our analysis. We have included the unaudited financial position as at 31 March 2018 to provide a more current indication of the financial position of Threat Protect following its recent acquisitions.

5.9 We note the following in relation to the financial position of Threat Protect:

- Cash and cash equivalents as of 31 December 2017 had a net decrease of $477,304 compared to 30 June 2017. This was a result of cash flows from investing activities exceeding cash flows from financing activities. The investing activities that resulted in this cash draw included the purchase of subsidiaries and plant and equipment. Operating activities contributed $736,605 to cash and cash equivalents. As of 31 March 2018, cash and cash equivalent levels had increased to $1,019,959.

- Intangible assets comprise development assets, customer related assets, intellectual property and goodwill. A large portion of the uplift in intangible assets relates to acquisitions made over the last 18 months primarily comprising of customer related intangible assets. Customer related intangible assets consist of customer contracts and relationships acquired externally and are carried at cost less accumulated amortisation and impairment. The Company carried out acquisitions post 31 December 2017 that increased their customer related assets.

- Trade and other payables includes deferred consideration payable in relation to the recent acquisitions made by Threat Protect.

- The majority of non-current borrowings relates to convertible notes issued to First Samuel. Other borrowing costs relate to bank loan facilities which comprises of three separate bank loan facilities.

- The deferred tax liability has increased mainly as a result of the recent acquisitions, specifically in relation to the customer related intangible assets acquired. This deferred tax liability aims to quantify the potential future tax impact under AASB 112 on disposal of the assets which results from the current difference between their fair value for accounting purposes under the Australian Accounting Standards, and the cost base of these assets for taxation purposes. These assets are still held by Threat Protect and it is anticipated this deferred tax liability will reduce over time as the customer related intangible asset balances are being amortised for accounting purposes. We note that 31 December 2017 accounts contain the most updated deferred tax liability, with management accounts as at 31 March 2018 not yet updated for changes applicable to the current period.

The Historical Consolidated Financial Information (continued)

5.10 The table below sets out the Consolidated Statement of Profit or Loss and Other Comprehensive Income of Threat Protect for the years ended 30 June 2017 and 30 June 2016 and six months ended 31 December 2017.

Table 5: Financial Performance of Threat Protect

Statement of Comprehensive Income	Ref	6 Months Ended 31-Dec-17 $	Year Ended 30-Jun-17 $	Year Ended 30-Jun-16 $
Revenue	5.11	**6,952,151**	**11,477,957**	**7,244,718**
Cost of sales	5.11	(5,441,428)	(8,068,232)	(6,114,547)
Gross profit		**1,510,723**	**3,409,725**	**1,130,171**
Other income		38,011	1,436,034	159,113
Other items of expense				
Administrative expenses		(1,605,173)	(1,499,137)	(2,408,404)
Business acquisition and integration costs		(400,430)	(715,759)	(884,385)
Compliance and regulatory costs		(130,564)	(351,847)	(457,651)
Finance costs	5.11	(366,928)	(350,479)	(399,772)
Legal and consulting fees		(13,448)	(61,187)	(57,397)
Marketing and business development		(228,083)	(369,494)	(135,807)
Occupancy costs		(142,794)	(223,106)	(287,549)
Occupancy costs		-	-	(2,407,444)
Total Expenses		**(2,887,420)**	**(3,571,009)**	**(7,038,409)**
Profit/(loss) before tax		(1,338,686)	1,274,750	(5,749,125)
Income tax benefit/(expense)		236,606	417,586	378,015
Profit/(loss) after tax		**(1,102,080)**	**1,692,336**	**(5,371,110)**
Total comprehensive profit /(loss) for the period		**(1,102,080)**	**1,692,336**	**(5,371,110)**

Source: Audited Threat Protect financial statements for the periods ended 31 December 2017, 30 June 2017, 31 December 2016 and 20 June 2016.

5.11 We note the following in relation to Threat Protect's financial performance:

- Revenue from continuing operations represents services sold within the monitoring, guarding and services segments of the business.
- Cost of sales predominantly represent labour costs in relation to monitoring stations, guarding costs (both direct employment and labour hire), monitoring fees and telecommunications costs.
- An increase in borrowings has resulted in net financing costs increasing due to interest paid on borrowings.

5.12 We note the above financial performance of Threat Protect excludes the recent acquisition of SAMS. The table below summarises the current run rate of SAMS annual financial performance. The run rate assumes the annual performance of the SAMS business based on its most recent monthly results. We have provided the run rate due to the growth in revenue and the recurring nature of monitoring revenue.

	Ref	Annually $
Revenue	5.15	**5,244,000**
Cost of sales		(3,346,290)
Gross profit		**1,897,710**
Gross Margin (%)		36%

Source: Company management

Group Structure

5.13 The Threat Protect Group includes the following subsidiaries:

Table 6: Group Structure

	Proportion (% of ownership interest)	
Name	30-Apr-18	31-Dec-17
Alarm and Video Monitoring Centre	100	100
Alpha Alarms Pty Ltd	100	100
Chipla Holdings Pty Ltd	100	100
Goldfields Commercial Security Pty Ltd	100	100
Security Alarm Monitoring Service Pty Ltd	100	-
Seekers Security & Management Pty Ltd	100	100

Source: Threat Protect Management

Capital Structure

5.14 At the date of this report Threat Protect has 111,631,634 Ordinary Shares on issue. Details of the top 10 shareholders as at 16 May 2018 are as follows:

Table 7: Capital Structure

Shareholders	Number of Ordinary Shares
First Samuel Limited	12,041,917
Patner Pty Ltd	5,428,571
Howe, Alison Elizabeth	4,431,224
Pynes Demetrios (CEO & Director)	4,385,254
Redun Pty Ltd	4,295,602
Michael, Christina	4,260,143
Ferrara B.Com, Paolo (Co-Founder, COO & Executive Director)	4,059,581
Cintell Pty Ltd	3,857,143
Pynes FAICD, Peter Aristide George	2,849,037

Source: Threat Protect's share register

Options on Issue

5.15 At the date of this report Threat Protect had issued the following options:

Table 8: Options on issue

Options	Number of Options issued	Expiry Date	Exercise Price
Unlisted Options	14,285,703	04/09/2018	17.5
Unlisted Options	9,285,712	31/10/2020	33.9
Unlisted Options	1,428,571	31/10/2020	26.6
Unlisted Options	1,428,571	31/10/2020	32.7
Unlisted Options	1,428,571	31/10/2020	35.8

Source: Threat Protect's Appendix 3B as at 14 February 2018

We note that the 14,285,703 unlisted options have been in the money (ITM) within the last 30 days. As such we have included them in our calculations for diluted shares on issue.

Share Price and Performance

5.16 A summary of Threat Protect's recent share price and volume is set out in the figure below

Figure 2: Share Price Performance

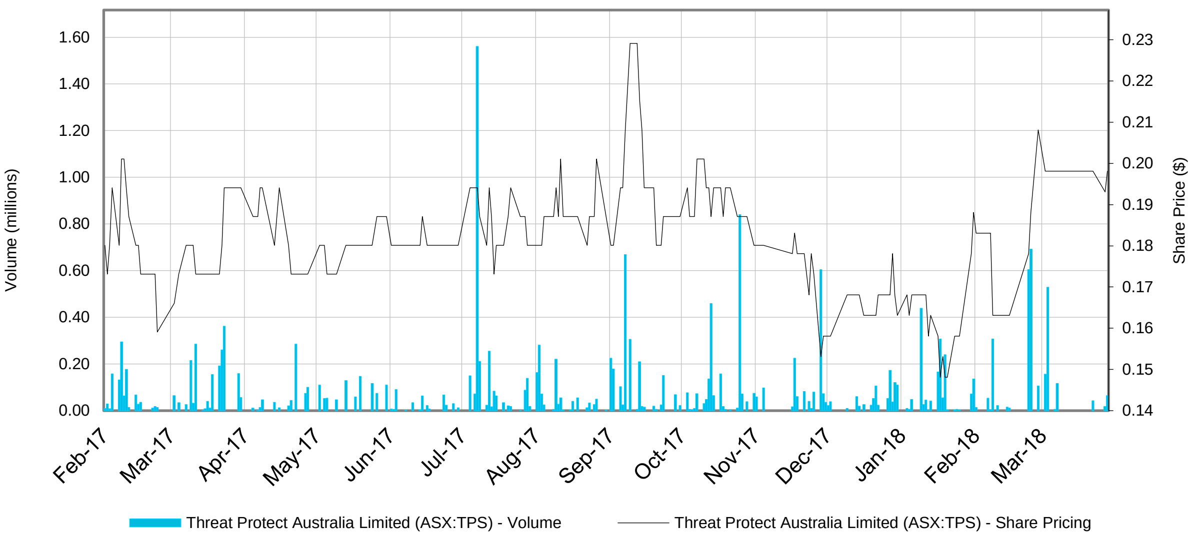


Table 9: Share Price Performance

Trading Days	1 Day	5 Day	10 Day	30 Day	60 Day	90 Day	120 Day	180 Day
VWAP	0.200	0.192	0.187	0.181	0.174	0.183	0.195	0.187
Total Volume (millions)	0.07	0.25	2.33	3.84	6.47	9.29	12.16	18.44
Total Volume as % of Total Shares	0.1%	0.2%	2.1%	3.4%	5.8%	8.3%	10.9%	16.5%
Low Price A$	0.200	0.195	0.180	0.150	0.150	0.150	0.150	0.150
High Price A$	0.200	0.200	0.210	0.210	0.210	0.217	0.231	0.231

5.17 We make the following comments with regards to Threat Protect's share price performance:

- In the 6 months prior to the proposed transaction, Threat Protects shares have traded between a low of $0.150 in February 2018 and a high of $0.231 in September 2017.
- We note spikes in volume in July 2017, November 2017 and March 2018.
- The largest spike on 27 July 2017 comes on the announcement of the quarterly activities report outlining record operating revenue.
- The 14 November 2017 volume preceded an announcement of a notice of Becoming a Substantial Holder.
- The latest volume spikes between 15 March 2018 to 23 March 2018 came as a result of the acquisition announcement and subsequent deal closure of the purchase of Security Alarm Monitoring Service Pty Ltd and an on-market purchase by First Samuel.

6. PROFILE OF FIRST SAMUEL

6.1 First Samuel is an Australian private company offering wealth management services to individuals, families, charities and not-for-profit organisations. Based out of Melbourne, First Samuel was founded in 1999 by the current Executive Director Anthony Starkins. The company has been a substantial holder of Threat Protect since 8 November 2016.

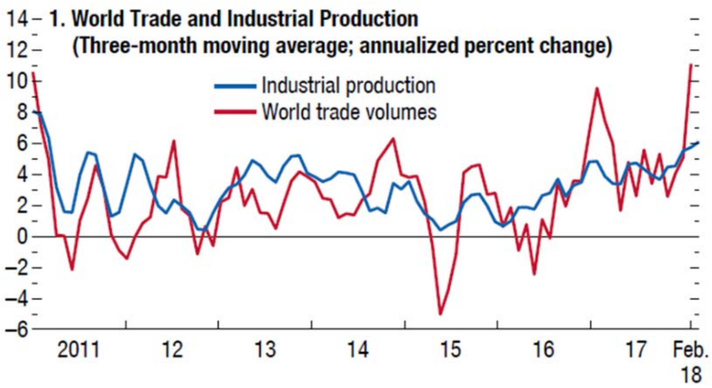
7. ECONOMIC AND INDUSTRY ANALYSIS

Economic Analysis

Global: [1]

7.1 Global economic conditions remained strong as we move into the second quarter of 2018, with this growth expected to follow on for the remained of 2018. Growth has been diversified amongst advanced, developing and emerging markets with Japan, Korea, Germany, China, India and South Africa all registering strong growth figures bolstered by positive global trade.

Figure 3: World Trade and Industrial Production



Source: IMF Outlook April 2018

7.2 A key hurdle facing the world economy moving forward will be the potential for tariffs imposed by the United States on specific imports and regions. This has the potential to spark trade conflicts and damage world trade growth.

7.3 With the 2017 global economy outperforming original International Monetary Fund (IMF) forecast by 0.2% to achieve a growth rate of 3.8%, there is an expectation for this growth to further climb moving into 2018 and 2019 with forecasts predicting 3.9% annual growth.

Australia:[2]

7.4 Australia is in its 26th consecutive year of growth, this growth is expected to continue based on current economic data. The outlook for the Australian economy remains largely positive with GDP growth for the 2017-18 year forecast to be 2.75%, increasing to just above 3% growth in the 2018-19 year.

7.5 Over recent years, a slowing in wage and price growth and a significant decline in commodity prices has constrained income growth across the economy. There is an expectation that over the medium to long term the labour market will begin to tighten, increasing wage growth.

7.6 Inflation and Interest rates have remained low with the expectation for low rates to hold for the short to medium term, leading into a gradual rise by 2020.

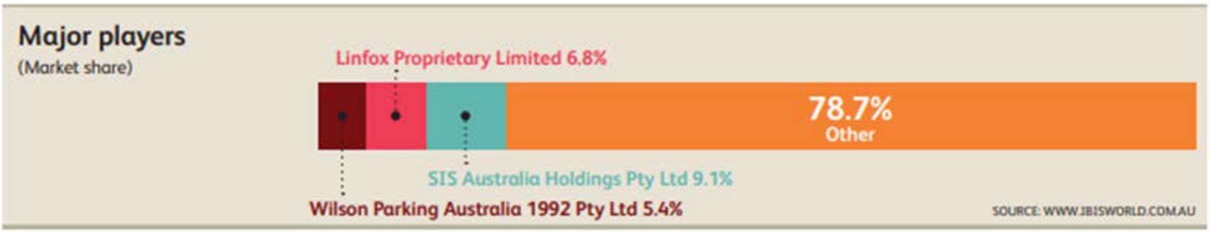
[1] IMF April Update
[2] RBA May Update

Industry Analysis[3]

7.7 The private security industry primarily provides services such as security, protection or private enquiry services. These services are provided through a range of companies who offer a range of differing services in the space.

7.8 Major companies in the industry include Wilson Parking Australia 1992 Pty Ltd, Linfox Pty Ltd and SIS Australia Holdings Pty Ltd. These larger players in the industry only contribute 21.3% of the total market with mid-size and small companies offering increased focus on local areas.

Figure 4: Security Industry market share

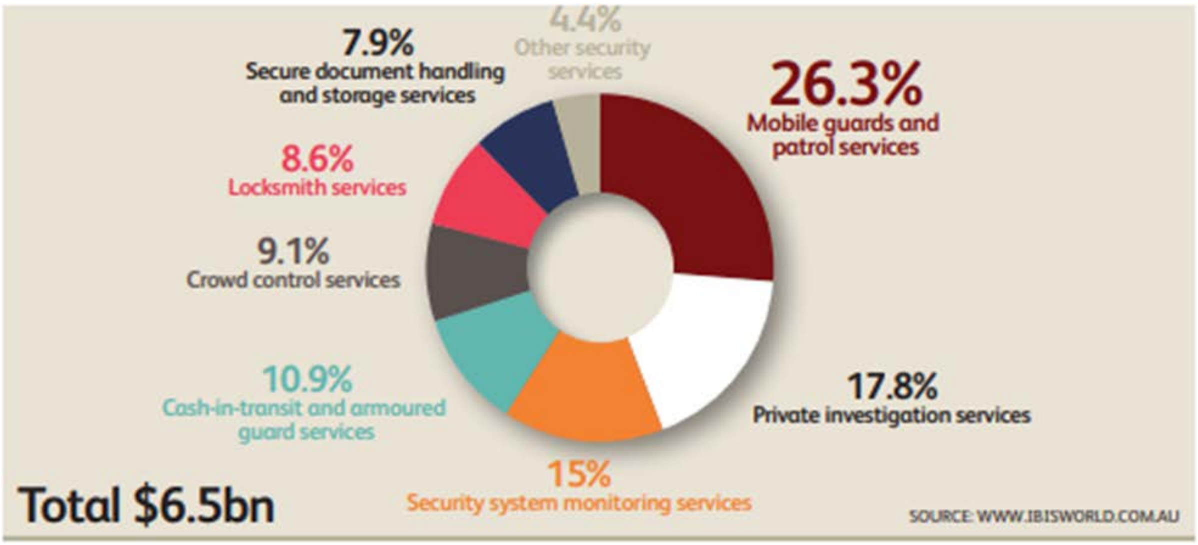


Products

7.9 The key services provided by the industry are physical security, intruder alarms, access control, CCTV, cash transit, secure transport (of documents, data and valuables), computer security and industrial counter-espionage.

7.10 The product segmentation of the industry is set out below.

Figure 5: Security Industry product segmentation



Key External Drivers

7.11 The key driver behind increased uptake of the security industry is crime. Both actual and perceived crime rate increases the demand for security and associated service. While public perception believes the crime rate is increasing, this is not the case with a general decline in criminal activity rates over the last 5 years. There is an expectation for this decline to continue.

7.12 Other factors that contribute to the uptake of security are the number of businesses, the growth in population, the demands from general insurance companies and the number of large scale events that attract large crowds such as sporting events.

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[3] IBISWorld Industry Report O7712 Investigation and Security Services in Australia

Key External Drivers (continued)

7.13 As the number of businesses increases, the demand for security also rises. This is due to the majority of businesses requiring a security system to protect a company's assets of which a livelihood is relied upon. The total number of businesses in Australia is forecast to grow in the 2017-18 period. General insurance companies often require businesses to upgrade their security level as part policy renewal (this can also be a factor on individual households). For businesses this can include the need for guarding and monitoring services to be undertaken.

7.14 Population growth leads indirectly to an increased requirement for security services, as a larger population tends to lead to increased large scale public events. These public events are all reliant on security and crowd control services. Over the 2017-18 period Australia's population is projected to rise.

Current Performance:

7.15 The Sydney Lindt Café siege appears to have been a definitive moment for the security services industry. After enduring a difficult 5-year period between 2009 to 2014 with weak dement and flooded competition, the market changed. After the siege many companies and large-scale event organisers significantly increased their security operations to mitigate public concern and scrutiny. The 5 year annualised growth rate of the industry through to 2018 has seen an average annualised rate of 1.6%. With heightened concern for terrorism, increasing large scale public events, stronger economic conditions and increasing household discretionary income, there is positive sentiment among the market for the uptake of security services.

Industry Outlook and Risk

7.16 Security services are set to benefit from demand growth over the next 5 years. There is expected to be no change on the low margins within physical security services segment in comparison to other service industries. While physical security margins remain low, there is a growing arm of high tech and cyber security services emerging which will remain the forefront of the industry. Perceived crime rates, terrorism concerns and other factors mentioned above will be the key influencers on future industry growth. Industry revenue is forecast to increase at an average annualised rate of 1.5% over the next 5 years through to 2023.

8. VALUATION APPROACH

Definition of Value

8.1 RG 111 states that a transaction is fair if the value of the consideration is greater than the value of the securities being acquired. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length.

Valuation Approach Adopted

8.2 There are a number of methodologies which can be used to value a company. The principal methodologies which can be used are as follows:

- Capitalisation of future maintainable earnings ('FME')
- Discounted cash flow ('DCF')
- Quoted market price basis ('QMP')
- Net asset value ('NAV')
- Sum of parts ("SOP")
- Market approach method (Comparable market transactions)

8.3 A summary of each of these methodologies is outlined in Appendix B.

Value of a Threat Protect Share prior to the Proposed Transaction (control basis)

8.4 In assessing the value of a Threat Protect share prior to the Proposed Transaction we have utilised the Capitalisation of future maintainable earnings ('FME') basis as our primary approach.

8.5 Our valuation methodology was selected on the following basis:

- Threat Protect has a history of profitable earnings (as seen in Table 10: FME normalisations). This history of profitable earnings is based on assessment of Threat Protects normalised EBITDA;
- There is an adequate number of publicly listed companies with operations sufficiently similar to Threat Protect to provide meaningful analysis;
- In the absence of reliable cash flow forecasts, FME is a reasonable proxy for operating cash flows;
- FME valuation methodology will capture value added by recent acquisitions.

8.6 We have also utilised the quoted market price methodology and tangible net assets to form cross checks to our preferred valuation.

8.7 Each of the valuation methodologies applied prior to the Proposed Transaction include a premium for control.

Value of a Threat Protect share following the Proposed Transaction (minority basis)

8.8 Should the shareholders approve the Proposed Transaction they will relinquish control of Threat Protect. Accordingly, we have assessed the value of an ordinary Threat Protect share immediately post the Proposed Transaction on a non-control basis, through the application of an appropriate portfolio discount to the assessed Fair Value of a Threat Protect share on a control basis, after the impact of the transaction.

- The Fair Value of a Threat Protect share on a non-controlling basis immediately post the Proposed Transaction, utilising the sum of parts methodology, has been assessed by taking the Fair Value of Threat Protect pre the Proposed Transaction and reflecting the impact of the Proposed Transaction by reducing debt by the face value of the notes, deducting a minority discount and assuming the conversion of the Note.

9. VALUATION OF THREAT PROTECT PRIOR TO THE PROPOSED TRANSACTION

9.1 As stated at paragraph 8.4 we have assessed the value of a Threat Protect share prior to the Proposed Transaction on a capitalisation of earnings method. We have also considered the quoted price of its listed securities. We have included a premium for control in each of the valuations.

Future Maintainable Earnings Value

9.2 The capitalisation of earnings methodology estimates the value of the equity of a company by capitalising the future maintainable earnings of the underlying business at an appropriate multiple, which reflects the underlying risk profile and growth prospects of the business applying a premium for control where necessary, adding the value of any surplus or non-operating assets (or deducting any excess or non-operating liabilities) and deducting net debt (or adding net cash). Accordingly, valuing Threat Protect using the capitalisation of maintainable earnings methodology requires the determination of the following variables:

- future maintainable earnings;
- an appropriate capitalisation multiple;
- an appropriate premium for control;
- the current level of net debt or net cash; and
- the value of surplus assets or liabilities.

9.3 We have made adjustments to the earnings before interest, taxation, depreciation and amortisation ('EBITDA') for the following material items:

- Non recurring or one-off items such as profit on sale of assets;
- Non-operating revenues and expenses; and
- Abnormal or non-commercial transactions

Normalise Earnings and Calculating Future Maintainable Earnings

9.4 The objective of normalising earnings is to determine the underlying profitability to be maintained by Threat Protect. Our adjustments have been made per an assessment of financial statements, discussions with management of Threat Protect and analysis of all due diligence reports conducted on the acquisitions over the last 12 months.

9.5 We have adopted EBITDA as an appropriate measure of FME because multiples based on EBITDA are less sensitive to financing structures, effective tax rates and capital structure.

9.6 Our normalisation adjustments are set out in table 10 below:

Table 10: FME normalisations

	Merged Entity Current Run Rate $	TPS Period Ended 31-Dec-17 $	TPS Year Ended 30-Jun-17 $	TPS Year Ended 30-Jun-16 $
Net profit/(loss) after tax		**(1,102,080)**	**1,692,336**	**(5,371,110)**
Add back: income tax expense		-	-	-
Add back: Interest expense		366,928	350,479	399,772
Deduct: Income tax benefit		(236,606)	(417,586)	(378,015)
Deduct: Interest income		(1,003)	(6,338)	(5,374)
EBIT				
Add back: Depreciation		107,236	161,026	116,813
Add back: Amortisation		611,300	746,918	176,260
Unadjusted EBITDA	**2,023,761***	**(254,225)**	**2,526,835**	**(5,061,654)**
Normalisation Adjustments				
Other income		(38,011)	(1,436,034)	(159,113)
Business acquisition and integration costs	1,900,860	950,430	715,759	884,385
Impairment charges	164,662	82,331	65,492	30,560
Corporate Transaction				2,407,444
Normalised EBITDA	**4,089,283**	**190,525**	**1,872,052**	**(1,898,378)**
Future Maintainable EBITDA for period	**4,089,283**	**931,050**	**1,872,052**	**(1,898,378)**
Future Maintainable EBITDA p.a.	**4,089,283**	**1,862,100**	**1,872,052**	**(1,898,378)**

*full workings within Appendix E

9.7 Based on the table above, we consider an appropriate maintainable earnings figure to be $4,000,000. We have based this amount on the current run rate of revenue and gross profit generated by Threat Protect after the acquisition of SAMS. We do not consider the historic earnings of Threat Protect to be a reflection of the future maintainable earnings of the Company. We have used a run rate, rather than a full year of historic earnings, because of the recurring nature of the earnings of the monitoring business and the recent additions to the recurring revenue achieved via the acquisitions over the last six months. We note that our run rate is based on actual results for the month of March.

9.8 The flowing normalisation adjustments were made to the EBITDA of Threat Protect.

Adjustment 1: Other Income

9.9 Other income comprises of sundry sales, as detailed below:

- Other income of $38,011 was earned during the period 30 June 2017 to 31 December 2017. This comprised of $28,364 from the gain on disposal of intangible assets and $9,647 of other income outside of the scope of operations.

Normalise Earnings and Calculating Future Maintainable Earnings (continued)

Adjustment 1: Other Income (continued)

- Other income of $1,436034 was earned during the financial year ending 30 June 2017. This comprised of $100,445 from the gain on disposal of plant and equipment, $772,370 relating to government grants relating to the prior period, $545,773 from historical superannuation penalties withdrawn and $17,446 of other income outside of the scope of operations.
- Other income of $159,113 was earned during the financial year ending 30 June 2016. This comprised of $41,812 from the gain on disposal of plant and equipment, $50,890 relating to supplier bonuses and $66,411 of other income outside of the scope of operations.

Adjustment 2: Business acquisition and integration costs

9.10 Business acquisition and integration costs are not within the standard scope of the business' operating expenses. We deem acquisition costs to be standalone expenses that should not be captured in future business earnings.

Adjustment 3: Impairment Charges

9.11 We do not consider impairment charges to be normal operating expenses, therefore this expense has been added back.

Calculation and Application of an Earnings Multiple

9.12 An appropriate capitalisation multiple needs to be selected to apply to future maintainable earnings. The multiple should reflect the risks and likely growth associated to the business

9.13 FME valuation methodology provides guidance for us to derive our capitalisation multiple from comparable businesses. In practice though, there are seldom identical businesses for a capitalisation multiple to be taken. As such we look to create a multiple based on the most comparable companies for which public information is available. The collective comparable multiples from similar businesses is then adjusted to take into account the various ways in which comparable companies differ from the business being valued.

9.14 In selecting an appropriate EBITDA multiple to value Threat Protect, we have considered trading multiples of publicly listed companies whose operations have a substantial nexus to Threat Protect. We have carried out analysis on comparable trading multiples, this information was collected using S&P Capital IQ. When selecting a group of companies which we considered to be most comparable to Threat Protect we, assessed the following criteria

- The nature of their operating activities;
- Exposure to similar end user markets; and
- Similar risks faced with respect to their ongoing business operations.

9.15 A total of eight publicly listed companies were identified as comparable based on the search criteria. A summary of the businesses descriptions and relevant financial data is set out in Appendix C.

9.16 While all companies identified as comparable fell within the security monitoring and risk mitigation category there were multiple companies that had a differing focus to Threat Protect, being that they were more cyber security or military security focussed than physical threat mitigation for individuals and business premises. The EBITDA of the eight comparable companies ranged from $0.2m to $29.6m, with the majority of the companies being within a reasonable range to Threat Protect. Similarly, the range of market capitalisation in the group of comparable companies identified ranged between $19.4m to $439.9m, Threat Protect was on the lower range of market capitalisation compared to similar companies with a market capitalisation of $20.1m.

9.17 Of the comparable companies identified, we are of the opinion Millennium Services Group Limited (Millennium), PS&C Limited (PS&C), Redflex Holdings Limited (Redflex) and Smart Parking Limited (Smart Parking) are the most comparable companies to Threat Protect.

Calculation and Application of an Earnings Multiple (continued)

9.18 Due to the relatively specialised nature of the operating activities of Threat Protect, the identified four 'most comparable companies' are not identical. While we are of the opinion that these companies are similar to Threat Protect there are noteworthy differences which are highlighted below:

- Millennium is an Australian security, cleaning and integrated service specialist in the retail shopping centre, commercial property and Commonwealth and State Government sectors. The company listed on the ASX in November 2015 and as of May 2018 has a market capitalisation of $47.8m.
- PS&C is an ICT professional services entity. The Company is focused on three business units: People, Security and Communication. These business units service a range of government and corporate organisations. The key services offered within the security segment include but are not limited to penetration testing (programmed hacking events designed to isolate security breaks in the client's IT systems), red teaming (physical penetration of facility security), mobile application testing, payment card security systems, compliance, as well as executive coaching and training. The company has been listed on the ASX since December 2013, as of May 2018 the company had a market capitalisation of $19.43m
- Redflex provides automated traffic enforcement products including intelligent traffic management, CCTV, traffic safety and ticketless parking solutions. The company develops, owns and operates a network of digital photo and video enforcement solutions for red light and speed violations. Redflex has been listed on the ASX since January 1997, as of May 2018 it had a market capitalisation of $68.6m
- Smart Parking manufactures and manages operations of products for commercial parking facilities operators and regulatory authorities. The Company produces monitoring devices, infrared sensors, guidance systems, license plate readers, and meters. Smart Parking listed in July 2013 and as of May 2018 had a market capitalisation of $176.5m

Calculation and Application of an Earnings Multiple

9.19 In consideration of the above variables we have identified the listed companies that have the closest business model and market conditions from which it is practical to draw an earnings multiple. The table below summarises the historical and forecast EBITDA multiples for Millennium, PS&C, Redflex and Smart Parking. A detailed multiple and business analysis can be found in Appendix D.

Table 11: EBITDA Multiple for Security Industry

								Ratios	
ASX Code	Company	Market Cap $m	Cash $m	Debt $m	Enterprise Value $m	Trailing EBITDA 12 months $m	Forecast EBITDA 12 months $m	EV/ Historical EBITDA	EV/ Forecast EBITDA
ASX:MIL	Millennium Services Group Limited	48.0	3.0	29.7	74.7	15.1	15.1	5.0	4.9
ASX:PSZ	PS&C Limited	22.1	3.2	13.2	32.1	3.1	0.0	10.4	N/A
ASX:RDF	Redflex Holdings Limited	69.3	19.2	6.4	56.5	5.5	11.4	10.3	4.0
ASX:SPZ	Smart Parking Limited	180.1	8.7	0.2	164.9	2.0	9.0	80.7	18.3

9.20 We note share prices of listed companies represent the market value of a non-controlling interest in those companies. As such, any earnings multiple derived from those shares prices are consequently non-controlling multiples and they do not reflect a premium for control.

9.21 Based on our analysis, we consider the appropriate non-controlling comparable EBITDA multiple is between 8 to 10 times, which uses the average of all available forecast EBITDA data (Millennium, Redflex and Smart Parking), in the absence of forward EBITDA information trailing EBITDA data has been considered.

Calculation and Application of an Earnings Multiple (continued)

9.22 We consider forecast EBITDA to be a superior indicator of an appropriate multiple as the market is forward looking in its pricing of companies. Therefore, in a functioning market if listed business announces profits are set to rise or there is an indication as such, the market cap would incorporate future earnings in favour of historical data. As such, we are assuming that the market considers guided earnings to be more reflective of "current" earnings than historic trailing 12-month earnings.

9.23 The future multiples of the above companies have been taken from S&P Capital IQ estimates, we have reaffirmed these estimates through the process of checking 1H18 results from the above companies and announcements of expected future earnings. In the absence of a reliable forward EBITDA we have elected to use trailing EBITDA in our consideration of an appropriate multiple.

9.24 Using a comparable average EBITDA multiple of between 8 to 10 times, we consider an appropriate controlling EBITDA multiple for Threat Protect to be in the range of 10 times to 13.5 times, calculated as shown below in our consideration of an appropriate multiple.

Table 12: EBITDA multiple for Threat Protect

Threat Protect **Assessed EBITDA multiple**	**Low**	**Preferred**	**High**
Comparable company EBITDA multiple	8.0	9.0	10.0
Control Premium	25%	30%	35%
Assessed EBITDA multiple for Threat Protect on a MI basis	10.0	11.7	13.5

Summary of Future Maintainable Earnings Value

9.25 In consideration of the above factors, we consider that an appropriate multiple to apply to earnings of Threat Protect is between a range of 10.0x to 13.5x with a preferred value of 11.7x. The application of this multiple results in the values shown below:

Table 13: Enterprise Value of Threat Protect

	Low Value $'000	**Midpoint Value $'000**	**High Value $'000**
Future Maintainable Earnings	4,000	4,000	4,000
EBITDA Multiple	10.0	11.7	13.5
Enterprise value of the company	**40,000**	**46,800**	**54,000**

Source: Moore Stephens Analysis

9.26 The table above indicates an enterprise value of between $40 million and $54 million for Threat Protect. As equity value is required there are two further steps required to convert enterprise value to equity value, being:

- Deducting all net debt (total debt less total cash and cash equivalents)
- Adding any surplus assets and deducting any surplus liabilities which are not considered to be consistent to the ordinary course of business of Threat Protect.

Table 14: Equity Value of Threat Protect

	Low Value $'000	Midpoint Value $'000	High Value $'000
Enterprise value of the Company	40,000	46,800	54,000
Less: Net business debt	(28,291)	(28,291)	(28,291)
Equity Value of the Company	11,709	18,509	25,709
Shares	111,631,634	111,631,634	111,631,634
FME undiluted value per Share ($)	0.10	0.17	0.23
FME diluted value per Share ($)	0.11	0.17	0.22

9.27 The table above indicates a value per share of between $0.10 and $0.23 on an undiluted basis and $0.11 and $0.22 on a diluted basis. The diluted value includes the impact of the potential exercise of options which have been in the money over the last 30 days, being 14,285,703 options at $0.175 to raise $2.5 million.

Summary of Future Maintainable Earnings Value (continued)

9.28 Net debt has been calculated based on the March Quarterly Update and discussions with management of Threat Protect. Details of the net debt adjustment are set out below:

- At the end of March 2018, $7.8 million in Notes had been issued. We have added the subsequent issue of $1.2m in Notes (we have assumed no change in cash from the issue of new Notes).
- A redemption premium amount of $6.03 million has been included within the net business debt. Although this amount is not included in the financial statements, it will be paid if the Notes are redeemed. As such, we have included it in our calculation of net debt. We consider this a key assumption as discussed in paragraph 11.5.
- Deferred consideration has been deemed vendor finance and, as such, has been included in our calculation of net debt.

9.29 Our calculation of net debt is set out below:

Table 15: Net Business Debt

Net Business Debt	
Debt included in 31 March quarterly report	(18,461)
Less: Notes subsequently issued	(1,200)
Less: Redemption Premium	(6,030)
Less: Deferred consideration	(3,700)
Add: Cash from 31 March 2017 quarterly report	1,100
Net Business Debt	**(28,291)**

Source: Moore Stephens analysis, Threat Protect March Quarterly Update, Convertible Note agreement and discussions with management

9.30 We do not consider there to be any surplus assets or liabilities within the financial statements of Threat Protect as at 31 December 2017. As such, there were no further adjustments made to the equity value of Threat Protect.

9.31 In our opinion, the value of a Threat Protect share is in the range of $0.11 to $0.22, with a midpoint value of $0.17.

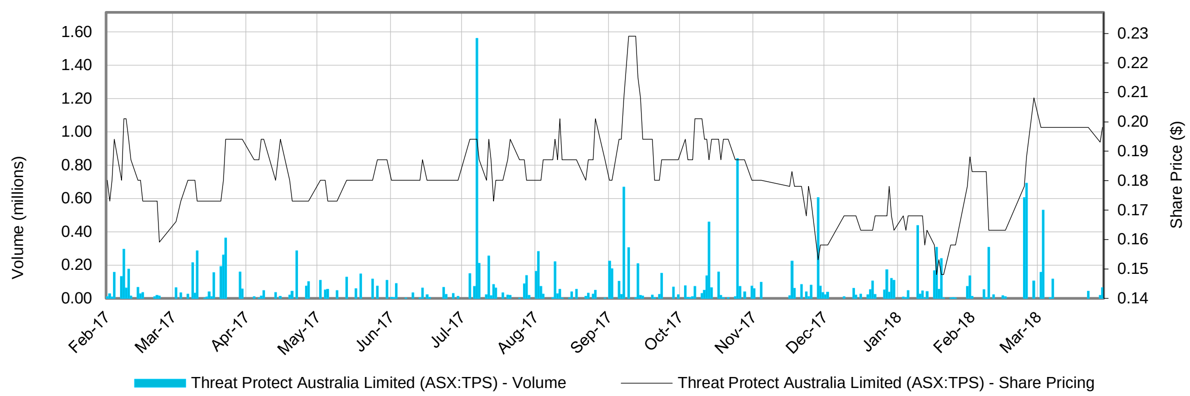
Quoted Price of Listed Securities (secondary method)

9.32 In order to provide a comparison and cross check to our capitalisation of future maintainable earning valuation of Threat Protect, we have considered the recent quoted market price for Threat Protect prior to the announcement of the Proposed Transaction.

Analysis of recent trading in Threat Protect Shares

9.33 The figure below sets out a summary of the closing share price and the volume of a Threat Protect share traded in the 12 months to 30 April 2018.

Figure 6: Threat Protect daily close price and traded volume



Source: S&P Capital IQ

Analysis of recent trading in Threat Protect Shares (continued)

- In the six months prior to the proposed transaction, Threat Protects shares have traded between a low of $0.150 in February 2018 and a high of $0.231 during September 2017.
- We note spikes in volume in July 2017, November 2017 and March 2018. The largest spike on 27 July 2017 comes on the announcement of the quarterly activities report outlining record operating revenue. The 14 November 2017 volume preceded an announcement of a notice of Becoming a Substantial Holder. The latest volume spikes between 15 March 2018 to 23 March 2018 came as a result of the acquisition announcement and subsequent deal closure of the purchase of Security Alarm Monitoring Service Pty Ltd and an on-market purchase by First Samuel.

9.34 To provide further analysis of the quoted market price for Threat Protect shares, we have considered the VWAP over a number of trading day periods ending 30 April 2018. An analysis of the trading volume in trading in Threat Protect's shares for the 1, 5, 10, 30, 60, 90, 120 and 180-day trading periods is set out in the table below.

Table 16: Traded volumes of Threat Protect hares to 30 April 2018

Trading Days	1 Day	5 Day	10 Day	30 Day	60 Day	90 Day	120 Day	180 Day
VWAP	0.200	0.192	0.187	0.181	0.174	0.183	0.195	0.187
Total Volume (millions)	0.07	0.25	2.33	3.84	6.47	9.29	12.16	18.44
Total Volume as % of Total Shares	0.1%	0.2%	2.1%	3.4%	5.8%	8.3%	10.9%	16.5%
Low Price A$	0.200	0.195	0.180	0.150	0.150	0.150	0.150	0.150
High Price A$	0.200	0.200	0.210	0.210	0.210	0.217	0.231	0.231

9.35 In our opinion, the weighted average share price of a Threat Protect share over the last 30 days is reflective of the underlying value of a Threat Protect share. As such, we consider a range of values between $0.18 to $0.20 (1 to 30-day VWAP) reflects the quoted market price valuation of a Threat Protect share on a minority basis prior to the Proposed Transaction.

9.36 We note that to rely on the quoted market price for the valuation of Threat Protect there is a requirement for the security to trade in a 'deep' market. RG111.69 indicates that a 'deep' market should reflect a liquid and active market Characteristics synonymous with a deep market are:

- Regular trading in a company's securities;
- An average of 1% of a company's securities traded on a weekly basis;
- Non-significant spread of the stock;
- A significant spread of ownership of the securities (i.e. the top 10 shareholders do not control more than 50% of the company); and
- There are not regular unexplained movements in the share price

9.37 For a security to be considered 'deep' it should fit with all the above characteristics. Though if it does fail to meet all of the above characteristics it does not automatically characterise the shares as irrelevant for valuation purposes, it means that they should not purely be relied upon.

9.38 We note in the case of Threat Protect that we do not consider there to be a deep market for the Company's shares due to the lack of consistent trading volume.

Value of a Range Share on a control basis

9.39 As the valuation above is on a minority basis an adjustment is required to add a premium for control to value the shares on a control basis. We have used a control premium of 25-35% based upon a recent 2017 study analysing the control premium of 463 transactions[4]

Table 17: Assessed value of a Threat Protect share – quoted price of listed security

	Ref	Low Value $	Midpoint Value $	High Value $
Quoted market price of a Threat Protect Share		0.18	0.19	0.20
Add premium for control		25%	30%	35%
Quoted market price controlling value		**0.23**	**0.25**	**0.27**

Source: Moore Stephens Analysis

9.40 Using quoted market price methodology on a control basis it is our opinion that the valuation of a Threat Protect share is in the range of $0.23 to $0.27 with a preferred value of $0.25.

Valuation summary and conclusion

9.41 A summary of our assessed values of an ordinary Threat Protect share on a control basis, pre- the Proposed Transaction, derived under the two methodologies, is set out in the table below.

Table 18: Threat Protect share valuation summary

	Ref	Low Value $	Midpoint Value $	High Value $
Capitalisation of future earnings		0.11	0.17	0.22
Quoted market price of Threat Protect shares		0.23	0.25	0.27
Preferred Value		**0.11**	**0.17**	**0.22**

9.42 In our opinion, the capitalisation of future earnings provides a better indicator of the Fair Value of Threat Protect as we consider the trading of Threat Protect shares prior to the announcement of the proposed transaction to be consistent enough with a 'deep' trading market to provide an accurate assessment of the Fair Value of the quoted market price. However in our opinion, the quoted market price provides support to our preferred valuation range.

9.43 Therefore, in our opinion, the Fair Value of a Threat Protect Share prior to the Proposed Transaction is between $0.11 and $0.22 on a controlling basis.

[4] RSM Bird Cameron Control Premium Study of successful takeover offers and schemes of arrangement completed in 2017 for companies listed on the ASX.

10. VALUATION OF THREAT PROTECT FOLLOWING THE PROPOSED TRANSACTION

10.1 In determining the Fair Value of a Threat Protect share on a non-controlling basis immediately post the Proposed Transaction, using the FME methodology, we have taken the Fair Value of Threat Protect pre the proposed transaction and reflected the impact of the Proposed

- By reducing the Debt by $9m, deducting the redemption premium, deducting a minority discount and assuming the conversion of the Note.

10.2 Based on our analysis, we calculate a range of value for a Threat Protect share post the Proposed Transaction between $0.14 and $0.19

10.3 Our assessed value of Threat Protect following the Proposed Transaction is set out in the table below:

Table 19: Valuation of Threat Protect share post the Proposed Transaction

Net Business Debt	Ref	Low Value $'000	Midpoint Value $'000	High Value $'000
Equity value of Threat Protect pre the Proposed Transaction		11,709	18,509	25,709
Debt eliminated upon conversion of the notes	10.4	15,030	15,030	15,030
Equity value of Threat Protect post the proposed transaction on a control basis		26,739	33,539	40,739
Minority Discount	10.5	20%	23%	26%
Fair Value of Threat Protect post Transaction on a minority basis		**21,391**	**25,825**	**30,147**
Undiluted existing number of shares on issue		111,631,634	111,631,634	111,631,634
Shares issued upon the conversion of the Notes		42,857,143	42,857,143	42,857,143
Undiluted Fair Value of a Threat Protect share on a minority basis, post the Proposed Transaction		$0.14	$0.17	$0.20
Diluted Fair Value of a Threat Protect share on a minority basis, post the Proposed Transaction		$0.14	$0.17	$0.19

10.4 If the proposed transaction is approved, we assume the Notes will be converted. This means that the $9 million is reduced from debt on the balance sheet, the $6.03 million redemption premium is removed (as it will not be payable) and the shares that are issues upon conversion of the Notes are included in the capital structure.

10.5 The minority discount has been calculated as the inverse of the control premium applied in paragraph 9.39.

10.6 We have assumed that approximately 42.9 million shares will be issued upon the conversion of the Notes assuming the conversion price remains at $0.21.

11. IS THE PROPOSED TRANSACTION FAIR TO THREAT PROTECT SHAREHOLDERS?

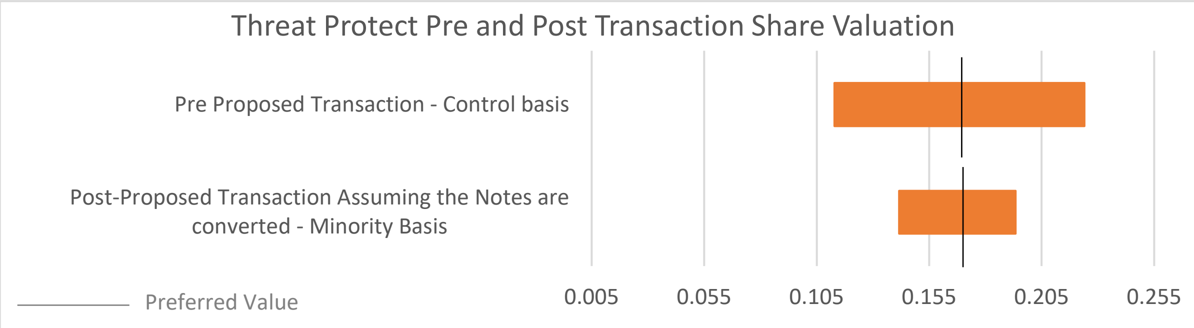
11.1 The value of a fully paid ordinary Threat Protect share prior to and immediately after the Proposed Transaction (assuming the conversion of the Notes), are summarised in the table below.

Table 20: Assessed valued of a Threat Protect share pre- and post the Proposed Transaction

Assessment of fairness	Low Value $	Midpoint Value $	High Value $
Fair Value of Threat Protect pre the Proposed Transaction - Control basis	0.11	0.17	0.22
Fair value of a Threat Protect share post the Proposed Transaction on a minority basis assuming the Notes are converted	0.14	0.17	0.19

Source: Moore Stephens analysis

Figure 7: Threat Protect value per share Pre and Post Transaction



11.2 In accordance with the guidance set out in ASIC RG 111, and in the absence of any other relevant information, for the purposes of complying with s611 item 7 of the Corporations Act, we consider the Proposed Transaction to be fair to the Non-Associated Shareholders of Threat Protect.

11.3 We note that, based on the range of values presented, it is possible for the transaction to be fair (low end of the ranges) or not fair (high end of the ranges). As such, we have considered the mid points of our valuations ranges. On balance we consider the Proposed Transaction to be fair as there is no decrease in the preferred value on a per share basis for non-associated shareholders.

Key Assumptions in our Valuations

11.4 The following key assumptions have been made in our valuations. We note that these assumptions are not exhaustive and do not include all assumptions that apply to our valuations.

- In obtaining our value per share pre- the Proposed Transaction have included a redemption premium amount as per the Converting Note deed (which is $6.03 million). For the purposes of this valuation the redemption premium must be included as debt because, if the notes do not convert, the premium will be payable. However, the redemption premium is not included as a liability on the balance sheet within the audited financial statements. Based on the assumption the notes were to convert and the premium was not included as debt this would alter the valuation of Threat Protect pre- the Proposed Transaction. The table below highlights the change of value per share on the basis the redemption premium is not identified as debt. We note that this table indicates that if the redemption premium is not included as debt, then the Proposed Transaction would not be considered fair. In our opinion, this would not impact on our opinion of reasonableness.

Table 21:Pre- the Proposed Transaction value of a Threat Protect Share on the basis the redemption premium is not classed as debt

	Low Value $'000	Midpoint Value $'000	High Value $'000
Enterprise value of the Company	40,000	46,800	54,000
Less: Net business debt	(22,261)	(22,261)	(22,261)
Equity Value of the Company	**17,739**	**24,539**	**31,739**
Shares	111,631,634	111,631,634	111,631,634
FME undiluted value per Share ($)	**0.16**	**0.22**	**0.28**
FME diluted value per Share ($)	**0.16**	**0.21**	**0.27**

Table 22:Net Debt calculation pre the Proposed Transaction

Net Business Debt	
Less: Debt included in 31 March quarterly report	(18,461)
Less: Notes subsequently issued	(1,200)
Less: Deferred consideration	(3,700)
Add: Cash from 31 March 2017 quarterly report	1,100
Net Business Debt	(22,261)

- We have assumed that interest payable on the Notes is paid and does not accrue and convert to shares upon conversion of the Notes.

- We have assumed that Threat Protect does not complete a capital raising at a price less than $0.21 prior to conversion of the Notes. If a capital raising event occurs below $0.21 the notes will convert at a price of the capital raise. This will increase the number of shares issued to First Samuel, increase the dilution on shares holders and reduce the post transaction values. A sensitivity analysis is set out below to demonstrate the impact on shareholders and our report if the Notes are converted at a price less than $0.21.

Capital Raising Price (Note Conversion Price)	Dilution to Non Associated Shareholders	Post Note Conversion Holding by Non Associated Shareholders	Mid Point Post Transaction Value
$0.21 - Current price	42,857,143	65%	$0.16
$0.15	60,000,000	58%	$0.14
$0.10	90,000,000	50%	$0.12

12. IS THE PROPOSED TRANSACTION REASONABLE?

12.1 RG111 establishes that a Proposed Transaction is reasonable if it is fair. If a Proposed Transaction is not fair it may still be reasonable after considering the specific circumstances applicable to it. In our assessment of the reasonableness of the Proposed Transaction, we have given consideration to:

- The future prospects of Threat Protect if the Proposed Transaction does not proceed; and
- Other commercial advantages and disadvantages to the Non-Associated Shareholders as a consequence of the Proposed Transaction proceeding.

Future prospects of Threat Protect if the Proposed Transaction does not proceed

12.2 If the Proposed Transaction does not proceed then the company will be required to repay approximately $9 million in debt plus the redemption premium at any point between 24 February 2020 to 24 February 2022. It is unlikely the company will have liquid cashflow capacity to meet this obligation. This repayment obligation will have a detrimental effect on the working capital of Threat Protect and may result in a significant cut back in operations or liquidation of multiple assets. The repayment of the debt could also give rise to a capital raise to facilitate repayment. If the stock price of the company is below $0.35 the company is better off with the notes converting.

Advantages and disadvantages

12.3 In assessing whether the Non-Associated Shareholders are likely to be better off if the Proposed Transaction proceeds, than if it does not, we have also considered various advantages and disadvantages that are likely to accrue to the Non-Associated Shareholders. We note that First Samuel may be able to convert the Notes without Shareholder approval if its interest in Threat Protect does not exceed 19.9% or does not change by more than 3% over a six month period.

Advantages of approving the Proposed Transaction

12.4 Advantage 1 – The Proposed Transaction is fair

A transaction can be considered reasonable if it is fair.

12.5 Advantage 2 - The company will extinguish $9 million of debt which would be otherwise payable at any time between the Maturity Date to the Sunset Date.

If the notes are converted to equity the $9 million of debt outstanding owed to First Samuel will be extinguished. This debt would be due for repayment at any point between the 24 February 2020 (Maturity Date) to 24 February 2022 (Sunset Date).

12.6 Advantage 3 - If the Convertible Notes are not converted into shares, the Company may not be able to meet the repayment due.

Based on current liquidity levels of Threat Protect they do not have capacity to repay this debt without causing significant detriment to the company. The company would be required to sell a significant portion of its assets to meet the obligation and would result in a significant cut back in business operations, fund the payment through a capital raising event (further diluting existing shareholders), or assume more debt.

12.7 Advantage 4 - The Company will avoid paying the redemption premium

If shareholder approval is not gained prior to the Maturity Date then, at any time after the Maturity Date but before the Sunset Date, First Samuel may require Threat Protect to redeem all outstanding Convertible Notes. As at the Sunset Date all Notes will be automatically redeemed. Upon redemption Threat protect will be due to pay all outstanding amounts on the Notes (face value) and a redemption premium ($0.67 per note redeemed). This will result in a further $6.03 million payable to First Samuel.

Advantages of approving the Proposed Transaction (continued)

12.8 Advantage 5 – Increased coupon rate on Notes if shareholder approval is not gained pre- maturity date.

If Threat Protect has not obtained member approval by the Maturity Date the Notes attract a higher coupon rate of 11% (up from 9% pre- maturity date). The interest accrues on the notes from issue and is payable on the Conversion or Redemption Date

12.9 Advantage 6 – Future relations and debt funding with First Samuel.

First Samuel has previously provided debt funding to the company. If shareholders do not approve it could jeopardize future relations with First Samuel and other debt providers.

12.10 Advantage 7 - The conversion price of the Notes is higher than the current share price

The conversion price of the Notes is $0.21. This means that First Samuel will effectively pay $0.21 per share to convert the Notes into equity. This is a premium to the current listed share price of Threat Protect, which is $0.20. If Threat Protect went to the market to raise equity it is likely that it would have to do so at a price below the current share price which would result in greater dilution than converting the Notes.

Disadvantages of approving the Proposed Transaction

12.11 Disadvantage 1 - Existing shareholders will be diluted

The conversion of the notes will result in the issue of new shares to First Samuel. This will result in dilution to existing shareholders, where non- associated shareholders combined interests could reduce from 89% to approximately 65%.

12.12 Disadvantage 2 – Potential control passed to First Samuel

Upon conversion of the $9 million debt outstanding in to shares, First Samuel will gain control of approximately 35% of Threat Protect's total shareholding. This will result in First Samuel having a significant influence within Threat Protect.

Alternative Proposal

12.13 We are not aware of any alternative proposal that is being considered or has been presented by Threat Protect at the current time which might provide a greater benefit than the Proposed Transaction.

Conclusion on Reasonableness

12.14 In our opinion, the position of the Non-Associated Shareholders if the Proposed Transaction is approved is more advantageous than the position if it is not approved. Therefore, in the absence of any other relevant information and/or a superior Proposed Transaction, we consider that the Proposed Transaction is reasonable for the Non- Associated Shareholders of Threat Protect.

12.15 An individual shareholder's decision in relation to the Proposed Transaction may be influenced by his or her individual circumstances. If in doubt, shareholders should consult an independent advisor.

INDEPENDENCE

Moore Stephens Perth Corporate Services Pty Ltd is entitled to receive a fee of approximately $25,000, excluding GST and reimbursement of out of pocket expenses. Except for this fee Moore Stephens Perth Corporate Services Pty Ltd has not received and will not receive any pecuniary or other benefit whether direct or indirect in connection with the preparation of this report.

Prior to accepting this engagement Moore Stephens Perth Corporate Services Pty Ltd has considered its independence with respect to Threat Protect, and any of their respective associates with reference to RG 112, Independence of Expert's Reports. It is the opinion of Moore Stephens Perth Corporate Services Pty Ltd that it is independent of Threat Protect and their respective associates.

Moore Stephens Perth Corporate Services Pty Ltd has not had at the date of this report any relationship which may impair their independence.

We have held discussions with management of Threat Protect regarding the information contained in this report. We did not change the methodology used in our assessment as a result of discussions and our independence has not been impaired in any way.

QUALIFICATIONS

Moore Stephens Perth Corporate Services Pty Ltd is a professional practice company, wholly owned by the Perth practice of Moore Stephens, Chartered Accountants. The firm is part of the National and International network of Moore Stephens independent firms, and provides a wide range of professional accounting and business advisory services.

Moore Stephens Perth Corporate Services Pty Ltd holds an Australian Financial Services License to provide financial product advice on securities to retail clients (by way of experts reports pursuant to the listing rules of the ASX and the Corporations Act) and its principals and owners are suitably professionally qualified, with substantial experience in professional practice.

The director responsible for the preparation and signing of this report is Mr Peter Gray who is a director of Moore Stephens Perth Corporate Services Pty Ltd. Mr Gray is a Chartered Accountant and is RG146 compliant. Mr Gray has approximately 15 years' experience in capital markets and corporate finance, and has significant experience in the preparation of independent expert's reports, valuations, valuation methodology and related advice.

At the date of this report neither Mr Gray, nor any member or Director of Moore Stephens Perth Corporate Services Pty Ltd, has any interest in the outcome of the Offer.

DISCLAIMERS AND CONSENTS

Moore Stephens Perth Corporate Services Pty Ltd has been requested to prepare this report, to be included in the Target Statement which will be sent to Threat Protect shareholders.

Moore Stephens Perth Corporate Services Pty Ltd consents to this report being included in the Notice of General Meeting to be sent to shareholders of Threat Protect. This report or any reference thereto is not to be included in, or attached to any other document, statement or letter without prior consent from Moore Stephens Perth Corporate Services Pty Ltd.

Moore Stephens Perth Corporate Services Pty Ltd has not conducted any form of audit, or any verification of information provided to us, and which we have relied upon in regard to Threat Protect, however we have no reason to believe that any of the information provided, is false or materially incorrect.

The statements and opinions provided in this report are given in good faith and in the belief that they are not false, misleading or incomplete.

Neither Moore Stephens Perth Corporate Services Pty Ltd nor Mr Gray take any responsibility for, nor have they authorised or caused the issue of, any part of this report for any third-party other than the shareholders of Threat Protect in the context of the scope and purpose defined in section 4 of this report.

With respect to taxation implications it is recommended that individual shareholders obtain their own taxation advice, in respect of the Offer, tailored to their own specific circumstances. The advice provided in this report does not constitute legal or taxation advice to shareholders of Threat Protect or any other party.

The statements and opinions expressed in this report are given in good faith and with reliance upon information generated both independently and internally and with regard to all of the circumstances pertaining to the Offer.

In regard to any projected financial information noted in this report, no member or director of Moore Stephens Perth Corporate Services Pty Ltd has had any involvement in the preparation of the projected financial information.

Furthermore, we do not provide any opinion whatsoever as to any projected financial or other results prepared for Threat Protect, and in particular do not provide any opinion as to whether or not any projected financial results referred to in the report will or will not be achieved.

Yours faithfully

P Gray

Peter Gray
Director
Moore Stephens Perth Corporate Services Pty Ltd

APPENDIX A – SOURCES OF INFORMATION

- In preparing this report we have relied upon the following principal sources of information:
- Threat Protect financial statements for the years ended 30 June 2017, 30 June 2016 and the period ended 31 December 2017.
- Threat Protect 31 March 2018 quarterly update
- Threat Protect unaudited financial information for the period ended 31 March 2017
- Convertible note deed between Threat Protect and First Samuel;
- Notice of General Meeting and Explanatory Statement for the meeting of Threat Protect shareholders;
- Information provided by Threat Protect management through meetings and correspondence;
- Capital IQ, IBIS World and other financial databases and subscription services; and
- Due Diligence reports from the acquisitions of Apollo Security Pty Ltd, Alpha Alarms Pty Ltd and Seekers Security Management Pty Ltd and Security Alarm Monitoring Service Pty Ltd
- Publicly available information including ASX announcements.
- IBIS World
- IMF April Update
- RBA May Update

APPENDIX B – VALUATION METHODOLOGY

Valuation Methodologies and Approaches

Discounted Cash Flow Method

Discounted cash flow methods estimate fair market value by discounting a company's future cash flows to their net present value. These methods are appropriate where a forecast of future cash flows can be made with a reasonable degree of confidence. Discounted cash flow methods are commonly used to value early stage companies or projects with a finite life.

Capitalisation of Maintainable Earnings Method

The capitalisation of maintainable earnings method estimates "fair market value" or "enterprise value", by estimating a company's future maintainable earnings and dividing this by a market capitalisation rate. The capitalisation rate represents the return an investor would expect to earn from investing in the company which is commensurate with the individual risks associated with the business.

It is appropriate to apply the capitalisation of maintainable earnings method where there is an established and relatively stable level of earnings which is likely to be sustained into the foreseeable future.

The measure of earnings will need to be assessed and can include, net profit after taxes, (NPAT), earnings before interest and taxes (EBIT and earnings before interest, taxes, depreciation and amortisation (EBITDA).

The capitalisation of maintainable earnings method can also be considered a market based methodology as the appropriate capitalisation rate or 'earnings multiple' is based on evidence of market transactions involving comparable companies.

An extension of the capitalisation of maintainable earnings method involves the calculation of share value of an entity. This process involves the calculation of the enterprise value, which is then adjusted for the net tangible assets of the entity.

Net Assets Value Method (Orderly Realisation of Assets)

The net assets value method (assuming an orderly realisation of assets) estimates fair market value by determining the amount that would be distributed to shareholders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the company is wound up in an orderly manner.

Liquidation of assets - The Liquidation method is similar to the orderly realisation of asset method except the liquidation method assumes the assets are sold in a shorter time frame.

Net assets – The net assets method is based on the value of the assets of a business less certain liabilities at book values, adjusted to a market value.

The asset based approach, as a general rule, ignores the possibility that a company's value could exceed the realisable value of its assets as they ignore the value of intangible assets such as customer lists, management, supply arrangements, and goodwill.

The asset based approach is most appropriate when companies are not profitable, a significant proportion of assets are liquid, or for asset holding companies.

Cost Based Approach - The cost based approach involves determining the fair market value of an asset by deducting the accumulated depreciation from the asset's replacement cost at current prices.

Like the asset based approach, the cost based approach has a number of disadvantages, primarily that the cost of an asset does not necessarily reflect the assets ability to generate income. Accordingly this approach is only useful in limited circumstances, usually associated with intangible asset valuation.

Quoted Market Price Methodology

The method relies on the pricing benchmarks set by sale and purchase transactions in a fully informed market the ASX which is subject to continuous disclosure rules aimed at providing that market with the necessary information to make informed decisions to buy or to sell.

Consequently, this approach provides a "fair price", independently determined by a real market. However the question of a fair price for a particular transaction requires an assessment in the context of that transaction taken as a whole.

In taking a quoted market price based assessment of the consideration to both parties to the proposed transaction, the overall reasonableness and benefits to the non-participating shareholders must be carefully evaluated.

APPENDIX B – VALUATION METHODOLOGY (CONTINUED)

Valuation Methodologies and Approaches

Market Approach Method

The market based approach estimates a company's fair market value by considering the market prices of transactions in its shares or the market value of comparable assets.

This includes, consideration of any recent genuine offers received by the target for an entire entity's business, or any business units or asset as a basis for the valuation of those business units or assets, or prices for recent sales of similar assets

APPENDIX C - GLOSSARY

In this report, unless the context requires otherwise:

Term	Meaning
ASIC	Australian Securities and Investments Commission
Associated Shareholders	First Samuel Limited
ASX	Australian Securities Exchange or ASX Limited ACN 008 624 691
Business Day	has the meaning given in the Listing Rules
Company	Threat Protect Australia Pty Ltd
Control Basis	As assessment of the Fair Value on an equity interest, which assumes the holder or holders have control of entity in which the equity is held
Conversion	The Notes are converted to an equity holding of Threat Protect
Conversion Price	$0.21 per share
IER	This Independent Expert Report
Income Tax Assessment Act	the Income *Tax Assessment Act 1936* and the *Income Tax Assessment Act 1997*
Issuer	Threat Protect Australia Pty Ltd
Minority Basis	As assessment of the Fair Value on an equity interest, which assumes the holder or holders do not have control of entity in which the equity is held
Moore Stephens or MSPCS	Moore Stephens Perth Corporate Services Pty Ltd
Non-associated Shareholders	Shareholders of Threat Protect not associated to First Samuel
Noteholder	First Samuel Limited
Notes	Convertible notes as set out in section 3.1
QMP	Quoted Market Price
Redemption	The Notes are redeemed as debt
Redemption Premium	A premium required to be paid by the issuer of the note upon redemption of the notes
Regulations	Corporation Act Regulations 2001 (Cth)
RG 111	ASIC Regulatory Guide 111 Contents of Expert's Reports
RG 112	ASIC Regulatory Guide 112 Contents of Expert's Reports
S&P Capital IQ	An entity of Standard and Poors which is a third-party provider of company and other financial information.
Threat Protect	Threat Protect Australia Pty Ltd
VWAP	Volume weighted average share price

APPENDIX D – EBITDA MULTIPLE CALCULATIONS

ASX Code	Company	Market Cap $m	Cash $m	Debt $m	Enterprise Value $m	Trailing EBITDA 12 months $m	Forecast EBITDA 12 months $m	Ratios EV/ Historical EBITDA	EV/ Forecast EBITDA
ASX:TPS	Threat Protect Australia Limited	22.3	0.7	10.7	32.3	1.9	-	17.2	-
ASX:MIL	Millennium Services Group Limited	48.0	3.0	29.7	74.7	15.1	15.1	5.0	4.9
ASX:PSZ	PS&C Limited	20.1	3.2	13.2	30.1	3.1	-	9.7	-
ASX:SEN	Senetas Corporation Limited	124.3	20.6	0.0	103.8	4.4	7.0	23.5	14.9
ASX:RDF	Redflex Holdings Limited	68.6	19.2	6.4	55.8	5.5	14.3	10.2	3.9
ASX:CDA	Codan Limited	441.7	10.6	15.0	446.1	60.2	65.5	7.4	6.8
ASX:SPZ	Smart Parking Limited	176.5	8.7	0.2	161.4	2.0	9.0	78.9	17.9
ASX:CGL	The Citadel Group Limited	312.7	19.2	19.8	316.7	29.6	35.0	10.7	9.1
Average		**151.8**	**10.6**	**11.9**	**152.6**	**15.2**	**24.3**	**20.8**	**9.6**
Median		**96.5**	**9.6**	**11.9**	**89.2**	**4.9**	**14.7**	**10.4**	**7.9**

ASX Code	Company	Market Cap $m	Cash $m	Debt $m	Enterprise Value $m	Trailing EBITDA 12 months $m	Forecast EBITDA 12 months $m	Ratios EV/ Historical EBITDA	EV/ Forecast EBITDA
ASX:MIL	Millennium Services Group Limited	48.0	3.0	29.7	74.7	15.1	15.1	5.0	4.9
ASX:PSZ	PS&C Limited	22.1	3.2	13.2	32.1	3.1	0.0	10.4	N/A
ASX:RDF	Redflex Holdings Limited	69.3	19.2	6.4	56.5	5.5	11.4	10.3	4.0
ASX:SPZ	Smart Parking Limited	180.1	8.7	0.2	164.9	2.0	9.0	80.7	18.3

APPENDIX D – EBITDA MULTIPLE CALCULATIONS (CONTINUED)

ASX Code	Company	Business Description
ASX:MIL	Millennium Services Group Limited	Millennium Services Group Limited provides cleaning, security, and integrated services in Australia and New Zealand. It offers incident reporting, security patrol, and concierge services; and pest control, property maintenance, and landscaping services. The company primarily provides its services to retail shopping centres, commercial properties, government buildings, education facilities, malls, tenanted office spaces, car parks, and external areas. Millennium Services Group Limited was founded in 2003 and is based in Mount Waverley, Australia.
ASX:PSZ	PS&C Limited	PS&C Limited provides ICT services primarily in Australia. The company operates in three segments: People, Security, and Communications. The People segment offers consulting, contractor management, recruitment, project, business analysis, and technical services to the customers in various industries, including agricultural, mining, retail, and insurance, as well as information technology equipment and services. The Security segment provides penetration testing, red teaming, mobile application testing, vulnerability management, configuration audit and control, compliance and executive coaching training, and security software sales and maintenance solutions, as well as Web application scanners and firewalls, payment card security systems and compliance tools, and exploitation tools. This segment serves various sectors, including banking, finance, and credit unions, local and federal government, professional services, legal, sports betting, retail, industrial, education, and utilities. The communications segment offers unified communications and Internet protocol telephony, network infrastructure, and consulting and managed services to the customers in various fields comprising local government, telecommunications, banking and financial services, and utilities. PS&C Limited was founded in 2013 and is based in Melbourne, Australia.
ASX:SEN	Senetas Corporation Limited	Senetas Corporation Limited provides network data security solutions worldwide. It develops and manufactures layer 2 metro and carrier Ethernet network encryptors. The company also provides encryption key management solutions; and CypherManager, an encryptor management platform. In addition, it offers customer support and maintenance services. The company serves include cloud service providers; telecommunications companies; governments; corporates; healthcare sector; banking and financial services sector; and defense and military organizations. Senetas Corporation Limited was founded in 1999 and is headquartered in Melbourne, Australia.
ASX:RDF	Redflex Holdings Limited	Redflex Holdings Limited, together with its subsidiaries, provides automated traffic enforcement products and services in the North America, Australia, and internationally. The company offers outsourced traffic enforcement programs; develops and manufactures a range of digital photo enforcement solutions, including red light cameras, speed cameras, and school bus stop arm camera systems; and owns and operates networks of digital speed and red-light cameras. It also provides red light and speed technology that captures combined red light and speed violations across up to six lanes of approaching or receding traffic, as well as captures additional information, such as vehicle length, class, and lane identification; and point to point average speed enforcement systems, which uses high repetition industrial digital camera technology to measure average speed over a specified distance rather than at a single point. In addition, the company offers mobile enforcement platform, a flexible system for deployable and in-vehicle mounting applications; automated photo enforcement solutions for monitor and deter the drivers from speeding in work zones; and safe working environment for road crews. Further, it provides managed motorways detection systems, intersection control systems, travel time monitor systems, pollution detection systems, vehicles over height detection systems, and ticketless parking systems; and SMARTScene, a video surveillance solution that captures short video clips of each potential offence or scene. Additionally, the company develops software for the business process management engines of law enforcement agencies; and network integration and monitoring engines of external sensory devices. Redflex Holdings Limited is headquartered in South Melbourne, Australia.

APPENDIX D – EBITDA MULTIPLE CALCULATIONS (CONTINUED)

ASX Code	Company	Business Description
ASX:CDA	Codan Limited	Codan Limited develops rugged and electronics solutions for government, corporate, NGO, and consumer markets in Australia. The company operates through three segments: Communications Equipment, Metal Detection, and Tracking Solutions. It designs and manufactures communications equipment for high frequency and land mobile radio applications. The company also provides recreational products, gold detectors, and detecting and clearing improvised explosive devices; and tracking, productivity, and safety solutions for underground hard-rock mines, as well as associated software for the mining sector. In addition, it provides design and product development, manufacturing, and support services to the Australian defense industry. The company also exports its products to approximately 150 countries. Codan Limited was founded in 1959 and is headquartered in Mawson Lakes, Australia.
ASX:SPZ	Smart Parking Limited	Smart Parking Limited provides parking technology and management solutions in New Zealand, Australia, the United Kingdom, and internationally. The company operates through two segments, Technology and Parking Management. The Technology segment designs, develops, produces, and sells car parking technology hardware, software, and associated products and services. It offers SmartApp that enable drivers to locate vacant parking spaces in real time; in-ground vehicle detection sensors; real-time radio-frequency identification solutions for payment, enforcement, and management, including parking permits; SmartRep, a parking management software; SmartSpot Gateway, an Internet of Things building block that allow city operators to begin with the deployment of smart parking sensing solutions; and SmartCloud, a smart city data intelligence cloud platform for parking services. The company also provides overhead guidance indicators; and Pay & Walk, a ticketless parking solution. The Parking Management segment offers various solutions, including automatic number plate recognition, site surveys, pay and display, parking attendants, and marshalling, as well as disabled, parent, and child parking management solutions. Smart Parking Limited serves retail operators and property developers; transport, healthcare, and leisure sectors; and government organizations. The company was formerly known as Car Parking Technologies Limited and changed its name to Smart Parking Limited in July 2013. Smart Parking Limited is based in Port Melbourne, Australia.
ASX:CGL	The Citadel Group Limited	MFS Intermediate Income Trust is a closed ended fixed income mutual fund launched and managed by Massachusetts Financial Services Company. The fund invests in fixed income markets across the globe. It primarily invests in debt instruments. The fund seeks to benchmarks the performance of its portfolio against the Barclays Intermediate U.S. Government/Credit and MFS Intermediate Income Trust Blended Index. MFS Intermediate Income Trust was formed on March 17, 1988 and is domiciled in the United States.

APPENDIX E – TPS UNADJUSTED EBITDA

Merged Entity Unadjusted EBITDA	**$**
Monitoring	
March 2018 - Run Rate[1]	
TPS Monitoring Revenue - Mar-18 run rate	7,268,292
TPS total Monitoring expenses - Mar-18 run rate	(3,886,656)
TPS Monitoring Gross Profit	**3,381,636**
SAMS Acquisitions	
SAMS Monitoring Income	5,244,000
SAMS Monitoring Expenses	(3,346,290)
SAMS Gross Profit	**1,897,710**
Total Monitoring Income	**5,279,346**
Guarding and Services	
HY Dec-17 Run Rate[2]	
Guarding & Services Revenue	6,333,216
GP %	5.5%
TPS Guarding & Services Gross Profit	**348,327**
Total Gross Profits	**5,627,673**
Overhead Expenses	
HY Dec-17 Run Rate	
Administration expenses	(1,773,274)
Business acquisition and integration costs	(800,860)
Compliance costs	(261,128)
Legal and Consulting	(26,896)
Marketing and Business Development	(456,166)
Occupancy Costs	(285,588)
Total Overheads	(3,603,912)
Unadjusted EBITDA	**2,023,761**

1. Run rate is based on the results of March multiplied by 12 to reflect 12 months of trading at a similar scale
2. Run rate is based on the results for the six months to December 2017 multiplied by two to reflect 12 months of trading at a similar scale

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