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**THE GO2 PEOPLE LTD**  
**ACN 616 199 896**

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**NOTICE OF ANNUAL GENERAL MEETING**

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Notice is given that the Meeting will be held at:

**TIME:** 4:00pm  
**DATE:** 29<sup>th</sup> November 2018  
**PLACE:** William Buck  
Level 3, 15 Labouchere Road  
SOUTH PERTH WA 6151

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

***This Notice of 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.***

***The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 4:00pm on 27 November 2018.***

**Independent Expert's Report:** Shareholders should carefully consider the Independent Expert's Report prepared for the purpose of the Shareholder approval required under ASX Listing Rule 10.1 (refer to Resolution 9). The Independent Expert's Report comments on the fairness and reasonableness of the transaction the subject of Resolution 9 to the non-associated Shareholders. The Independent Expert has determined the transaction the subject of Resolution 9 is **fair and reasonable** to the non-associated Shareholders.

## **BUSINESS OF THE MEETING**

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### **AGENDA**

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#### **1. FINANCIAL STATEMENTS AND REPORTS**

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2018 together with the declaration of the Directors, the Director's Report, the Remuneration Report and the Auditor's Report.

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#### **2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

*"That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's Annual Financial Report for the financial year ended 30 June 2018."*

**Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.**

**Voting Prohibition Statement:**

A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
  - (i) does not specify the way the proxy is to vote on this Resolution; and
  - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

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#### **3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – DARREN COOPER**

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

*"That, for the purpose of clause 14.2 of the Constitution, and for all other purposes, Darren Cooper, a Director, retires, and being eligible, is re-elected as a Director."*

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#### **4. RESOLUTION 3 – ELECTION OF DIRECTOR – PETER MCMORROW**

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

*"That, for the purpose of clause 14.4 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Peter John McMorrow, a Director who was appointed as an additional Director on 8 March 2018, retires, and being eligible, is elected as a Director."*

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## 5. RESOLUTION 4 – ELECTION OF DIRECTOR – ANDRIES DIQUE

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

*“That, for the purpose of clause 14.4 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Andries Petrus Johannes Dique, a Director who was appointed as an additional Director on 4 April 2018, retires, and being eligible, is elected as a Director.”*

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## 6. RESOLUTION 5 – APPOINTMENT OF AUDITOR

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

*“That, for the purposes of section 327B of the Corporations Act and for all other purposes, William Buck Audit (Vic) Pty Ltd (ABN 59 116 151 136), having been nominated by a Shareholder and having consented in writing to act in the capacity of auditor, be appointed as auditor of the Company with effect from the close of the meeting.”*

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## 7. RESOLUTION 6 – ISSUE OF OPTIONS TO RELATED PARTY – DARREN COOPER

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

*“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 750,000 Options to Darren Cooper (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion Statement:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of Darren Cooper (or his nominee) or any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement:**

A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
  - (i) does not specify the way the proxy is to vote on this Resolution; and
  - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

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## 8. RESOLUTION 7 – ISSUE OF OPTIONS TO RELATED PARTY – PETER MCMORROW

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

*“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 500,000 Options to Peter McMorrow (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion Statement:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of Peter McMorrow (or his nominee) or any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement:**

A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
  - (i) does not specify the way the proxy is to vote on this Resolution; and
  - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

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## 9. RESOLUTION 8 – ISSUE OF OPTIONS TO RELATED PARTY – ANDRIES DIQUE

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

*“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 500,000 Options to Andries Dique (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion Statement:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of Andries Dique (or his nominee) or any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement:**

A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or

(b) the voter is the Chair and the appointment of the Chair as proxy:

- (i) does not specify the way the proxy is to vote on this Resolution; and
- (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

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**10. RESOLUTION 9 – APPROVAL OF THE ACQUISITION OF ALL OF THE ISSUED CAPITAL OF GO2 SKILLS & TRAINING PTY LTD**

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

*“That for the purposes of ASX Listing Rule 10.1 and for all other purposes, approval is given for the Company to acquire all of the issued capital in GO2 Skills & Training Pty Ltd (ACN 156 136 748) (**GO2 Skills & Training**) on the terms and conditions set out in the Explanatory Statement (**Acquisition**).”*

**Voting Exclusion:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of Abilio Ferreira (or his nominee) and the Vendors and any of their respective associates (**Resolution 9 Excluded Party**). However, the Company need not disregard a vote if it is cast by a **person** as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, provided the Chair is not a Resolution 9 Excluded Party, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Independent Expert's Report:** Shareholders should carefully consider the report prepared by the Independent Expert for the purposes of the Shareholder approval required under ASX Listing Rule 10.1. The Independent Expert's Report comments on the fairness and reasonableness of the Acquisition the subject of this resolution to the non-associated Shareholders in the Company.

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**Dated: 19 October 2018**

**By order of the Board**



**Matthew Thompson**  
**Company Secretary**

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**Voting in person**

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

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**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, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or

number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 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.

***Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 6151 9222.***

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## EXPLANATORY STATEMENT

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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 Resolutions.

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### 1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the Annual Financial Report of the Company for the financial year ended 30 June 2018 together with the Declaration of the Directors, the Directors' Report, the Remuneration Report and the Auditor's Report.

The Company will not provide a hard copy of the Company's Annual Financial Report to Shareholders unless specifically requested to do so. The Company's Annual Financial Report is available on its website at [www.thego2people.com.au](http://www.thego2people.com.au).

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### 2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

#### 2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the directors of the company.

The remuneration report sets out the company's remuneration arrangements for the directors and senior management of the company. The remuneration report is part of the directors' report contained in the annual financial report of the company for a financial year.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

#### 2.2 Voting consequences

A company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

### **2.3 Previous voting results**

This is the first annual general meeting of the Company since listing on the ASX. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

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## **3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – DARREN COOPER**

### **3.1 General**

The Constitution sets out the requirements for determining which Directors are to retire by rotation at an annual general meeting.

Darren Cooper, who has served as a director since 28 July 2018, retires by rotation and seeks re-election.

### **3.2 Qualifications and other material directorships**

Darren Cooper spent in excess of 20 years with various companies in management and senior executive roles, and has a Bachelor of Business from Curtin University, a Masters of Applied Finance from Macquarie University, and is a graduate of the Australian Institute of Company Directors.

Darren now holds a number of Board and Strategic Advisory roles across a range of industries including property, professional services and telecommunications. He is also an investor in and director of a range of technology & media-based startup businesses. Darren was recently appointed as the Board Chair of Spectur Ltd (ASX:SP3), and in addition, Darren undertakes a number of volunteer roles, including with Foundation Housing (Community Housing), Bethanie (Aged Care) and Nature Play WA Inc (Childhood Wellbeing).

### **3.3 Independence**

If elected, the board considers Mr Cooper to be an independent director.

### **3.4 Board recommendation**

The Board supports the re-election of Mr Cooper and recommends that Shareholders vote in favour of Resolution 2.

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## **4. RESOLUTION 3 – ELECTION OF DIRECTOR – PETER MCMORROW**

### **4.1 General**

The Constitution allows the Directors to appoint at any time a person to be a Director either to fill a casual vacancy or as an addition to the existing Directors, but only where the total number of Directors does not at any time exceed the maximum number specified by the Constitution.

Pursuant to the Constitution and ASX Listing Rule 14.4, any Director so appointed holds office only until the next following annual general meeting and is then eligible for election by Shareholders but shall not be taken into account in determining the Directors who are to retire by rotation (if any) at that meeting.

Peter McMorrow, having been appointed by other Directors on 8 March 2018 in accordance with the Constitution, will retire in accordance with the Constitution and ASX Listing Rule 14.4 and being eligible, seeks election from Shareholders.

#### **4.2 Qualifications and other material directorships**

Mr. McMorrow has over 30 years' project and executive experience and is a respected leader in the infrastructure and resources industries. His experience covers all disciplines of engineering and he has worked on a wide variety of large and complex infrastructure projects both in Australia and abroad. His extensive knowledge extends to all facets of engineering, project identification, winning and delivery as well as management of dynamic, profitable and long-lasting business operations.

Mr. McMorrow was appointed Managing Director of Leighton Contractors Pty Limited (**LCPL**) in 2004, and under his leadership the company experienced an unprecedented period of growth and success, increasing revenue to over \$5 billion and diversifying into areas including mining, industrial, telecommunications, investment, and services activities. Prior to this he held top level executive roles at Leighton in Asia, Australia and New Zealand, and served as General Manager at Baulderstone Hornibrook.

He is currently the Deputy Chairman of SRG Global Limited, a provider of specialised services to the infrastructure and mining sectors.

#### **4.3 Independence**

Mr. McMorrow has no interests, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect his capacity to bring an independent judgement to bear on issues before the board and to act in the best interest of the entity and its security holders generally.

If elected, the board considers Mr. McMorrow to be an independent director.

#### **4.4 Board recommendation**

The Board supports the re-election of Mr. McMorrow and recommends that Shareholders vote in favour of Resolution 3.

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### **5. RESOLUTION 4 – ELECTION OF DIRECTOR – ANDRIES DIQUE**

#### **5.1 General**

The Constitution allows the Directors to appoint at any time a person to be a Director either to fill a casual vacancy or as an addition to the existing Directors, but only where the total number of Directors does not at any time exceed the maximum number specified by the Constitution.

Pursuant to the Constitution and ASX Listing Rule 14.4, any Director so appointed holds office only until the next following annual general meeting and is then eligible for election by Shareholders but shall not be taken into account in determining the Directors who are to retire by rotation (if any) at that meeting.

Mr. Dique, having been appointed by other Directors on 4 April 2018 in accordance with the Constitution, will retire in accordance with the Constitution and ASX Listing Rule 14.4 and being eligible, seeks election from Shareholders.

## 5.2 Qualifications and other material directorships

Andries "Dickie" Dique has 25 years' experience in senior executive and management roles in construction businesses and is a respected leader in the Western Australian construction industry. A registered builder in a number of states in Australia, Mr Dique's experience covers the commercial, civil, residential, mining and modular sectors.

Mr Dique's most recent operational role was as a Director at Pindan Contracting (**Pindan**). Prior to that, Mr Dique was General Manager and then Chief Operating Officer at Decmil Group Limited (ASX:DCG (**Decmil**)). Mr Dique was a key driver to significant periods of growth during his tenure at both Decmil and Pindan.

He is currently a Non-Executive Director of Decmil Limited a provider of building and construction services.

## 5.3 Independence

Mr. Dique has no interests, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect his capacity to bring an independent judgement to bear on issues before the board and to act in the best interest of the entity and its security holders generally.

If elected the board considers Mr. Dique will be an independent director.

## 5.4 Board recommendation

The Board supports the re-election of Mr. Dique and recommends that Shareholders vote in favour of Resolution 4.

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## 6. RESOLUTION 5 – APPOINTMENT OF AUDITOR

The Directors of a public company must appoint an auditor within one month of registration. The directors have appointed William Buck Audit (Vic) Pty Ltd (ABN 59 116 151 136) as the Company's auditor.

In accordance with section 328B(1) of the Corporations Act, the Company has sought and obtained a nomination from a shareholder for William Buck Audit (Vic) Pty Ltd to be appointed as the Company's auditor. A copy of this nomination is attached to this Explanatory Statement as Annexure B.

William Buck Audit (Vic) Pty Ltd has given its written consent to act as the Company's auditor subject to shareholder approval of this resolution.

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## 7. RESOLUTIONS 6 – 8 – ISSUE OF OPTIONS TO RELATED PARTIES

### 7.1 General

Resolutions 6 – 8 seeks Shareholder approval for the grant of the Related Party Options to the Directors (or their nominees).

In order to provide long term incentives for the Directors, the Company has agreed, subject to obtaining Shareholder approval, to issue a total of 1,750,000 Options (**Related Party Options**) to the Directors (or their nominees) on the terms and conditions set out below.

## 7.2 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The grant of Related Party Options constitutes giving a financial benefit and persons who will receive the Related Party Options are each a related party of the Company by virtue of being a Director.

The Directors (other than the Director who has a material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the grant of Related Party Options because the agreement to grant the Related Party Options is considered reasonable remuneration in the circumstances and was negotiated on an arm's length basis.

## 7.3 ASX Listing Rule 10.11

ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

As the grant of the Related Party Options involves the issue of securities to a related party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

## 7.4 Technical Information required by ASX Listing Rule 10.13

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to Resolutions 6 – 8:

- (a) the Related Party Options will be granted to Darren Cooper, Peter McMorrow and Andries Dique (or their nominees);
- (b) the number of Related Party Options to be issued to Darren Cooper, Peter McMorrow and Andries Dique (or their nominees) is as follows:

Director	No. Options
Darren Cooper	750,000
Peter McMorrow	500,000
Andries Dique	500,000

- (c) the Related Party Options will be granted no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Options will occur on the same date;
- (d) the Related Party Options will be issued for nil cash consideration; accordingly no funds will be raised; and
- (e) the terms and conditions of the Related Party Options are set out in Schedule 1.

Approval pursuant to ASX Listing Rule 7.1 is not required for the grant of the Related Party Options as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the grant of Related Party Options to Darren Cooper, Peter McMorrow and Andries Dique (or their nominees) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

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## 8. BACKGROUND TO THE ACQUISITION OF GO2 SKILLS & TRAINING

### 8.1 General

On 23 July 2018, the Company announced to ASX that it had entered into a strategic alliance agreement and a loan agreement with GO2 Skills & Training to develop and enhance the respective services of the Company and GO2 Skills & Training (**Strategic Alliance Announcement**).

Further details on the strategic alliance and the loan agreement are included in Sections 8.2 and 8.3 and in the Company's Strategic Alliance Announcement.

### 8.2 GO2 Skills & Training Alliance Agreement

The Company entered into the alliance agreement on or about 23 July 2018 with GO2 Skills & Training to give effect to the significant synergies between the two companies, which included common clientele and industry section expertise (**Alliance Agreement**).

The Alliance Agreement formalised the provision of certain administrative services and office support provided by the Company to GO2 Skills & Training on an arm's length basis, while allowing for the Company to charge a Licence Fee

for the use of the “GO2” brand. The Alliance Agreement required GO2 Skills & Training to use its best endeavours to promote the interests of the Company throughout the clientele serviced by GO2 Skills & Training.

Importantly, the Alliance Agreement also provided the Company with a first right of refusal to acquire GO2 Skills & Training.

### **8.3 GO2 Skills & Training Loan Agreement**

The Company entered into the loan agreement with GO2 Skills & Training on 23 July 2018 (**Loan Agreement**) on commercial and arms-length terms to formalise the terms of the \$525,810.51 owing to the Company at that time. This loan has been in existence since approximately May 2015. As disclosed in the prospectus and the Company’s annual reports, the full amount of the loan, which had been advanced whilst the entities were within a privately held group, had been fully impaired in the financial statements of the Company.

### **8.4 Binding Term Sheet**

The Company has entered into a binding term sheet with the Vendors of GO2 Skills & Training (**Term Sheet**) to give effect to the Acquisition, as announced on 8 October 2018.

The principal terms of the Acquisition, as set out in the Term Sheet, are as follows:

#### **(a) Consideration**

The Company has agreed to purchase all of the issued capital in GO2 Skills & Training, free of any encumbrances or security interest (**Sale Shares**), from the Vendors for a cash payment of \$465,000, which will be completely offset against the outstanding loan of \$465,000 owed by GO2 Skills & Training to the Company (**Consideration**).

#### **(b) Conditions Precedent**

Completion of the Acquisition is subject to the satisfaction or waiver (in writing and agreed by all parties) of various conditions precedent, with the material outstanding conditions precedent being as follows:

(i) **GO2 People Ltd Shareholder approval:** Shareholders approving Resolution 9 at the Meeting;

(ii) **Compliance with covenants, representations and warranties:** compliance in all material respects by the Company and the Vendors with covenants, representations and warranties made in the Term Sheet at completion; and

(iii) **Material adverse effect:** no material adverse events occurring to GO2 Skills & Training,

(together, the **Conditions Precedent**).

### **8.5 Acquisition of GO2 Skills & Training**

GO2 Skills & Training is a nationally Registered Training Organisation (RTO 40927), delivering industry specific training and education to the construction and resources sectors. GO2 Skills & Training is owned by the founders of The GO2 People Limited, Mr. Billy Ferreira and Mr. Paul Goldfinch. Although branded as

part of the GO2 Group, the business was not included in the Initial Public Offer for The GO2 People Limited, because of a pending audit under the Australian Skills Quality Authority ("ASQA") standard framework. That audit has since been finalized.

On 4 October 2018, ASQA suspended four (4) of GO2 Skills & Training's thirteen (13) full qualifications for training students, these suspended qualifications are:

- (a) BSB30415 Certificate III in Business Administration;
- (b) BSB41015 Certificate IV in Human Resources;
- (c) BSB41415 Certificate IV in Work Health and Safety; and
- (d) RII30715 Certificate III in Mine Emergency Response and Rescue.

Similarly, of the twenty-eight (28) single unit (or short course units) that GO2 Skills & Training has in its explicit scope, there are four (4) that GO2 Skills & Training is currently unable to enrol new students into. These single unit courses are:

- (a) HLTAID003 Provide first aid;
- (b) PMAWHS211 Prepare equipment for emergency response;
- (c) RIIBEF402D Supervise on-site operations; and
- (d) RIIGOV201D Comply with site work processes/procedures.

What this entails for GO2 Skills & Training is that new students cannot be enrolled into the qualifications and units listed above, until the suspension is lifted by ASQA.

This suspension does not impact GO2 Skills & Training's current capacity to operate as approved by ASQA and the Department of Training and Workplace Development (WA) for a number of clients and GO2 Skills & Training continues to provide a significant number of indentured traineeships.

The nature of these suspensions is administrative, and GO2 Skills & Training is cooperating with ASQA in order to have them lifted and does not foresee any reason why the suspensions would not be removed. The suspension of these qualifications has had no material impact on GO2 Skills & Training's business.

The Company and GO2 Skills & Training share common clientele and expertise in the construction and resources sectors. Together, it is expected this will provide a key point of difference to the Company moving forward.

The Company currently uses the services of GO2 Skills & Training for its existing staff and recruits. Other than the shared services pursuant to the Alliance Agreement, GO2 Skills & Training is run independently with limited involvement from either Mr. Ferreira or Mr. Goldfinch. The potential acquisition would provide for further synergies to the benefit of both entities and additional value to its client, employee base.

The parties have been discussing the potential acquisition of GO2 Skills & Training by the Company as, now that the issues which prevented it being included in the IPO have been resolved, it is seen as a more suitable strategic fit in light of

the upskilling of employees required to fill capacity for the shortage in the labour market expected in the coming periods. The Company will not outlay any additional capital to effect the Acquisition, which is subject to valuation by an independent expert, for more information on the valuation, refer to the Independent Experts Report at Annexure A of this Notice.

Upon satisfaction or waiver of the terms and conditions of the Term Sheet and completion of the Acquisition, the Alliance Agreement will be terminated.

#### **8.6 Pro forma balance sheet**

A pro forma balance sheet of the Company which shows the financial position upon completion of the Acquisition is set out in Schedule 2.

#### **8.7 Pro forma capital structure**

The capital structure of the Company following completion of the Acquisition and issues of all securities contemplated in Resolutions 6, 7 and 8 of this Notice is set out below:

##### **Shares**

	<b>Number</b>
Shares on issue as at the date of this Notice	117,964,583
<b>Shares on issue on completion of the Acquisition</b>	<b>117,964,583</b>

##### **Options**

	<b>Number</b>
Options on issue as at the date of this Notice <sup>1</sup>	15,000,000
Options to be issued under Resolutions 6 - 8 of this Notice <sup>2</sup>	1,750,000
<b>Options on issue on completion of the Acquisition</b>	<b>16,750,000</b>

##### **Notes**

1. The Options on issue as at the date of this Notice are apportioned in the following allotments:
  - (a) 2,500,000 Options with an exercise price of \$0.225 each, expiring on 21 June 2021 and otherwise on the terms and conditions contained in Schedule 1;
  - (b) 5,000,000 Options with an exercise price of \$0.30 each, expiring on 21 June 2021, and otherwise on the terms and conditions contained in Schedule 1; and
  - (c) 7,500,000 Options with an exercise price of \$0.40 each, expiring on 21 June 2021, and otherwise on the terms and conditions contained in Schedule 1.
2. Having an exercise price of \$0.30 each and an expiry date 3 years from the date of issue and otherwise issued on the terms and conditions contained in Schedule 1.

#### **8.8 Risk factors**

Following the Acquisition, there will be no material changes in the nature of the Company's business activities, as the Company will continue to be a provider of vertically integrated recruitment and building services to industry throughout Australia and New Zealand.

The relevant risks of the Acquisition are analogous to the Company's existing business which have previously been disclosed to Shareholders. The relevant risks

include: workers health and safety; reliance on major clients; building and construction industry volatility; industrial relations risk; additional requirements for working capital; and technology disruption.

In addition, the Company will be exposed to the following risks as a result of entering into the Term Sheet and completion of the Acquisition:

#### **Contractual risk**

Under the terms and conditions of the Term Sheet, the Company has agreed to acquire all of the issued capital in GO2 Skills & Training, subject to the satisfaction (or waiver) of the Conditions Precedent (as outlined in Section 8.4(b) above).

The ability of the Company to acquire GO2 Skills & Training and fulfil its stated objectives is subject to the performance of GO2 Skills & Training and the Vendors of their obligations under the Term Sheet. If GO2 Skills & Training or the Vendor default in the performance of their obligations, it may delay the completion of any stage of the Acquisition (if it completes at all) and it may be necessary for the Company to approach a Court of competent jurisdiction to seek a legal remedy, which can be uncertain and costly.

#### **8.9 Indicative Timetable**

Subject to the requirements of the ASX Listing Rules, the Company anticipates completion of the Acquisition will be in accordance with the following timetable:

Event	Date
ASX announcement of Acquisition	8 October 2018
Notice of Meeting despatched to Shareholders	28 October 2018
Annual General Meeting where Shareholder approval of Acquisition is obtained	29 November 2018
Completion of Acquisition	31 December 2018

*\* These dates are indicative only and subject to change.*

#### **8.10 Intentions if acquisition of GO2 Skills & Training is not approved**

If Resolution 9 is not passed and the Acquisition is not completed, the Company expects that the terms and conditions of the Alliance Agreement will continue to be performed and the Company will seek to recover funds owed under the Loan Agreement.

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**9. RESOLUTION 9 – APPROVAL OF ACQUISITION OF ALL OF THE ISSUED CAPITAL OF GO2 SKILLS & TRAINING PTY LTD**

**9.1 General**

Resolution 9 seeks Shareholder approval for the purposes of ASX Listing Rule 10.1, and for all other purposes, for the acquisition 100% of the issued capital in Go2 People Skills & Training, 47.5% of which is a substantial asset of a related party of the Company, being Abilio Ferreira, and a further 47.5% of which is a substantial asset of a substantial shareholder, being Paul Goldfinch who indirectly holds 23.31% of the Shares in the Company.

**9.2 Chapter 2E of the Corporations Act**

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The cash payment of \$465,000, which will be completely offset against the outstanding loan owed by Go2 Skills & Training to the Company (**Consideration**), constitutes giving a financial benefit and Abilio Ferreira is a related party of the Company by virtue of being a Director.

The Directors (other than Abilio Ferreira who has a material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the Consideration because the agreement to pay the Consideration was negotiated on an arm's length basis.

**9.3 ASX Listing Rule 10.1**

ASX Listing Rule 10.1 provides that an entity must ensure that neither it, nor any of its child entities, acquires a substantial asset from, or disposes of a substantial asset to, amongst other persons, a related party of the entity, or a substantial holder of the entity, without the prior approval of holders of the entity's ordinary shareholders.

**Related Party**

Mr Abilio Ferreira is the managing director of the Company and is therefore a related party. Mr Ferreira is a Vendor (indirectly through his associated entity which holds shares in GO2 Skills & Training) and is a director of GO2 Skills & Training.

Everglades Investments Pty Ltd (ACN 152 461 660) (**Everglades**) is a Vendor of GO2 Skills and Training and holds 47.5% of the Sale Shares. Mrs Kathleen Ferreira holds 100% of the issued capital in Everglades and is the sole director of Everglades. By virtue of Section 228(2)(d) of the Corporations Act, which provides that the spouses of directors of a public company are deemed to be related parties to a company, Everglades is therefore a related party for the purposes of ASX Listing Rule 10.1, as discussed above at Section 9.2.

### **Substantial Shareholder**

Mr Paul Goldfinch is a former director and founder of the Company and is currently a substantial shareholder of the Company and is therefore a party to whom ASX Listing Rule 10.1 applies. Mr Goldfinch indirectly holds 23.31% of the Shares in the Company through Goldfinch Discretionary Pty Ltd (ACN 600 386 454), an entity of which he is the sole director and the sole shareholder. Mr Goldfinch is also a Vendor and is a director of GO2 Skills & Training. Mr Goldfinch holds 47.5% of the Sale Shares.

### **Substantial Asset**

For the purposes of ASX Listing Rule 10.1, an asset is substantial if its value, or the value of the consideration for it is, or in ASX's opinion is, 5% or more of the equity interests of the entity as set out in the latest accounts given to ASX under the ASX Listing Rules.

The equity interests of the Company as defined by the ASX Listing Rules, and as set out in the latest accounts given to ASX, for the financial year ending 30 June 2018 were \$4,914,927. A substantial asset is therefore an asset of value greater than \$245,746.

95% of the Consideration, being Everglades' and Mr Goldfinch's combined holding percentage of the Sale Shares for the Acquisition, is valued at \$441,750, being more than 5% of the Company's equity interest and therefore the Acquisition will result in the acquisition of a substantial asset from a related party.

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

ASX Listing Rule 10.10.2 requires a notice of meeting containing a resolution under ASX Listing Rule 10.1 to include a report on the transaction from an independent expert.

The Independent Expert's Report prepared by BDO Corporate Finance (WA) Pty Ltd (a copy of which is enclosed with this Notice of Meeting at Annexure A) assesses whether the Acquisition is fair and reasonable to the non-associated Shareholders of the Company.

The Independent Expert's Report concludes that the Acquisition contemplated by the Term Sheet is, in the absence of a superior offer, **fair and reasonable** to the non-associated Shareholders of the Company.

Shareholders are urged to carefully read the Independent Expert's Report to understand the scope of the report, the methodology of the valuation and the sources of information and assumptions made.

The Independent Expert's Report is also available on the Company's website at [www.thego2people.com.au](http://www.thego2people.com.au). If requested by a Shareholder, the Company will send to the Shareholder a hard copy of the Independent Expert's Report at no cost.

## **9.4 ASX Listing Rule 10.7**

ASX Listing 10.7 requires that if an acquisition to which ASX Listing Rule 10.1 applies is of a classified asset, then the consideration for that acquisition must be of restricted securities. This requirement does not apply if the cash consideration is reimbursement of expenditure incurred in developing the classified asset.

The acquisition of GO2 Skills & Training is of a classified asset for the purposes of ASX Listing Rules 10.1 and 10.7. As such, the cash consideration of \$465,000, which will be completely offset against the outstanding loan of \$465,000 owed by GO2 Skills & Training to the Company, represents reimbursement of expenditure which was incurred while developing GO2 Skills & Training to the business it is today.

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## **GLOSSARY**

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**\$** means Australian dollars.

**Acquisition** means the acquisition of 100% of the issued capital of GO2 Skills & Training by the Company pursuant to the terms and conditions of the term sheet between the Company and Vendors dated on or about 5 October 2018.

**Alliance Agreement** means the strategic alliance agreement between the Company and GO2 Skills & Training dated on or about 20<sup>th</sup> July 2018 and announced on ASX on 23 July 2018.

**Annual General Meeting** or **Meeting** means the meeting convened by the Notice.

**ASIC** means the Australian Securities & Investments Commission.

**ASX** means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

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

**Board** means the current board of directors of the Company.

**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.

**Chair** means the chair of the Meeting.

**Closely Related Party** of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

**Company** means The GO2 People Ltd (ACN 616 199 896).

**Constitution** means the Company's constitution.

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

**Directors** means the current directors of the Company.

**Explanatory Statement** means the explanatory statement accompanying the Notice.

**GO2 Group** means the Company, GO2 Australia (ACN 616 564 115), GO2 Recruitment (ACN 152 130 473), GO2 Building (ACN 613 284 843) and Terra Firma (ACN 605 319 426).

**GO2 Skills & Training** means GO2 Skills & Training (ACN 156 136 748).

**Initial Public Offer** means the initial public offer for the Company's securities pursuant to the Prospectus lodged with the ASIC and ASX on 1 August 2017.

**Key Management Personnel** has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

**Loan Agreement** means the loan agreement between the Company and GO2 Skills & Training dated on or about 20<sup>th</sup> July 2018 and announced on ASX on 23 July 2018.

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

**Option** means an option to acquire a Share with the terms and conditions set out in Schedule 1.

**Optionholder** means a holder of an Option or Related Party Option as the context requires.

**Proxy Form** means the proxy form accompanying the Notice.

**Related Party Option** means an Option granted pursuant to Resolutions 6, 7 and 8, with the terms and conditions set out in Schedule 1.

**Remuneration Report** means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2018.

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

**Sale Share** means fully paid ordinary shares in the capital of GO2 Skills & Training to be acquired under the Term Sheet.

**Section** means a section of the Explanatory Statement.

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

**Shareholder** means a registered holder of a Share.

**Strategic Alliance Announcement** means the Company's announcement made on the ASX on 23 July 2018 that discloses entry into the Alliance Agreement and the Loan Agreement.

**Term Sheet** means the binding term sheet between the Company and the Vendors for the Acquisition.

**Vendors** means the shareholders of GO2 Skills & Training, being:

- (a) Paul Goldfinch, who holds 475 fully paid ordinary shares in the capital of GO2 Skills & Training;

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- (b) Gregory Goldfinch, who holds 50 fully paid ordinary shares in the capital of GO2 Skills & Training; and
- (c) Everglades Investments Pty Ltd (ACN 152 461 660), an entity associated with Abilio Ferreira, which holds 475 fully paid ordinary shares in the capital of GO2 Skills & Training,

(together, the **Vendors**).

**WST** means Western Standard Time as observed in Perth, Western Australia.

## **SCHEDULE 1 – TERMS AND CONDITIONS OF RELATED PARTY OPTIONS**

### **(a) Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

### **(b) Exercise Price**

Subject to paragraph (i), the amount payable upon exercise of each Option will be \$0.30 (**Exercise Price**)

### **(c) Expiry Date**

Each Option will expire at 5:00 pm (WST) on that date which is three (3) years from the date of issue (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

### **(d) Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

### **(e) Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

### **(f) Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

### **(g) Timing of issue of Shares on exercise**

Within 15 Business Days after the Exercise Date, the Company will:

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

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

**(h) Shares issued on exercise**

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

**(i) Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

**(j) Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

**(k) Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

**(l) Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

## SCHEDULE 2 – PRO FORMA BALANCE SHEET

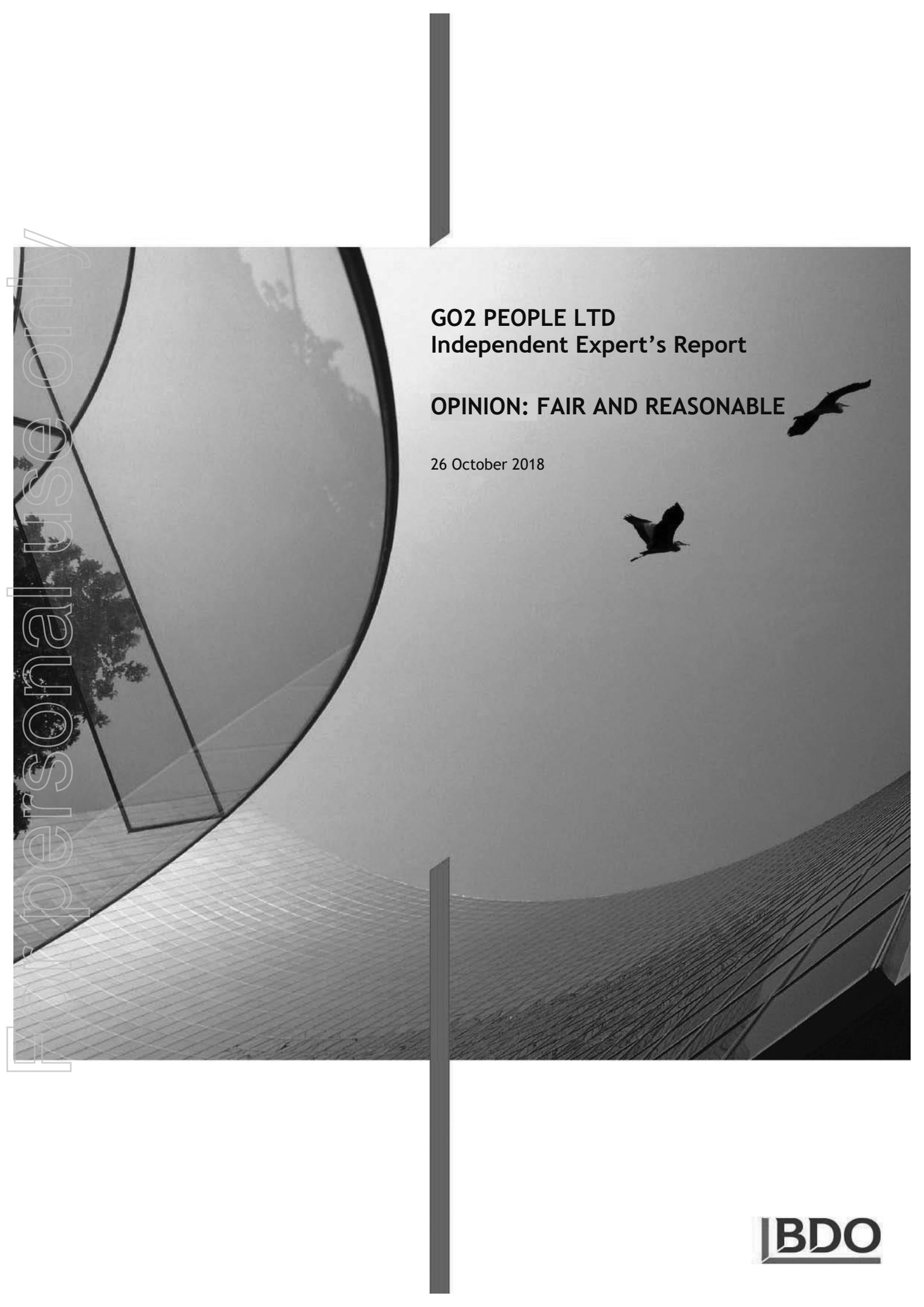
	The GO2 People Ltd 30 June 2018	GO2 Skills & Training	Adjustments	Pro Forma Balance Sheet
	\$	\$		
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	2,611,479	2,717		2,614,196
Trade and other receivables	12,488,450	195,891		12,684,341
Other assets	486,687	38,139		524,826
Other financial assets	196,634	-	(90,000)	106,634
<b>Total Current Assets</b>	<b>15,783,250</b>	<b>236,747</b>	<b>(90,000)</b>	<b>15,929,997</b>
<b>Non-Current Assets</b>				
Plant and equipment	1,127,154	25,498		1,152,652
Intangible assets	45,455	-	454,475	499,930
Deferred tax assets	492,229	-		492,229
<b>Total Non-Current Assets</b>	<b>1,664,838</b>	<b>25,498</b>	<b>454,475</b>	<b>2,144,810</b>
<b>TOTAL ASSETS</b>	<b>17,448,088</b>	<b>262,245</b>	<b>364,475</b>	<b>18,074,807</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Trade and other payables	5,302,159	137,994	-	5,440,153
Provisions	183,892	23,726	-	207,618
Borrowings	6,638,392	-	-	6,638,392
<b>Total Current Liabilities</b>	<b>12,124,443</b>	<b>161,720</b>	<b>-</b>	<b>12,286,163</b>
<b>Non-Current Liabilities</b>				
Borrowings	408,718	465,000	(465,000)	408,718
<b>Total Non-Current Liabilities</b>	<b>408,718</b>	<b>465,000</b>	<b>(465,000)</b>	<b>408,718</b>
<b>TOTAL LIABILITIES</b>	<b>12,533,161</b>	<b>626,720</b>	<b>(465,000)</b>	<b>12,694,881</b>
<b>NET ASSETS</b>	<b>4,914,927</b>	<b>(364,475)</b>	<b>829,475</b>	<b>5,379,926</b>
<b>EQUITY</b>				
Issued capital	15,858,288	1,000	(1,000)	15,858,288
Reserves	1,580,701	-	-	1,580,701
Retained earnings / (accumulated losses)	(12,524,062)	(365,475)	830,475	(12,059,062)
<b>TOTAL EQUITY</b>	<b>4,914,927</b>	<b>(364,475)</b>	<b>829,475</b>	<b>5,379,926</b>

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**ANNEXURE A – INDEPENDENT EXPERTS REPORT**

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**GO2 PEOPLE LTD**  
**Independent Expert's Report**

**OPINION: FAIR AND REASONABLE**

26 October 2018



## Financial Services Guide

26 October 2018

**BDO Corporate Finance (WA) Pty Ltd ABN 27 124 031 045** ('we' or 'us' or 'ours' as appropriate) has been engaged by GO2 People Ltd ('GO2') to provide an independent expert's report on the proposal to acquire all of the issued share capital of GO2 Skills and Training Pty Ltd ('GO2 Skills' or the 'Company'). You will be provided with a copy of our report as a retail client because you are a shareholder of GO2.

### Financial Services Guide

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

This FSG includes information about:

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

### Information about us

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

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

### Financial services we are licensed to provide

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

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

### General Financial Product Advice

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

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

We charge fees for providing reports, including this report. These fees are negotiated and agreed with the person who engages us to provide the report. Fees are agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. The fee payable to BDO Corporate Finance (WA) Pty Ltd for this engagement is approximately \$17,000.

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

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

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

**Referrals**

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

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

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

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

**Referral to External Dispute Resolution Scheme**

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service ('FOS') or Australian Financial Complaints Authority ('AFCA') schemes. FOS will be transitioned to AFCA on the 1 November and until transition a compliant can be provided to either entity.

FOS is an independent organisation that was established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial service industry. AFCA is the new external dispute resolution scheme which will provide these services from the 1 November and is being established to allow for the amalgamation of all FOS schemes into one. AFCA will deal with complaints from consumers in the financial system by providing free, fair and independent financial services complaint resolution. If an issue has not been resolved to your satisfaction, you can lodge a complaint with FOS up until the 1 November 2018, and AFCA at any time.

Our AFCA/FOS Membership Number is 12561. Further details about AFCA and FOS are available at the AFCA website [www.afca.org.au](http://www.afca.org.au) and the FOS website [www.fos.org.au](http://www.fos.org.au), or by contacting them directly via the details set out below.

Australian Financial Complaints Authority & Financial Ombudsman Service  
GPO Box 3  
Melbourne VIC 3001  
FOS Free call: 1800 367 287  
AFCA Free call : 1800 931 678  
Emails: [info@fos.org.au](mailto:info@fos.org.au)  
[info@afca.org.au](mailto:info@afca.org.au)

**Contact details**

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

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Appendix 1 - Glossary and copyright notice

Appendix 2 - Valuation Methodologies

26 October 2018

The Directors  
GO2 People Ltd  
10 Belmont Avenue  
Belmont, WA 6014

Dear Directors

## INDEPENDENT EXPERT'S REPORT

### 1. Introduction

On 8 October 2018, GO2 People Ltd ('GO2') announced that it had entered into a Binding Term Sheet (the 'Term Sheet') with GO2 Skills & Training Pty Ltd ('GO2 Skills' or the 'Company') to acquire all the issued share capital of GO2 Skills (the 'Acquisition'). According to the Term Sheet, the Acquisition will be against an in-kind consideration of waiving the loan balance owing by GO2 Skills to GO2 at the time of acquisition, estimated to be approximately \$465,000 (the 'Outstanding Loan') ('the Proposed Transaction'). The Outstanding Loan was fully provided for in the accounts of GO2 at the time of its initial public offering ('IPO'). The Acquisition follows the strategic alliance agreement (the 'Alliance Agreement') entered into between GO2 and GO2 Skills, as announced on 23 July 2018, which provided a first right of refusal for GO2 to acquire GO2 Skills.

GO2 Skills is owned by the GO2 founders Mr. Abilio Ferreira and Mr. Paul Goldfinch (the 'Founders'). Although branded as part of the GO2 and its associated companies (the 'GO2 Group'), the Company was not included in the IPO of GO2, because of a pending audit under the Australian Skills Quality Authority ('ASQA') standard framework. That audit has since been finalised.

The table below shows the shareholding structure of GO2 Skills as at the date of this report:

	Number of ordinary shares	%age held
Everglades Investments Pty Ltd (Ferreira)	475.0	47.5%
Paul Goldfinch	475.0	47.5%
Gregory and Sheryl Goldfinch	50.0	5.0%
	1,000.0	100.0%

According to the share register of GO2, Mr. Abilio Ferreira held 27,500,000 (23.3%) and Mr. Paul Goldfinch held 27,500,000 (23.3%) ordinary shares of GO2.

The Proposed Transaction is conditional, amongst other standard conditions, on GO2 obtaining shareholder approval pursuant to ASX Listing Rule 10.1, as GO2 is an acquisition that is defined as of a substantial asset from a related party.

According to ASX Listing Rule 10.1, Transactions with persons in a position of influence, an entity must ensure that approval of holders of the entity's ordinary securities is in place prior to the acquisition from

or disposal of a substantial asset to a related party of the entity. Furthermore, the notice of meeting under Listing Rule 10.1 must include the following:

1. A voting exclusion statement
2. A report on the transaction from an independent expert. The report must state the expert's opinion as to whether the transaction is fair and reasonable to holder of the entity's ordinary securities whose votes are not to be disregarded.

Accordingly, BDO has been engaged by GO2 to act an independent expert and provide a report on the fairness and reasonableness of the Proposed Transaction as the Proposed Transaction results in the acquisition of fully paid ordinary shares of GO2 Skills held by the Founders (a related party).

## **2. Summary and Opinion**

### **2.1 Requirement for the report**

The directors of GO2 have requested that BDO Corporate Finance (WA) Pty Ltd ('BDO') prepare an independent expert's report ('our Report') to express an opinion as to whether or not the Proposed Transaction is fair and reasonable to the non-associated shareholders of GO2 ('Shareholders').

Our Report is prepared pursuant to ASX Listing Rule 10.1 as the Proposed Transaction will be considered to be a related party transaction and is to be included in the Notice of Meeting ('NoM') for GO2 in order to assist the Shareholders in their decision whether to approve the Transaction.

### **2.2 Approach**

Our Report has been prepared having regard to Australian Securities and Investments Commission ('ASIC') Regulatory Guide 76 'Related Party Transactions' ('RG 76'), Regulatory Guide 111 'Content of Expert's Reports' ('RG 111') and Regulatory Guide 112 'Independence of Experts' ('RG 112').

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

- How the value of the 100.0% ordinary shares of GO2 Skills being acquired compares to the value of the consideration to be paid, i.e. the Outstanding Loan amount, for acquiring the ordinary shares of GO2 Skills;
- Other factors which we consider to be relevant to the Shareholders in their assessment of the Proposed Transaction; and
- The position of Shareholders should the Proposed Transaction not proceed.

### **2.3 Opinion**

We have considered the terms of the Proposed Transaction as outlined in the body of this Report and have concluded that the Proposed Transaction is fair and reasonable to the shareholders of GO2.

In our opinion, the Proposed Transaction is fair because the value of equity share capital of GO2 Skills being acquired is greater than the amount of the Outstanding Loan. We consider the Proposed Transaction to be reasonable because the advantages of the Proposed Transaction to the shareholders of GO2 are greater than the disadvantages. In particular:

- a. an opportunity to realise a value against the previously written off debt; and

b. GO2 Skills being a strategic fit, available for acquisition against no immediate cash outflow.

## 2.4 Fairness

In Section 11 we determined the value of equity share capital of GO2 Skills on a debt free basis being acquired compared to the amount of Outstanding Loan waived, as detailed below:

	Ref	Low \$	Mid-point \$	High \$
Value of GO2 Skills	10	658,288	941,219	1,224,151
Amount of Outstanding Loan		465,000	465,000	465,000

Source: BDO Analysis

The above analysis indicates that the value of the equity share capital of GO2 Skills being acquired is greater than the amount of Outstanding Loan. Therefore, we consider that the Proposed Transaction is fair.

## 2.5 Reasonableness

We have considered the analysis in section 12 of this report, in terms of both

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

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

The respective advantages and disadvantages considered are summarised below:

ADVANTAGES AND DISADVANTAGES			
Section	Advantages	Section	Disadvantages
12.3	An opportunity to realise a value against the previously written off debt.	12.4	Certainty of amount and timing of debt and interest payment compared to uncertain equity returns.
12.3	Proposed Transaction is fair.		
12.3	GO2 Skills is a strategic fit		
12.3	Share in the potential upside		

Other key matters we have considered include:

Section	Description
12.1	Alternative investment opportunity similar to acquiring GO2 Skills for a non cash consideration at a discount to the value of consideration offered.
12.3	Consequences of not approving the Proposed Transaction

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### 3. Scope of the Report

#### 3.1 Purpose of the Report

ASX Listing Rule 10.1 requires that a listed entity must obtain shareholders' approval before it acquires or disposes of a substantial asset, when the consideration to be paid for the asset or the value of the asset being disposed constitutes more than 5% of the equity interest of that entity at the date of the latest published accounts. Based on the ASX announcement by GO2 dated 8 October 2018, GO2 entered in a binding term sheet to acquire 100.0% of the ordinary issued and fully paid share capital of GO2 Skills by offering an in-kind consideration of waiving the Outstanding Loan amount of \$465,000 payable by GO2 Skills to GO2 People. The Founders of GO2 People are also the owners of GO2 Skills resulting in the Proposed Transaction taking place among related parties. Listing Rule 10.1 applies where the vendor or acquirer of the relevant assets is a related party of the listed entity.

Listing Rule 10.10.2 requires the Notice of Meeting for shareholders' approval to be accompanied by a report by an independent expert expressing their opinion as to whether the transaction is fair and reasonable to the shareholders whose votes are not to be disregarded.

Accordingly, an independent experts' report is required for the Proposed Transaction. The report should provide an opinion by the expert stating whether or not the terms and conditions in relation thereto are fair and reasonable to non-associated shareholders of GO2.

#### 3.2 Regulatory guidance

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.

This regulatory guide suggests that, where an expert assesses whether a related party transaction is 'fair and reasonable' for the purposes of ASX Listing Rule 10.1, this should not be applied as a composite test—that is, there should be a separate assessment of whether the transaction is 'fair' and 'reasonable', as in a control transaction. An expert should not assess whether the transaction is 'fair and reasonable' based simply on a consideration of the advantages and disadvantages of the proposal.

We do not consider the Proposed Transaction to be a control transaction. As such, we have used RG 111 as a guide for our analysis but have considered the Proposed Transaction as if it were not a control transaction.

In determining whether the advantages of the Proposed Transaction outweigh the disadvantages, we have had regard to the views expressed by ASIC in RG 111. This Regulatory Guide suggests that an opinion as to whether the advantages of a transaction outweigh the disadvantages should focus on the purpose and outcome of the transaction, that is, the substance of the transaction rather than the legal mechanism to affect it.

### 3.3 Adopted basis of evaluation

RG 111 states that a transaction is fair if the value of the offer price or consideration is equal to or greater than the value of the securities subject of the offer. In the case of GO2, the amount of Outstanding Loan payable by GO2 Skills to GO2 (\$465,000) waived off is in effect the consideration being paid by GO2 for GO2 Skills shares and are the subject of the transaction. 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. RG 111 states that when considering the value of the securities subject of the offer in a control transaction the expert should consider this value inclusive of a control premium. However, as stated in Section 3.2 we do not consider that the Proposed Transaction is a control transaction. As such, we have compared the value of GO2 Skills shares to the amount of the Outstanding Loan proposed to be waived off by GO2.

Further to this, RG 111 states that a transaction is reasonable if it is fair. It might also be reasonable if despite being 'not fair' the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any alternate options.

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

- A comparison between the value of the equity share capital of GO2 Skills and the amount of the Outstanding Loan payable by GO2 Skills to GO2, proposed to be waived off as a result of the Acquisition (fairness - see Section 11 'Is the Proposed Transaction Fair?'); and
- An investigation into other significant factors to which shareholders might give consideration, prior to approving the resolution, after reference to the value derived above (reasonableness - see Section 12 'Is the Proposed Transaction Reasonable?').

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

A Valuation Engagement is defined by APES 225 as follows:

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

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

## 4. Outline of the Proposed Transaction

On 23 July 2018, GO2 announced to ASX that it had entered into a strategic alliance agreement and a loan agreement with GO2 Skills to develop and enhance the respective services of GO2 and GO2 Skills.

### Alliance Agreement

The Company entered into the Alliance Agreement on or about 23 July 2018 with GO2 Skills to give effect to the significant synergies between the two companies, which included common clientele and industry section expertise. The Alliance Agreement formalised the provision of certain administrative services and office support provided by GO2 to GO2 Skills on an arm's length basis, while allowing GO2 to charge a License Fee for the use of the "GO2" brand. The Alliance Agreement required GO2 Skills to use its best endeavours to promote the interests of GO2 throughout the clientele serviced by GO2 Skills. Importantly, the Alliance Agreement also provided GO2 with a first right of refusal to acquire GO2 Skills.

### Loan Agreement

According to the Draft Notice of Meeting, GO2 entered into a loan agreement with GO2 Skills on 23rd July 2018 ('**Loan Agreement**') on commercial and arms-length terms to formalise the terms of the \$525,810.51 owing to GO2 at that time. This loan has been in existence since approximately May 2015. As disclosed in the prospectus and ASX announcement dated 23 July 2018, the full amount of the loan, which had been advanced whilst the entities were within a privately held group, had been fully impaired in the financial statements of GO2. However, we note that the Loan Agreement is in-fact signed between GO2 Recruitment Pty. Ltd. ('**GO2 Recruitment**') (a wholly owned subsidiary of GO2) and GO2 Skills. According to management, subsequent to the Proposed Transaction, GO2, being the 100.0% shareholder of GO2 Recruitment, will instruct GO2 Recruitment to waive off the debt from GO2 Skills.

### Binding Term Sheet

The Company has entered into a binding term sheet (the '**Term Sheet**') with the shareholders of GO2 Skills (the '**Vendors**') to give effect to the Acquisition, as announced on 8 October 2018. The principal terms of the Acquisition, as set out in the Term Sheet, are as follows:

- a) **Consideration:** The Company has agreed to purchase all of the issued capital in GO2 Skills, free of any encumbrances or security interest ('**Sale Shares**'), from the Vendors for a cash payment of \$465,000, which will be completely offset against the Outstanding Loan of \$465,000 owed by GO2 Skills to GO2 (the '**Consideration**')
- b) **Conditions Precedent:** Completion of the Proposed Transaction is subject to the satisfaction or waiver (in writing and agreed by all parties) of various conditions precedent ('**CPs**'), with the material outstanding conditions precedent being as follows:
  - i. **GO2 Shareholder approval:** Shareholders approving the Proposed Transaction;
  - ii. **Compliance with covenants, representations and warranties:** compliance in all material respects by GO2 and the Vendors with covenants, representations and warranties made in the Term Sheet at completion;
  - iii. **Material adverse effect:** no material adverse events occurring to GO2 Skills;

iv. **Due Diligence:** GO2 completing due diligence to its satisfaction of all legal, financial and technical aspects of GO2 Skills and the contracts and the industry within which it operates.

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## 5. Profile of GO2 People Ltd

### 5.1 History

GO2 is a Western Australian based company, which was founded in 2011 and was listed on the Australian Securities Exchange ('ASX') in October 2017. GO2's recruitment division offers staffing solutions for various sectors, including infrastructure, construction, mining and resources, energy, waste management, and warehousing. Its Building division provides building, civil, construction, and project management services in the areas of non-process infrastructure, accommodation facilities, civil works, cyclical maintenance, remote/regional commercial, and remote/regional residential construction.

The current Directors of the Company are:

- Abilio Ferreira- Managing Director;
- Darren Cooper- Non-Executive Chairman;
- Andries Dique- Non-Executive Director; and
- Peter McMorow- Non-Executive Director.

### 5.2 Recent Corporate Events

On 17 July 2018, the Company announced that a wholly owned subsidiary GO2 Recruitment Pty Ltd had received labour hire licenses to operate as an approved labour hire service provider in Queensland.

On 19 June 2018, the Company announced that it had expanded into Victoria, with the opening of an office in Melbourne.

On 16 March 2018, the Company announced that a wholly owned subsidiary, Terra Firma Constructions Pty Ltd, was awarded with a package of work with Altura Mining Limited, bringing the Company's total value of work provided to Altura to \$3.6 million.

On 27 February 2018, the Company announced that a wholly owned subsidiary, GO2 Building Pty Ltd, was appointed as the exclusive builder for the Leisure Development on Dirk Hartog Island. The project consists of 25-33 homes and is expected to generate \$12.5 million to \$16.5 million in revenue.

On 19 December 2017, the Company announced that a wholly owned subsidiary, GO2 Building Pty Ltd, was awarded a contract for the exclusive supply and installation of 86 residential homes at the Meadowbrooke Lifestyle Estate in Boyanup, Western Australia.

On 27 November 2017, the Company announced that a wholly owned subsidiary, Terra Firma Constructions Pty Ltd, was awarded an expansion to its existing contract with Altura Mining Limited, increasing the total contract value to approximately \$2.1 million.

On 22 November 2017, the Company announced that it had expanded into New South Wales, with the opening of an office in Parramatta.

### 5.3 Historical Balance Sheet

Statement of Financial Position	Audited as at 30-Jun-18 \$	Audited as at 30-Jun-17 \$	Audited as at 30-Jun-16 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	2,611,479	464,033	383,951
Trade and other receivables	12,488,450	8,390,924	6,823,581
Other assets	486,687	83,431	52,556
Other financial assets	196,634	93,159	1,435,502
<b>TOTAL CURRENT ASSETS</b>	<b>15,783,250</b>	<b>9,031,547</b>	<b>8,695,590</b>
<b>NON-CURRENT ASSETS</b>			
Plant and equipment	1,127,154	637,777	516,117
Intangible assets	45,455	22,727	-
Deferred tax assets	492,229	-	-
<b>TOTAL NON-CURRENT ASSETS</b>	<b>1,664,838</b>	<b>660,504</b>	<b>516,117</b>
<b>TOTAL ASSETS</b>	<b>17,448,088</b>	<b>9,692,051</b>	<b>9,211,707</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	5,302,159	3,638,469	2,681,628
Australian tax office payable	-	3,973,473	4,185,991
Provisions	183,892	93,296	46,087
Current tax liabilities	-	95,922	154,754
Borrowings	6,638,392	4,336,564	1,469,775
<b>TOTAL CURRENT LIABILITIES</b>	<b>12,124,443</b>	<b>12,137,724</b>	<b>8,538,235</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	408,718	328,970	312,279
Deferred tax liabilities	-	44,957	-
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>408,718</b>	<b>373,927</b>	<b>312,279</b>
<b>TOTAL LIABILITIES</b>	<b>12,533,161</b>	<b>12,511,651</b>	<b>8,850,514</b>
<b>NET ASSETS</b>	<b>4,914,927</b>	<b>(2,819,600)</b>	<b>361,193</b>
<b>EQUITY</b>			
Issued capital	15,858,288	5,417,264	102
Reserves	1,580,701	(5,634,138)	-
Accumulated losses	(12,524,062)	(2,602,726)	361,091
<b>TOTAL EQUITY</b>	<b>4,914,927</b>	<b>(2,819,600)</b>	<b>361,193</b>

Source: GO2's audited financial statements for the years ended 30 June 2018, 30 June 2017 and 30 June 2016

We note the following in relation to GO2's historical statement of financial position:

- Cash and cash equivalents increased from \$0.46 million as at 30 June 2017 to \$2.61 million as at 30 June 2018, mainly due to \$45.10 million in receipts being received from customers, as well as \$10.03 million in proceeds being received from the issue of share capital during the year. This increase was partially offset by \$48.44 million being paid to suppliers, employees and GST, as well as \$4.27 million in borrowing repayments being made.
- Other assets increased from \$0.08 million as at 30 June 2017 to \$0.49 million as at 30 June 2018. This balance was made up of \$0.19 million in prepayments and \$0.29 million in inventory.
- Borrowings increased from \$4.34 million as at 30 June 2017 to \$6.64 million as at 30 June 2018. This was mainly due to the Company drawing down on its debt facility, which is repayable as receivables are collected.

#### 5.4 Historical Statement of Comprehensive Income

Statement of Comprehensive Income	Audited for the year ended 30-Jun-18	Audited for the year ended 30-Jun-17	Audited for the year ended 30-Jun-16
	\$	\$	\$
Revenue	45,074,653	34,829,519	38,315,843
Cost of sales	(39,659,682)	(31,153,698)	(33,100,547)
<b>Gross Profit</b>	<b>5,414,971</b>	<b>3,675,821</b>	<b>5,215,296</b>
<b>Expenses</b>			
Sales and marketing	(251,222)	(359,754)	(246,496)
Employee benefits	(4,323,357)	(2,133,588)	-
Corporate and administration	(1,816,746)	(1,790,885)	(2,761,726)
Share based payments expense	-	(1,580,701)	-
<b>EBITDA</b>	<b>(976,354)</b>	<b>(2,189,107)</b>	<b>2,207,074</b>
Finance costs	(620,070)	(607,138)	(793,809)
Depreciation expense	(280,657)	(181,446)	(183,410)
<b>EBIT</b>	<b>(1,877,081)</b>	<b>(2,977,691)</b>	<b>1,229,855</b>
Income tax benefit	533,154	13,874	(76,392)
<b>Other comprehensive income</b>			
<b>Total comprehensive loss for the year</b>	<b>(1,343,927)</b>	<b>(2,963,817)</b>	<b>1,153,463</b>

Source: GO2's audited financial statements for 30 June 2018, 30 June 2017 and 30 June 2016

We note the following in relation to GO2's historical statement of profit or loss and other comprehensive income:

- Revenue increased from \$34.83 million for the year ended 30 June 2017 to \$45.07 million for the year ended 30 June 2018. This was mainly due to construction revenue increasing to \$7.29 million for the year ended 30 June 2018.

## 5.5 Capital Structure

The share structure of GO2 as at 19 September 2018 is outlined below:

	Number
Total ordinary shares on issue	117,964,583
Top 20 shareholders	86,130,167
Top 20 shareholders - % of shares on issue	73.0%

Source: GO2's 2018 Annual Report

The range of shares held in GO2 as at 19 September 2018 is as follows:

Range of Shares Held	Number of Ordinary Shareholders	Number of Ordinary Shares	Percentage of Issued Shares (%)
1 - 1,000	5	284	0.00%
1,001 - 5,000	16	59,692	0.05%
5,001 - 10,000	67	659,323	0.56%
10,001 - 100,000	152	8,966,634	7.60%
100,001 - and over	108	108,278,650	91.79%
<b>TOTAL</b>	<b>348</b>	<b>117,964,583</b>	<b>100.00%</b>

Source: GO2's 2018 Annual Report

The ordinary shares held by the most significant shareholders as at 19 September 2018 are detailed below:

Name	Number of Ordinary Shares Held	Percentage of Issued Shares (%)
Everglades Investment Pty Ltd	27,500,000	23.3%
Goldfinch Discretionary Pty Ltd	27,500,000	23.3%
J.P Morgan Nominees Australia Limited	8,650,000	7.3%
HSBC Custody Nominees Australia Limited	5,100,000	4.3%
<b>Subtotal</b>	<b>68,685,000</b>	<b>58.2%</b>
Others	49,279,583	41.8%
<b>Total ordinary shares on Issue</b>	<b>117,964,583</b>	<b>100.00%</b>

Source: GO2's 2018 Annual Report

The unlisted options of GO2 as at 19 September 2018 are outlined below:

Current options on issue	Number of holders	Number
Class A Options, exercisable at \$0.225, expiring on 21 June 2021	1	2,500,000
Class B Options, exercisable at \$0.300, expiring on 21 June 2021	6	2,500,000
Class C Options, exercisable at \$0.400, expiring on 21 June 2021	5	7,500,000

Source: GO2's 2018 Annual Report

## 6. Profile of GO2 Skills and Training Pty Ltd

### 6.1 History

GO2 Skills is a registered training organisation which is accredited to deliver practical workplace training within the building, construction, safety and manufacturing sectors. GO2 Skills also offers traineeships and non-accredited short courses, as well as leadership development programs.

On 13 December 2017 the Australian Skills Qualification Authority ('ASQA') gave notice to the management of GO2 Skills of its intention to make a decision to suspend part of its registration and the notice also invited GO2 Skills to submit a written response. On 18 January 2018, the management of GO2 Skills submitted their response, in response to which on 12 June 2018 ASQA communicated the management of its decision to suspend part of GO2 Skills' registration. Initially the part of registration suspended by ASQA related to four (4) out of thirteen (13) qualifications for training students and five (5) out of twenty-eight (28) single unit (units of competency). However, the part of registration currently suspended by ASQA relates to four (4) out of thirteen (13) qualifications for training students and four (4) out of twenty-eight (28) single unit (units of competency) as follows:

1. BSB30415 Certificate III in Business Administration (Qualification);
2. BSB41015 Certificate IV in Human Resources (Qualification);
3. BSB41415 Certificate IV in Work Health and Safety (Qualification);
4. R1130715 Certificate III in Mine Emergency Response and Rescue (Qualification);
5. HLTAID003 Provide first aid (Units of competency);
6. PMAWHS211 Prepare equipment for emergency response (Units of competency);
7. RIIBEF402D Supervise on-site operations (Units of competency);
8. RIIGOV201D Comply with site work processes/procedures (Units of competency).

The suspension extends to any new training package product that would be automatically added to the scope of the registration because it is equivalent to one which appears above.

The above decision by ASQA entails that during the period of suspension GO2 Skills must not:

- Enrol a student in a suspended course or part of a suspended course;
- Allow a student to begin a suspended course or part of a suspended course;
- Publish or broadcast an advertisement relating to a suspended course or part of a suspended course; or
- Cause to be published or broadcast an advertisement relating to a suspended course or any part of a suspended course.

According to the management of GO2 Skills, the nature of these suspensions is administrative, and GO2 Skills is cooperating with ASQA in order to have them lifted and does not foresee any reason the suspension will not be lifted 2018/2019. Also, this suspension does not impact GO2 Skills' current capacity to operate as approved by ASQA and the Department of Training and Workplace Development (WA) and GO2 Skills continues to provide indentured traineeships. We further understand from the management, that GO2 Skills can continue to provide registered qualifications and units of competency other than those

suspended by ASQA. We further note that the short term forecast provided by the management does not include income from any of the suspended courses, qualifications and units of competency.

GO2 Skills has been involved in a number of projects within Australia, including Elizabeth Quay, Perth Children's Hospital and the Sunshine Coast University Hospital.

## 6.2 Historical Balance Sheet

Statement of Financial Position	Management accounts as at	Management accounts as at	Management accounts as at
	30-Sep-18	30-Jun-18	30-Jun-17
	\$	\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3,406	382	122,673
Trade and other receivables	165,259	190,654	201,411
Tax assets	9,762	13,657	5,123
Other assets	16,240	2,229	4,486
<b>TOTAL CURRENT ASSETS</b>	<b>194,667</b>	<b>206,922</b>	<b>333,693</b>
<b>NON-CURRENT ASSETS</b>			
Course material	25,498	11,067	18,223
Office equipment	-	-	16,141
Low value pool	-	-	249
<b>TOTAL NON-CURRENT ASSETS</b>	<b>25,498</b>	<b>11,067</b>	<b>34,613</b>
<b>TOTAL ASSETS</b>	<b>220,165</b>	<b>217,989</b>	<b>368,306</b>
<b>CURRENT LIABILITIES</b>			
Credit cards	-	87	-
Trade and other payables	99,467	83,316	68,559
GST payable	376	731	1,656
Payroll liabilities	24,701	32,183	19,494
<b>TOTAL CURRENT LIABILITIES</b>	<b>124,544</b>	<b>116,317</b>	<b>89,709</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	495,811	525,856	777,745
<b>TOTAL CURRENT LIABILITIES</b>	<b>495,811</b>	<b>525,856</b>	<b>777,745</b>
<b>TOTAL LIABILITIES</b>	<b>620,355</b>	<b>642,173</b>	<b>867,454</b>
<b>NET ASSETS</b>	<b>(400,190)</b>	<b>(424,184)</b>	<b>(499,148)</b>
<b>EQUITY</b>			
Issued capital	1,001	1,000	1,001
Accumulated losses	(401,191)	(425,184)	(500,149)
<b>TOTAL EQUITY</b>	<b>(400,190)</b>	<b>(424,184)</b>	<b>(499,148)</b>

Source: GO2 Skills' management accounts as at 30 September 2018, 30 June 2018 and 30 June 2017.

We note the following in relation to GO2 Skills' historical statement of financial position:

- Trade and other receivables of \$0.17 million as at 30 September 2018 comprised of \$0.20 million in trade debtors, which was offset by a \$0.03 million bad debts provision.
- Borrowings of \$0.50 million as at 30 September 2018 is in relation to a loan made by GO2.

We have not undertaken a review of GO2 Skills unaudited management accounts in accordance with Australian Auditing and Assurance Standard 2405 'Review of Historical Financial Information' and do not express an opinion on this financial information. However nothing has come to our attention as a result of our procedures that would suggest the financial information within the management accounts has not been prepared on a reasonable basis.

### 6.3 Historical Statement of Comprehensive Income

	for the 12 months ended 30-Sep-18 \$	for the year ended 30-Jun-18 \$	for the year ended 30-Jun-17 \$
	Management accounts	Management accounts	Management accounts
Revenue	910,526	783,821	458,412
<b>Gross Profit</b>	<b>910,526</b>	<b>783,821</b>	<b>458,412</b>
<b>Expenses</b>			
General expenses	(244,713)	(232,057)	(192,666)
Payroll expenses	(517,807)	(444,077)	(433,326)
Motor vehicle expenses	(15,232)	(11,643)	(495)
<b>EBITDA</b>	<b>132,774</b>	<b>96,044</b>	<b>(168,075)</b>
<b>EBITDA margin%</b>	<b>14.6%</b>	<b>12.3%</b>	<b>-36.7%</b>
Interest expense	(8)	(8)	-
Depreciation expenses	(13,458)	(16,390)	(12,760)
Interest income	-	-	2
Other expenses	(10,909)	(6,109)	-
Income tax benefit	-	1,428	-
<b>Profit after tax</b>	<b>108,398</b>	<b>74,965</b>	<b>(180,833)</b>

Source: Management accounts for the 12 months ended 30 September 2018, and the years ended 30 June 2018 and 30 June 2017.

During the 12 months ended 30 September 2018, GO2 Skills generated its entire revenue through the provision of training services.

We have not undertaken a review of GO2 Skills unaudited management accounts in accordance with Australian Auditing and Assurance Standard 2405 'Review of Historical Financial Information' and do not express an opinion on this financial information. However, nothing has come to our attention as a result of our procedures that would suggest the financial information within the management accounts has not been prepared on a reasonable basis.

## 7. Economic analysis

The Australian economy remains on track to achieve lower unemployment and higher inflation over time. Supported by accommodative domestic monetary policy and a positive international outlook, Gross Domestic Product ('GDP') growth is expected to be a little above 3 per cent in both 2018 and 2019, which will reduce spare capacity. The unemployment rate is therefore forecast to decline, reaching around 5 per cent by end 2020. As the labour market tightens, wages growth and inflation should increase gradually. The global economic outlook remains positive, despite the recent increase in trade tensions. Output growth has been quite strong in a number of key trading partners in the June quarter. Global growth is expected to slow a little, but remain above trend, over coming years. At present, central banks in the major advanced economies are at different stages of their monetary policy cycles, with some reducing policy accommodation and others adding to it.

Resource export volumes increased strongly over the first half of 2018, as new production capacity continued to come on line and previous supply disruptions were resolved. Resource exports are forecast to contribute to growth over the next two years, after which they are expected to stabilise at a high level as major projects reach their targeted production levels. Mining investment is still expected to reach its trough in late 2018 or early 2019. Further out, it should increase moderately as companies invest to sustain production at current levels. Business conditions remain positive. Surveyed business conditions are above average, especially for goods-related sectors. Non-mining business investment increased by 10 per cent over the year to the March quarter. It is expected to continue to grow over the next few years, but at a more moderate pace. In the near term, non-residential building activity is likely to be supported by the existing pipeline of work yet to be done, even though new building approvals have trended down. Private infrastructure investment has also increased of late, led by investment in electricity projects (including renewable energy).

Labour market conditions have improved. Although employment growth has not been as fast as in 2017, it exceeded growth in the working-age population over the first half of 2018 and has been sufficient to see the unemployment rate decline a touch in recent months. Labour force participation has increased and is now around its historical high. Leading indicators of employment growth point to above-average growth in the period ahead; job vacancies have reached a high level relative to the size of the labour force. Above-trend GDP growth should result in a gradual decline in the unemployment rate to 5 per cent in 2020.

The Reserve Bank of Australia's forecasts are for Consumer Price Index ('CPI') inflation to pick up to be around 2½ per cent in both 2019 and 2020. Underlying inflation is also expected to increase, from close to 2 per cent over the year to June 2018 to around 2½ per cent in 2020. Overall, the Australian economy remains on the path it has been for at least the past year and a half. Although inflation is likely to be a bit lower in the near term, this is expected to be temporary. Further gradual progress on both lowering unemployment and bringing inflation closer to the midpoint of the target is expected over coming years. The current accommodative stance of monetary policy will assist this outcome.

The Reserve Bank of Australia Board has for some time been of the view that holding the cash rate steady at 1½ per cent would support the gradual progress being made on unemployment and inflation, with steady monetary policy promoting stability and confidence. Higher interest rates are likely to be appropriate at some point, if the economy continues to evolve as expected. Given the gradual nature of the improvement, however, the Reserve Bank of Australia Board does not see a strong case to adjust the cash rate in the near term.

## 8. Industry analysis

### 8.1 Employment Placement and Recruitment Services

The Employment Placement and Recruitment Services industry has performed well over the past five years. Australia's unemployment rate, the total size of the labour force, and business confidence all have a strong influence on demand for services provided by industry firms. High or increasing business confidence tends to reflect a business environment where more client businesses employ additional staff, which boosts demand for the industry's recruitment services. Furthermore, decreases in the national unemployment rate can have a positive effect on industry growth, as more jobs are typically advertised by industry clients.

A small overall decline in the national unemployment rate over the past five years has coincided with steady growth in the size of the total labour force to drive solid industry demand and revenue growth. Overall, industry revenue is expected to increase at an annualised 3.2% over the five years through 2018-19, to \$15.1 billion, supported by growth in outsourcing trends by businesses. However, greater price-based competition has hindered industry growth over the period, and contributed to lower profit margins.

Requirements for many businesses and other organisations across the economy for a flexible workforce has resulted in greater demand for part-time and casual workers. This type of structural change in the economy has benefited some recruitment firms specialising in part-time and casual placements. Despite a larger total workforce in the current year, an anticipated increase in the national unemployment rate will likely limit industry revenue growth to 1.6% in 2018-19.

Industry revenue is forecast to increase at an annualised 2.6% over the five years through 2023-24, to \$17.2 billion. The Australian economy is forecast to improve over the five-year period, with a projected increase in employment activity and a strengthening labour market driving industry growth. Industry operators are also anticipated to offer a wider range of online employment placement and other employment services, which may support revenue growth. However, greater external competition from online business networking sites, such as LinkedIn, is anticipated to limit the industry's performance over the next five years. Nevertheless, this trend will likely be offset by established firms developing their own complementary and additional recruitment services and processes.

Source: Ibis World

### 8.2 Workplace Education Services

The industry has grown over the past five years. Stronger requirements for safe working conditions and more stringent regulations have driven industry expansion. Many small, independent firms dominate the industry, which is highly labour-intensive. Wages are the largest cost component for industry operators. Larger players can gain market share through strategic mergers and acquisitions, increasing the range of services on offer and their ability to service larger clients. Required compliance with OH&S regulations in various sectors supports industry revenue growth. Businesses that fail to meet these regulations risk hefty fines or being sued as a result of employee injuries.

Demand for the industry's services tends to follow trends in business confidence and capital expenditure by the private sector. Business confidence was negative at the beginning of the past five-year period, which placed downward pressure on industry revenue. Strong price-based competition has also limited industry revenue growth over the past five years. However, regulatory environment changes and greater demand for compliance and assurance services for hazardous environments have largely offset this trend.

Greater activity in the construction and healthcare sectors has contributed to industry expansion, although declines in the mining sector have limited this growth. Most states and territories have implemented and adjusted to a unification of OH&S laws over the past five years. Downstream businesses have readjusted their policies and procedures to ensure compliance with new legislation. These changes have increased demand for OH&S advice provided by industry players. As a result, industry revenue is expected to rise at an annualised 1.7% over the five years through 2017-18, to reach \$1.5 billion. This includes anticipated revenue growth of 4.1% in the current year, principally due to higher business confidence.

The industry is forecast to continue growing over the next five years. Activity in the Manufacturing division, the industry's largest market, is expected to increase over the period. Construction firms are also likely to continue expanding due to increased public sector infrastructure spending. Industry revenue is projected to rise at an annualised 0.9% over the five years through 2022-23, to reach \$1.6 billion.

Source: Ibis World

## 9. Valuation approach adopted

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

- Capitalisation of future maintainable earnings ('FME')
- Discounted cash flow ('DCF')
- Quoted market price basis ('QMP')
- Net asset value ('NAV')

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

Different methodologies are appropriate in valuing particular companies, based on the individual circumstances of that company and available information. In our assessment of the value of GO2 Skills shares we have chosen to employ the following methodologies:

- Capitalisation of future maintainable earnings ('FME')

We have chosen these methodologies for the following reasons:

- Management of GO2 Skills do not prepare long term forecast, only yearly budgets are prepared. In addition, the historical financial performance of the company indicates that it is undergoing a growth or transformation period. Therefore, even if long term forecasts were prepared, their achievability would be difficult to confirm in accordance with RG 170 to enable a DCF approach to be utilised.
- GO2 Skills is not a publicly listed entity therefore we are unable use QMP as a valuation method
- We have used NAV as a secondary approach for our valuation. The business of GO2 Skills is primarily providing services and is less fixed asset intensive. Furthermore, considering the pre-loan waiver position of GO2 Skills as at 30 September 2018, the Company has negative net assets of \$400,190. Due to these reasons NAV is of limited use for valuing the equity share capital of GO2 Skills.

## 10. Valuation of GO2 Skills

### 10.1 Future Maintainable Earnings Value

When performing an FME valuation we must determine what the future maintainable earnings of GO2 Skills are and then determine an appropriate capitalisation multiple to apply to these earnings.

In calculating future maintainable earnings, the figure selected should represent what is currently sustainable. Any anticipated growth in earnings is accounted for via the capitalisation rate. We have analysed the historical accounts of GO2 Skills for the year ended 30 June 2017, 30 June 2018, 12 months ended 30 September 2018. In addition, we also analysed the budget for the year ending 30 June 2019.

We also observed substantial growth in historical financial performance of GO2 Skills. Furthermore, the budget for the year ending 30 June 2019 indicates further growth with current customers as well as new target business expected by the management to be won. Management believes that GO2 Skills will be able to achieve the budgeted financial performance for the year ending 30 June 2019, however, growth beyond FY19 will more likely be in line with overall growth in the economy and industry.

The table below analysis of contracted and unsecured revenue by services offered:

Currency: \$'000	Contracted	To be won	Total budgeted
Key Person Development (trainee program)	403,878	134,626	538,504
Short course - Business	-	6,000	6,000
Short course - Construction Training Fund ('CTF')	-	70,000	70,000
Site based certifications	100,000	20,000	120,000
Top talent program (new product)	-	95,200	95,200
Bespoke leadership - Customer 1	81,967	20,000	101,967
Bespoke leadership - Customer 2	192,000	-	192,000
Bespoke leadership - My coach my leader (new product)	-	135,000	135,000
<b>Total budgeted revenue</b>	<b>777,845</b>	<b>480,826</b>	<b>1,258,671</b>

Source: Management

As indicated in the table above, the revenue already contracted forms approximately 61.8% of the budgeted revenue for the year ending 30 June 2019.

The table below summarises the budgeted financial performance of GO2 Skills for FY19 and the year to date ('YTD') actuals and budget:

	For the year ended 30-Jun-19	For the three months ended 30-Sep-18	For the three months ended 30-Sep-18
	\$	\$	\$
	Budget	Budget	Actual
Revenue	1,258,671	219,433	258,456
<b>Gross Profit</b>	<b>1,258,671</b>	<b>219,433</b>	<b>258,456</b>
<b>Expenses</b>			
General expenses	(221,369)	(42,651)	(43,508)
Payroll expenses	(748,996)	(140,096)	(164,757)
Motor vehicle expenses	(41,400)	(3,300)	(5,152)
<b>EBITDA</b>	<b>246,906</b>	<b>33,386</b>	<b>45,039</b>
<b>EBITDA margin%</b>	<b>19.6%</b>	<b>15.2%</b>	<b>17.4%</b>

Source: Management accounts for the 3 months ended 30 September 2018, budget prepared by the management for FY19.

As indicated in the table above, the GO2 Skills has been able to exceed the YTD budgeted financial performance.

According to the management, in order to substantially grow, GO2 Skills will require geographical expansion outside Western Australia and provide services to the operations of their current Western

Australia clients in other states, as a start. However, assessing the impact of the expansion into other states cannot be forecast reliably currently.

To determine a valuation range based on earnings based method we utilised the last 12 months of earnings of GO2 Skills (up to 30 September 2018) as a low end of our valuation and utilised the budgeted earnings for FY19 as a high end of our valuation and then determined an appropriate capitalisation multiple to apply to these earnings.

We have reviewed the historical accounts of GO2 Skills, however, based on the information provided nothing material came to our attention which requires adjustment to the historical earnings:

### Calculation and Application of an Earnings Multiple

To determine an appropriate multiple, we analysed:

- precedent transactions (97 transactions since 2008 in human resources, education and training subsectors) in which the Targets were considered to be comparable due to activity or exposure to a similar end user market and risks to GO2 Skills
- public listed companies (in the professional services sector of ASX) considered to be comparable due to activity or exposure to a similar end user market and risks to GO2 Skills

The table below sets out the earnings multiples of the selected publicly traded companies and average multiples implied of the selected precedent transactions.

	EBITDA multiple	Control premium (%)
<b>Precedent transactions:</b>		
Average precedent transaction multiples	7.0	56.3
Median precedent transaction multiples	4.9	67.7
High precedent transaction multiples	14.5	79.6
Low precedent transaction multiples	4.0	3.5
<b>Public listed comparable:</b>		
Average public listed companies multiples	7.9	n/a
Median public listed companies multiples	7.2	n/a
High public listed companies multiples	13.2	n/a
Low public listed companies multiples	4.3	n/a

Source: Bloomberg, BDO analysis

The table below sets out the earnings multiples implied from comparable precedent transactions:

Announce Date	Target Name	Target Description	EBITDA multiple	Announced premium (%)
14/07/2017	Programmed Maintenance Services Ltd	Programmed Maintenance Service Ltd. is a provider of staffing, maintenance and facility management services. According to its website it employs more than 20,000 people across a broad range of industries to provide services for over 10,000 customers. Its business model is built around its ability to recruit, deploy, manage and maintain a large directly employed workforce of professional, skilled and semi-skilled staff with a wide range of capabilities. Programmed Maintenance Service Ltd. operates through a network of more than 100 branches, often delivering multiple services from across our business. Our team of 20,000+ come from a range of cultural backgrounds and all contribute to the diversity of our company.	14.46	66.64
29/12/2014	Programmed Skilled	Programmed Skilled Workforce Ltd is a provider of staffing, maintenance and facility management services. According to its website it employs more than 20,000 people across a broad range	7.22	30

Announce Date	Target Name	Target Description	EBITDA multiple	Announced premium (%)
	Workforce Ltd	of industries to provide services for over 10,000 customers. Its business model is built around its ability to recruit, deploy, manage and maintain a large directly employed workforce of professional, skilled and semi-skilled staff with a wide range of capabilities. Programmed Maintenance Service Ltd. operates through a network of more than 100 branches, often delivering multiple services from across our business. Our team of 20,000+ come from a range of cultural backgrounds and all contribute to the diversity of our company.		
14/01/2015	Chandler Macleod Group Ltd	Services of Chandler Macleod Group Ltd. include: 1. Temporary, contract and permanent staffing services 2. Psychometric assessment 3. HR Consulting 4. Outsourcing 5. Managed workforces 6. Payroll and HR Technology (HRIS). The company has offices in Australia, New Zealand, Hong Kong, Singapore, China. Within Australia it operates in Brisbane, Sydney, Melbourne, Adelaide, and Perth.	8.92	72.15
28/05/2012	Talent2 International Ltd	Talent2 International Limited provides human resource advisory, payroll, recruitment, and learning services. The company operates in two segments, Managed Services and Recruitment Services. The Managed Services segment provides recruitment management services, outsourced payroll and human resource information systems, managed learning and training services, and specialized human resource consulting services. The Recruitment Services segment offers executive recruitment and executive search services. It provides various solutions ranging from permanent staff recruitment and executive contracting to executive and board search. The company operates primarily in Australia, New Zealand, Asia, Europe, the Middle East, and Africa. Talent2 International Limited was founded in 2003 and is based in North Sydney, Australia. As of August 23, 2012, Talent2 International Ltd. operates as a subsidiary of Allegis Group, Inc.	4.88	67.68
01/12/2010	Ross Human Directions Ltd/Australia	Ross Human Directions Ltd. of Australia provides recruitment services. The Company offers clerical and administrative staff, secretaries, personal assistants, receptionists, switchboard operators, legal secretaries, desktop publishers, human resource administrators, and other professional personnel.	4.65	3.54
19/07/2010	Ross Human Directions Ltd/Australia	Ross Human Directions Ltd. of Australia provides recruitment services. The Company offers clerical and administrative staff, secretaries, personal assistants, receptionists, switchboard operators, legal secretaries, desktop publishers, human resource administrators, and other professional personnel.	4.83	74.35
11/08/2009	Peoplebank Australia Ltd	Peoplebank Australia Ltd. specialises in placing IT&T professionals in permanent and contract roles across all vertical markets and have a national network of offices in Adelaide, Brisbane, Canberra, Melbourne, Perth and Sydney.	3.95	79.64
Mean			7.0	56.3
Median			4.9	67.7

Source: Bloomberg, BDO Analysis

The table below sets out the earnings multiples of comparable trading companies:

Name	Business description	Market Cap (\$)	Revenue T12M (\$)	EBITDA multiple
Navitas Ltd	Navitas Ltd. offers educational services. The Company offers English language training, high school courses, university preparation, university programs, career advancement programs and migrant settlement services to students, professionals, and migrants.	1,866,488,064	929,693,024	13.2
Ashley Services Group Ltd	Ashley Services Group Ltd is an integrated provider of training and labour hire in Australia.	42,472,892	332,803,008	4.5

Name	Business description	Market Cap (\$)	Revenue T12M (\$)	EBITDA multiple
The Citadel Group Ltd	The Citadel Group Limited develops and delivers systems, services, and managed solutions to the government and private sector. The Company focuses on people and advisory, knowledge management, integration and technology, and education and training. The Citadel Group helps organizations maximize value through leadership and risk management, acquisition and sustainment, and other services.	407,580,192	107,487,000	10.1
People Infrastructure Ltd	People Infrastructure Ltd provides workforce management services. The Company offers staffing and human resource outsourcing. People Infrastructure serves communities, child care, infrastructure, mining, food processing, landscaping, and hospitality sectors in Australia and New Zealand.	135,139,968	219,390,784	7.2
Redhill Education Ltd	Redhill Education Ltd. offers educational courses for adults. The Company offers English language, English teacher training, information technology, business and design courses.	106,407,728	54,421,000	9.8
RXP Services Ltd	RXP Services Ltd. is an Information & Communications Technology (ICT) professional services company which seeks to service medium/large private and public sector enterprises and agencies. The Company provides a broad range of management, business and ICT consulting, delivery and support services.	76,521,160	144,946,000	4.3
Hitech Group Australia Ltd	HiTech Group Australia Limited provides recruitment and consulting services on a contract and permanent basis to the IT and telecommunications industries of Australia. The Company provides recruitment for executive management, PC support, e-commerce, IT specialists, technical writing and various positions in the IT & T industry.	34,435,248	26,356,197	6.1
Mean		259,299,573		7.9
Median		144,946,000		7.2

Source: Bloomberg, BDO Analysis

Based on the above, the table below sets out the earnings multiple used to value GO2 Skills:

	EBITDA multiple
Median public listed companies multiples	7.2
Adjustment to the public listed companies multiple (see below)	30%
Adjusted publicly listed companies multiple	5.0
Median precedent transaction multiples	4.9
<b>Average multiple (used in the valuation)</b>	<b>5.0</b>

Source: BDO Analysis

As presented in the table above, we adjusted the median multiple of public listed companies by 30.0% due to the following reasons:

- Comparability:** The size and scope of business operations of the listed companies is significantly larger than GO2 Skills as can be identified by the revenues of these companies. The average

revenue of the data set is \$259.3 million compared to the revenue of GO2 Skills for the 12 months ended 30 September 2018 which is \$910,526;

b) **Private company status:** Private companies are valued at a discount to comparable listed companies. This discount takes into account that a holder of shares in a private company has less liquidity to enable value to be realised. A sale of the shares to a trade or private buyer will typically involve a significant period of marketing and transaction costs.

While analysing the traded multiples of comparable companies, we did not use any control premium because we have used an average of the precedent transaction multiples (where the median control premium given has been 67.7% - as shown in the table above) and publicly traded multiple (which is traded on a minority basis). Hence the resulting average multiple does cater for a control premium.

The table below presents the valuation range of GO2 Skills:

Currency: \$	For the 12 months ended 30 September 2018		Budgeted for the year ended 30 June 2019	
	Low	Mid-point	High	
EBITDA	132,774	189,840	246,906	
EV/EBITDA multiple	5.0	5.0	5.0	
<b>Enterprise value of GO2 Skills</b>	<b>658,288</b>	<b>941,219</b>	<b>1,224,151</b>	
Less: Debt and debt like items*	-	-	-	
Add: Cash and cash equivalents as at 30 September 2018	3,406	3,406	3,406	
<b>Equity value of GO2 Skills</b>	<b>661,693</b>	<b>944,625</b>	<b>1,227,556</b>	
Implied EV/EBITDA multiple based on 12 months to 30 September 2018	5.0	7.1	9.2	
Implied EV/EBITDA multiple based on year ending 30 June 2019	2.7	3.8	5.0	
Implied EV/EBITDA multiple based on the mid-point	3.5	5.0	6.4	

Source: BDO analysis

\*To arrive at equity value from enterprise value, we adjust the enterprise value by subtracting any debt or debt like items and adding any excess cash in the business. However, since the consideration paid against the Acquisition of GO2 Skills is the waiver of Outstanding Debt amount payable by GO2 Skills to GO2 resulting in GO2 being a debt free company after the Proposed Transaction. Therefore, for our comparison of consideration paid against the value received, we have compared the amount of Outstanding Debt and the equity value of a debt free company.

Based on the above analysis, in our opinion the value of the entire share capital of GO2 Skills received against a consideration of debt waiver amounting to \$465,000 is between \$661,693 and \$1,227,556 with a mid-point of \$944,625.

As indicated in the table above we note that the implied EBITDA multiples as a result of our valuation range, range from a low of 2.7 times to 9.2 times depending on the EBITDA achieved by the Company. The range of implied multiples is in line with the low to high multiples observed in precedent transactions and traded multiples in the human resources, education and training, and professional services sub sectors.

## 10.2 Net Assets Value

The table below presents the net assets value of GO2 Skills as at 30 September 2018:

Statement of Financial Position	Management Accounts as at 30-Sep-18	Adjustments	Adjusted as at 30-Sep-18
	\$	\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3,406	-	3,406
Trade and other receivables	165,259	-	165,259
Tax assets	9,762	-	9,762
Other assets	16,240	-	16,240
<b>TOTAL CURRENT ASSETS</b>	<b>194,667</b>	-	<b>194,667</b>
<b>NON-CURRENT ASSETS</b>			
Course material	25,498	-	25,498
Office equipment	-	-	-
Low value pool	-	-	-
<b>TOTAL NON-CURRENT ASSETS</b>	<b>25,498</b>	-	<b>25,498</b>
<b>TOTAL ASSETS</b>	<b>220,165</b>	-	<b>220,165</b>
<b>CURRENT LIABILITIES</b>			
Credit cards	-	-	-
Trade and other payables	99,467	-	99,467
GST payable	376	-	376
Payroll liabilities	24,701	-	24,701
<b>TOTAL CURRENT LIABILITIES</b>	<b>124,544</b>	-	<b>124,544</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	495,811	(495,811)	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>495,811</b>	(495,811)	-
<b>TOTAL LIABILITIES</b>	<b>620,355</b>	(495,811)	<b>124,544</b>
<b>NET ASSETS</b>	<b>(400,190)</b>	<b>495,811</b>	<b>95,621</b>

As shown in the table above, the net assets value of Intrepid as at 30 September 2018, on a debt free basis is \$95,621.

### 10.3 Assessment of GO2 Skills Value

	Low	Mid-point	High
	\$	\$	\$
Value based on FME methodology	10.1	661,693	944,625
Value based on NAV methodology	10.2		95,621

Source: *BDO analysis*

In our opinion the value of an GO2 Skills share capital being acquired against the consideration of waiver of Outstanding Loan amount payable by GO2 Skills to GO2 on a debt free basis is between \$661,693 and \$1,227,556 with a preferred value of \$944,625.

We consider the FME to be the most appropriate methodology, given that the company operates in the services sector and provides training services to its clients, is not asset intensive and its value is more accurately reflected in its earnings power rather than the assets base.

As at 30 September 2018, the company had a negative net assets balance of \$400,190. This is mainly due to the company's history of making losses or low level of profits, and a significant amount of debt compared to its overall size.

We note that the value of the share capital of GO2 Skills using NAV methodology on a debt free basis is significantly lower than the value of the share capital of GO2 Skills using FME methodology. The difference is mainly attributable to the reasons explained above.

## 11. Is the Proposed Transaction fair?

The value of equity share capital of GO2 Skills on a debt free basis being acquired compared to the amount of Outstanding Loan waived, as detailed below:

	Ref	Low \$	Mid-point \$	High \$
Value of GO2 Skills	10	658,288	941,219	1,224,151
Amount of Outstanding Loan		465,000	465,000	465,000

We note from the table above that the value of equity share capital of GO2 Skills being acquired is greater than the amount of Outstanding Loan. Therefore, we consider that the Proposed Transaction is fair.

## 12. Is the Proposed Transaction reasonable?

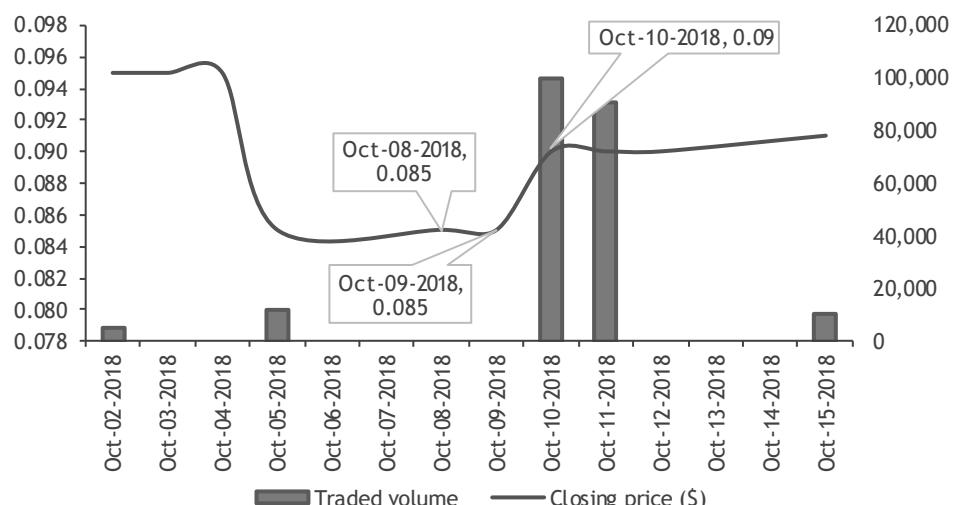
### 12.1 Alternative investment opportunity

We are unaware of any alternative investment opportunity similar to acquiring GO2 Skills that might be available to the Shareholders of GO2 for a non cash consideration at a discount to the value of consideration offered by the GO2 shareholders to GO2 Skills' shareholders.

### 12.2 Consequences of not Approving the Proposed Transaction

#### Potential decline in share price

We have analysed movements in GO2's share price since the announcement of entering into Binding Term Sheet to acquire GO2 Skills was made on 8 October 2018. A graph of GO2's share price and trade volume leading up to and following the announcement is set out below:



Source: S&P Capital IQ

The table below details the Volume Weighted Average Price ('VWAP') of GO2 shares for the 5-day period subsequent to the announcement of the Acquisition on 08 October 2018:

Share Price per unit	08-Oct-18	10 days pre announcement	5 days post announcement
Closing price	0.085		
Volume weighted average price (VWAP)		0.0887	0.0910

Source: Bloomberg

Following the announcement of the Proposed Transaction, GO2's share price has increased from a VWAP of \$0.0887 over the ten days prior to the announcement to \$0.0910 over the five days subsequent to the announcement. Given the above analysis, if the Proposed Transaction is not approved then GO2's share price may decline back to pre-announcement levels.

## 12.3 Advantages of Approving the Proposed Transaction

We have considered the following advantages when assessing whether the Proposed Transaction is reasonable.

Advantage	Description
An opportunity to realise a value against the previously written off debt.	<p>As stated in the announcements made by GO2 dated 8 October 2018, and 23 July 2018; full amount of the loan given by GO2 to GO2 Skills was impaired. Subsequent to listing on ASX, \$112,390 was repaid till 23<sup>rd</sup> July 2018. GO2 entered into a Loan Agreement with GO2 Skills on commercial and arms-length terms in respect to the \$525,810.51 owing to GO2 by GO2 Skills. The Loan Agreement provides for further repayments of \$15,000 plus interest each month until the loan is fully repaid. The loan is unsecured, and interest is charged at a rate of 7.0% per annum. However, since the loan unsecured, there is no guarantee that in case GO2 Skills is unable to repay the loan, it will not be impaired again. In addition, the loan repayments may place a cash strain on GO2 Skills (GO2 Skills had a cash balance of \$3,406 as at 30 September 2018) which may deteriorate its capacity to operate and grow its business, hence effecting its ability to continue such repayments.</p> <p>The Proposed Transaction offers an opportunity to acquire GO2, against the waiver of an unsecured debt. Furthermore, the Proposed Transaction involves no immediate cash outflow as consideration.</p>
Proposed Transaction is fair.	<p>As analysed in Section 11, the Proposed Transaction is fair. The value of entire equity share capital of GO2 Skills proposed to be acquired is greater than the amount of Outstanding Loan payable by GO2 Skills to GO2.</p>
GO2 Skills is a strategic fit	<p>GO2 Skills and GO2 share common clientele and expertise in the construction and resources sectors. GO2 currently uses the services of GO2 Skills for its existing staff and recruits. Other than the shared services pursuant to the Alliance Agreement, GO2 Skills is run independently with limited involvement from either Mr. Ferreira or Mr. Goldfinch. The potential acquisition would provide for further synergies to the benefit of both entities and additional value to its client, employee base.</p> <p>Management of GO2 believes the GO2 as a more suitable strategic fit in light of the upskilling of employees required to fill capacity for any shortage in the labour market. In addition, GO2 Skills may leverage the geographically diverse presence of GO2 to expand its business.</p>
Share in the potential upside	<p>The shareholders of GO2 may have an opportunity to share in the upside of the growth in GO2 Skill's business going forward compared to fixed payments of debt payment.</p>

## 12.4 Disadvantages of Approving the Proposed Transaction

If the Proposed Transaction is approved, in our opinion, the potential disadvantages to Shareholders include those listed in the table below:

Disadvantage	Description
Certainty of amount and timing of debt and interest payment compared to uncertain equity returns.	As a result of the Proposed Transaction, shareholder of GO2 will forego fixed and fairly certain debt payments and will share in equity returns of GO2 Skills which are uncertain.

## 13. Opinion

We have considered the terms of the Proposed Transaction as outlined in the body of this Report and have concluded that in the absence of any alternative investment opportunity similar to acquiring GO2 Skills that might be available to the Shareholders of GO2 for a non cash consideration at a discount to the value of consideration offered by the GO2 shareholders to GO2 Skills' shareholders, the Proposed Transaction is fair and reasonable to the shareholders of GO2.

In our opinion, the Proposed Transaction is fair because the value of equity share capital of GO2 Skills being acquired is greater than the amount of Outstanding Loan. We consider the Proposed Transaction to be reasonable because the advantages of the Proposed Transaction to the shareholders of GO2 are greater than the disadvantages. In particular:

- c. an opportunity to realise a value against the previously written off debt; and
- d. GO2 Skills being a strategic fit, available for acquisition against no immediate cash outflow.

## 14. Sources of information

This report has been based on the following information:

- Draft Notice of Meeting on or about the date of this report;
- Audited financial statements of GO2 for the years ended 30 June 2016, 2017 and 2018;
- Unaudited management accounts of GO2 Skills for the years ended 30 June 2017, and 2018;
- Unaudited profit and loss account of GO2 Skills for the 12 months ended 30 September 2018;
- Unaudited balance sheet of GO2 Skills as at 30 September 2018;
- Budgeted profit and loss of GO2 Skills for the year ending 30 June 2019;
- Term Sheet signed between GO2 and GO2 Skills;
- Alliance Agreement between GO2 and GO2 Skills;
- Loan Agreement between GO2 Recruitment. and GO2 Skills;
- Share registry information of GO2 and GO2 Skills;
- Information in the public domain; and
- Discussions with Directors and Management of GO2 and GO2 Skills.

## 15. Independence

BDO Corporate Finance (WA) Pty Ltd is entitled to receive a fee of \$17,000 (excluding GST and reimbursement of out of pocket expenses). The fee is not contingent on the conclusion, content or future use of this Report. Except for this fee, BDO Corporate Finance (WA) Pty Ltd has not received and will not receive any pecuniary or other benefit whether direct or indirect in connection with the preparation of this report.

BDO Corporate Finance (WA) Pty Ltd has been indemnified by GO2 and GO2 Skills in respect of any claim arising from BDO Corporate Finance (WA) Pty Ltd.'s reliance on information provided by GO2 and GO2 Skills, including the non-provision of material information, in relation to the preparation of this report.

Prior to accepting this engagement BDO Corporate Finance (WA) Pty Ltd has considered its independence with respect to GO2 and GO2 Skills and any of their respective associates with reference to ASIC

Regulatory Guide 112 'Independence of Experts'. In BDO Corporate Finance (WA) Pty Ltd.'s opinion it is independent of GO2 and GO2 Skills and their respective associates.

Neither the two signatories to this report nor BDO Corporate Finance (WA) Pty Ltd, have had within the past two years any professional relationship with GO2 or GO2 Skills, or their associates, other than in connection with the preparation of this report.

A draft of this report was provided to GO2 and its advisors for confirmation of the factual accuracy of its contents. No significant changes were made to this report as a result of this review.

BDO is the brand name for the BDO International network and for each of the BDO Member firms.

BDO (Australia) Ltd, an Australian company limited by guarantee, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of Independent Member Firms. BDO in Australia, is a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International).

## 16. Qualifications

BDO Corporate Finance (WA) Pty Ltd has extensive experience in the provision of corporate finance advice, particularly in respect of takeovers, mergers and acquisitions.

BDO Corporate Finance (WA) Pty Ltd holds an Australian Financial Services Licence issued by the Australian Securities and Investment Commission for giving expert reports pursuant to the Listing rules of the ASX and the Corporations Act.

The persons specifically involved in preparing and reviewing this report were Sherif Andrawes and Adam Myers of BDO Corporate Finance (WA) Pty Ltd. They have significant experience in the preparation of independent expert reports, valuations and mergers and acquisitions advice across a wide range of industries in Australia and were supported by other BDO staff.

Sherif Andrawes is a Fellow of the Institute of Chartered Accountants in England & Wales and a Fellow of Chartered Accountants Australia & New Zealand. He has over 30 years' experience working in the audit and corporate finance fields with BDO and its predecessor firms in London and Perth. He has been responsible for over 300 public company independent expert's reports under the Corporations Act or ASX Listing Rules and is a CA BV Specialist. These experts' reports cover a wide range of industries in Australia with a focus on companies in the natural resources sector. Sherif Andrawes is the Chairman of BDO in Western Australia, Corporate Finance Practice Group Leader of BDO in Western Australia and the Global Natural Resources Leader for BDO.

Adam Myers is a member of the Australian Institute of Chartered Accountants. Adam's career spans 20 years in the Audit and Assurance and Corporate Finance areas. Adam is a CA BV Specialist and has considerable experience in the preparation of independent expert reports and valuations in general for companies in a wide number of industry sectors.

## 17. Disclaimers and consents

This report has been prepared at the request of GO2 for inclusion in the Notice of Meeting which will be sent to all GO2 Shareholders. GO2 engaged BDO Corporate Finance (WA) Pty Ltd to prepare an independent expert's report to consider whether the transaction of acquiring 100.0% equity share capital GO2 Skills against waiving off the Outstanding Loan amount is fair and reasonable.

BDO Corporate Finance (WA) Pty Ltd hereby consents to this report accompanying the above Notice of Meeting. Apart from such use, neither the whole nor any part of this report, nor any reference thereto may be included in or with, or attached to any document, circular resolution, statement or letter without the prior written consent of BDO Corporate Finance (WA) Pty Ltd.

BDO Corporate Finance (WA) Pty Ltd takes no responsibility for the contents of the Notice of Meeting other than this report.

We have no reason to believe that any of the information or explanations supplied to us are false or that material information has been withheld. It is not the role of BDO Corporate Finance (WA) Pty Ltd acting as an independent expert to perform any due diligence procedures on behalf of GO2. The Directors of the GO2 are responsible for conducting appropriate due diligence in relation to GO2 Skills. BDO Corporate Finance (WA) Pty Ltd provides no warranty as to the adequacy, effectiveness or completeness of the due diligence process.

The opinion of BDO Corporate Finance (WA) Pty Ltd is based on the market, economic and other conditions prevailing at the date of this report. Such conditions can change significantly over short periods of time.

The budget of GO2 Skills for the year ending 30 June 2019 provided to BDO Corporate Finance (WA) Pty Ltd by GO2 Skills and its advisers are based upon assumptions about events and circumstances that have not yet occurred. Accordingly, BDO Corporate Finance (WA) Pty Ltd cannot provide any assurance that the budget will be representative of results that will actually be achieved.

With respect to taxation implications it is recommended that individual shareholders obtain their own taxation advice, in respect of the Proposed Transaction, tailored to their own particular circumstances. Furthermore, the advice provided in this report does not constitute legal or taxation advice to the shareholders of GO2, or any other party.

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

The terms of this engagement are such that BDO Corporate Finance (WA) Pty Ltd is required to provide a supplementary report if we become aware of a significant change affecting the information in this report arising between the date of this report and prior to the date of the meeting or during the offer period.

Yours faithfully

**BDO CORPORATE FINANCE (WA) PTY LTD**



**Sherif Andrawes**

Director

**Adam Myers**

Director

# Appendix 1 - Glossary of Terms

Reference	Definition
The Act	The Corporations Act 2001 Cth
The Acquisition	On 8 October 2018, GO2 People Ltd announced that it had entered into a Binding Term Sheet with GO2 Skills & Training Pty Ltd to acquire all the issued share capital of GO2 Skills
Alliance Agreement	Strategic Alliance Agreement
APES 225	Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services'
ASIC	Australian Securities and Investments Commission
ASQA	Australian Skills Quality Authority
ASX	Australian Securities Exchange
BDO	BDO Corporate Finance (WA) Pty Ltd
The Company	GO2 Skills & Training Pty Ltd
CPs	Conditions precedent
The Consideration	Cash payment of \$465,000, which will be completely offset against the Outstanding Loan of \$465,000 owed by GO2 Skills to GO2
CPI	Consumer Price Index
Corporations Act	The Corporations Act 2001 Cth
CTF	Construction Training Fund
DCF	Discounted Future Cash Flows
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
FME	Future Maintainable Earnings
The Founders	Mr. Abilio Ferreira and Mr. Paul Goldfinch
FOS	Financial Ombudsman Service
GDP	Gross Domestic Product
GO2	GO2 People Ltd
GO2 Recruitment	GO2 and its associated companies
GO2 Group	GO2 Recruitment Pty. Ltd
GO2 Skills	GO2 Skills & Training Pty Ltd
IPO	Initial Public Offering
JORC Code	The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 Edition)
Loan Agreement	GO2 entered into a loan agreement with GO2 Skills on 23rd July 2018
NAV	Net Asset Value
NOM	Notice of Meeting

The Outstanding Loan	The loan balance owing by GO2 Skills to GO2 at the time of acquisition, estimated to be approximately \$465,000
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The Proposed Transaction	On 8 October 2018, GO2 People Ltd announced that it had entered into a Binding Term Sheet with GO2 Skills & Training Pty Ltd to acquire all the issued share capital of GO2 Skills. According to the Term Sheet, the Acquisition will be against an in-kind consideration of waving the loan balance owing by GO2 Skills to GO2 at the time of acquisition, estimated to be approximately \$465,000.
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QMP	Quoted market price
RBA	Reserve Bank of Australia
Regulations	Corporations Act Regulations 2001 (Cth)
Our Report	This Independent Expert's Report prepared by BDO
RG 111	Content of expert reports (March 2011)
RG 112	Independence of experts (March 2011)
Section 411	Section 411 of the Corporations Act
Section 611	Section 611 of the Corporations Act

Sale Shares	The Company has agreed to purchase all of the issued capital in GO2 Skills, free of any encumbrances or security interest
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Shareholders	Non-associated shareholders of GO2
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Sum-of-Parts	A combination of different methodologies used together to determine an overall value where separate assets and liabilities are valued using different methodologies
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The Term Sheet	Binding Term Sheet
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Valmin Code	Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (2015 Edition)
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Valuation Engagement	An Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.
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Vendors	Shareholders of GO2 Skills
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VWAP	Volume Weighted Average Price
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WACC	Weighted Average Cost of Capital
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YTD	Year to date
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For permission requests, write to BDO Corporate Finance (WA) Pty Ltd, at the address below:

The Directors

BDO Corporate Finance (WA) Pty Ltd

38 Station Street

SUBIACO, WA 6008

Australia

# Appendix 2 - Valuation Methodologies

Methodologies commonly used for valuing assets and businesses are as follows:

## 1 *Net asset value ('NAV')*

Asset based methods estimate the market value of an entity's securities based on the realisable value of its identifiable net assets. Asset based methods include:

- Orderly realisation of assets method
- Liquidation of assets method
- Net assets on a going concern method

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

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the entity may not be contemplated, these methods in their strictest form may not be appropriate. The net assets on a going concern method estimates the market values of the net assets of an entity but does not take into account any realisation costs.

Net assets on a going concern basis are usually appropriate where the majority of assets consist of cash, passive investments or projects with a limited life. All assets and liabilities of the entity are valued at market value under this alternative and this combined market value forms the basis for the entity's valuation.

Often the FME and DCF methodologies are used in valuing assets forming part of the overall Net assets on a going concern basis. This is particularly so for exploration and mining companies where investments are in finite life producing assets or prospective exploration areas.

These asset based methods ignore the possibility that the entity's value could exceed the realisable value of its assets as they do not recognise the value of intangible assets such as management, intellectual property and goodwill. Asset based methods are appropriate when an entity is not making an adequate return on its assets, a significant proportion of the entity's assets are liquid or for asset holding companies.

## 2 *Quoted Market Price Basis ('QMP')*

A valuation approach that can be used in conjunction with (or as a replacement for) other valuation methods is the quoted market price of listed securities. Where there is a ready market for securities such as the ASX, through which shares are traded, recent prices at which shares are bought and sold can be taken as the market value per share. Such market value includes all factors and influences that impact upon the ASX. The use of ASX pricing is more relevant where a security displays regular high volume trading, creating a liquid and active market in that security.

## 3 *Capitalisation of future maintainable earnings ('FME')*

This method places a value on the business by estimating the likely FME, capitalised at an appropriate rate which reflects business outlook, business risk, investor expectations, future growth prospects and other entity specific factors. This approach relies on the availability and analysis of comparable market data.

The FME approach is the most commonly applied valuation technique and is particularly applicable to profitable businesses with relatively steady growth histories and forecasts, regular capital expenditure requirements and non-finite lives.

The FME used in the valuation can be based on net profit after tax or alternatives to this such as earnings before interest and tax ('EBIT') or earnings before interest, tax, depreciation and amortisation ('EBITDA'). The capitalisation rate or 'earnings multiple' is adjusted to reflect which base is being used for FME.

#### **4 *Discounted future cash flows ('DCF')***

The DCF methodology is based on the generally accepted theory that the value of an asset or business depends on its future net cash flows, discounted to their present value at an appropriate discount rate (often called the weighted average cost of capital). This discount rate represents an opportunity cost of capital reflecting the expected rate of return which investors can obtain from investments having equivalent risks.

Considerable judgement is required to estimate the future cash flows which must be able to be reliably estimated for a sufficiently long period to make this valuation methodology appropriate.

A terminal value for the asset or business is calculated at the end of the future cash flow period and this is also discounted to its present value using the appropriate discount rate.

DCF valuations are particularly applicable to businesses with limited lives, experiencing growth, that are in a start-up phase, or experience irregular cash flows.

#### **5 *Market Based Assessment***

The market based approach seeks to arrive at a value for a business by reference to comparable transactions involving the sale of similar businesses. This is based on the premise that companies with similar characteristics, such as operating in similar industries, command similar values. In performing this analysis it is important to acknowledge the differences between the comparable companies being analysed and the company that is being valued and then to reflect these differences in the valuation.

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## ANNEXURE B – AUDITOR SHAREHOLDER NOMINATION

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ThomKid Pty Ltd  
2 Rountree Way  
Marmion WA

15 October 2018

The Directors  
The GO2 People Ltd  
10 Belmont Avenue  
BELMONT WA 6104

Dear Sirs

**NOMINATION OF WILLIAM BUCK (VIC) PTY LTD AS AUDTOR OF THE GO2 PEOPLE LTD**

I, as a Director of ThomKid Pty Ltd, being a shareholder of The GO2 People Ltd, hereby nominate William Buck (VIC) Pty Ltd of Level 20, 181 William Street, Melbourne Victoria, for appointment as auditor of The GO2 People Ltd at its 2018 Annual General Meeting.

I consent to the distribution of a copy of this notice of nomination as an annexure to the Notice of Meeting and Explanatory Statement for the 2018 Annual General Meeting of The GO2 People Ltd as required by section 328B(3) of the Corporations Act 2001.

Signed:



Director  
ThomKid Pty Ltd





