

HRL Holdings Limited ACN 120 986 371

Notice of Extraordinary General Meeting and Explanatory Memorandum

Date of Meeting: Wednesday 29 March 2017

Time of Meeting: 9.30am (Brisbane time)

Place of Meeting: HRL Holdings Ltd
Level 9 Waterfront Place
1 Eagle St
Brisbane, Qld 4000

The Independent Expert, Hall Chadwick engaged for the purposes of Resolution 1 has determined that the Proposed Transaction being the purchase by the Company of Integrated Holdings Group Pty Ltd is FAIR AND REASONABLE to the Non Associated Shareholders of the Company. Further information is set out in this Notice of Meeting, Explanatory Memorandum and the annexed Independent Experts Report and the Directors recommend that you read these documents in the entirety.

Notice of Extraordinary General Meeting

Notice is given that an Extraordinary General Meeting of shareholders of HRL Holdings Limited ACN 120 986 371 (**Company**) will be held at the offices of HRL Holdings Ltd, on Wednesday 29 March 2017 at 9.30am (Brisbane time).

Agenda

Ordinary business

1. Resolution 1 - Approval of Integrated Transaction

To consider and, if thought fit, pass the following Ordinary Resolution, with or without amendment:

“That subject to the passing of Resolutions 2, 3, 4 and 5 and under Chapter 2E and Official Listing Rule 10.1 and for all other purposes, the Company be authorised, with effect from passing this Resolution 1, to proceed with the proposed acquisition of Integrated Holdings Group Pty Ltd ABN 69 163 669 118 (**Integrated**) for a consideration of up to \$3.5 million on the terms set out in this Notice of Meeting and accompanying Explanatory Memorandum (**Proposed Transaction**).”

Notes:

- For the purpose of Official Listing Rule 10.1, an Independent Expert's Report has been prepared by Hall Chadwick and is **enclosed** with this Notice of Meeting as Annexure A.
- Hall Chadwick has concluded that the Proposed Transaction is FAIR AND REASONABLE to Non Associated Shareholders.
- Further details regarding the Proposed Transaction are set out in the accompanying Explanatory Memorandum and Independent Expert's Report which Directors recommend Shareholders read in full before making a decision in relation to Resolution 1.

Voting exclusion statement

The Company will disregard any votes cast on this Resolution by:

- Kevin Maloney;
- Tulla Property Partners Pty Ltd ACN 126 992 103 as trustees for the Tulla Property Partners Trust;
- Darren Anderson;
- Darren Anderson and Julie Anderson as trustees for the DG and JE Anderson Family Trust;
- Greg Anderson and Nancy Anderson as trustees for the GJ and NJ Anderson Family Trust;
- Craig Anderson and Amanda Anderson as trustees for the CA and AM Anderson Family Trust; and
- any associates of any Integrated Vendors.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

Notice of Extraordinary General Meeting

2. Resolution 2 - Approval of Placement of Tulla Shares

To consider and, if thought fit, pass the following Ordinary Resolution, with or without amendment:

“That in accordance with the provisions of Official Listing Rule 10.11 and for all other purposes, and subject to Resolutions 1, 3, 4 and 5 being passed, the Company be authorised to issue 13,750,000 fully paid ordinary shares at an issue price of \$0.10 per share to Tulla Property Partners Pty Ltd ACN 126 992 103 (**Tulla**) as trustees for the Tulla Property Partners Trust (**Tulla Property Partners Trust**) an entity associated with Kevin Maloney, the Chairman of the Company (**Tulla Shares**) being one of the Integrated Vendors, to raise a total of \$1,375,000 being part of the Placement announced on 16 February 2017 on the terms set out in this Notice of Meeting and accompanying Explanatory Memorandum.”

Voting exclusion statement

The Company will disregard any votes cast on this Resolution by:

- Kevin Maloney;
- Tulla Property Partners Pty Ltd ACN 126 992 103 as trustees for the Tulla Property Partners Trust (**Tulla**);
- any associates of Kevin Maloney and Tulla.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

3. Resolution 3 - Approval of Placement of DG and JE Anderson Family Trust Shares

To consider and, if thought fit, pass the following Ordinary Resolution, with or without amendment:

“That in accordance with the provisions of Official Listing Rule 10.11 and for all other purposes, and subject to Resolutions 1, 2, 4 and 5 being passed, the Company be authorised to issue 4,583,333 fully paid ordinary shares at an issue price of \$0.10 per share to the Darren Anderson and Julie Anderson as trustees for the DG and JE Anderson Family Trust (**DG and JE Anderson Family Trust**) an entity associated with Darren Anderson, an Executive Director of the Company, being one of the Integrated Vendors, to raise a total of \$458,333.30 (**DG and JE Anderson Family Trust Shares**) being part of the Placement announced on 16 February 2017 on the terms set out in this Notice of Meeting and accompanying Explanatory Memorandum.”

Voting exclusion statement

The Company will disregard any votes cast on this Resolution by:

- Darren Anderson;
- The DG and JE Anderson Family Trust; and
- any associates of Darren Anderson and the DG and JE Anderson Family Trust.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

Notice of Extraordinary General Meeting

4. Resolution 4 - Approval of Placement of GJ and NJ Anderson Family Trust Shares

To consider and, if thought fit, pass the following resolution, as an Ordinary Resolution of the Company:

“That, in accordance with Listing Rule 7.1, and for all other purposes, and subject to Resolutions 1,2, 3 and 5 being passed the Company be authorised to issue 4,583,334 fully paid ordinary shares at an issue price of \$0.10 per share to Greg Anderson and Nancy Anderson as trustees for the GJ and NJ Anderson Family Trust (**GJ and NJ Anderson Family Trust**) being one of being the Integrated Vendors, to raise a total of \$458,333.40 (**GJ and NJ Anderson Family Trust Shares**) being part of the Placement announced on 16 February 2017 on the terms set out in this Notice of Meeting and accompanying Explanatory Memorandum.”

Voting exclusion statement

The Company will disregard any votes cast on this Resolution by:

- The GJ and NJ Anderson Family Trust; and
- any associates of the GJ and NJ Anderson Family Trust; and
- a person who may participate in the proposed issue and a person who might obtain a benefit except a benefit solely in the capacity of a holder of ordinary securities if this Resolution 4 is passed.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

5. Resolution 5 - Approval of Placement of Shares to the CA and AM Anderson Family Trust

To consider and, if thought fit, pass the following resolution, as an Ordinary Resolution of the Company:

“That, in accordance with Listing Rule 7.1, and for all other purposes, and subject to Resolutions 1, 2, 3 and 4 being passed the Company be authorised to issue 4,583,333 fully paid ordinary shares at an issue price of \$0.10 per share to Craig Anderson and Amanda Anderson as trustees for the CA and AM Anderson Family Trust (**CA and AM Anderson Family Trust**) being one of being the Integrated Vendors, to raise a total of \$458,333.30 (**CA and AM Anderson Family Trust Shares**) being part of the Placement announced on 16 February 2017 on the terms set out in this Notice of Meeting and accompanying Explanatory Memorandum.”

Voting exclusion statement

The Company will disregard any votes cast on this Resolution by:

- The CA and AM Anderson Family Trust; and
- any associates of the CA and AM Anderson Family Trust; and
- a person who may participate in the proposed issue and a person who might obtain a benefit except a benefit solely in the capacity of a holder of ordinary securities if this Resolution 5 is passed.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

Notice of Extraordinary General Meeting

Special business

6. Resolution 6- Approval of Financial Assistance

To consider and, if thought fit, pass the following resolution, as a Special Resolution of the Company with or without amendment:

“That in accordance with sections 208(1) and 260B(1) of the Corporations Act and, subject to Resolutions 1, 2, 3, 4 and 5 being passed, and for all other purposes, the Company be authorised to apply the sum of \$2,750,000 payable on completion of the Proposed Transaction to issue to the Integrated Vendors;

- (a) the Tulla Shares;
- (b) the DG and JE Anderson Family Trust Shares;
- (c) the GJ and NJ Anderson Family Trust Shares; and
- (d) the CA and AM Anderson Family Trust Shares

on the same terms as shares issued to eligible shareholders under the proposed Rights Issue and otherwise on the terms set out in this Explanatory Memorandum.”

Voting exclusion statement

The Company will disregard any votes cast on this Resolution by:

- Kevin Maloney;
- the Tulla Property Partners Trust;
- Darren Anderson;
- the DG and JE Anderson Family Trust;
- Greg Anderson and Nancy Anderson as trustees for the GJ and NJ Anderson Family Trust;
- Craig Anderson and Amanda Anderson as trustees for the CA and AM Anderson Family Trust; and
- any associates of any Integrated Vendors.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

Notes:

- A copy of this Notice and the Explanatory Memorandum which accompanies this Notice has been lodged with the Australian Securities & Investments Commission in accordance with sections 218 and 260B(5) of the Corporations Act 2001 (Cth).
- This Resolution is a Special Resolution and will be passed if 75% or more of votes cast by shareholders entitled to vote are cast in favour of the resolution.

General business

To consider any other business as may be lawfully put forward in accordance with the Constitution of the Company.

By order of the board



Paul Marshall
Company Secretary
24 February 2017

Notice of Extraordinary General Meeting

1. Introduction

This Explanatory Memorandum is provided to shareholders of **HRL Holdings Limited** ACN 120 986 371 (**Company**) to explain the resolutions to be put to Shareholders at the Extraordinary General Meeting to be held at HRL Holdings Ltd on Wednesday 29 March 2017 commencing at 9.30am (Brisbane time).

The Directors recommend shareholders read the accompanying Notice of Meeting and this Explanatory Memorandum in full before making any decision in relation to the resolutions.

Terms used in this Explanatory Memorandum are defined in Section 6

The Notice of Meeting sets out the details of six separate, ordinary and special resolutions to be put to Shareholders. All six resolutions are each conditional upon the other resolutions passing. If any one of the six resolutions is not successful the other resolutions will be void. The six resolutions to be considered comprise the following:

2. Resolution 1- Approval of the Proposed Transaction under Chapter 2E Corporations Act and Listing Rule 10.1

2.1 Resolution 1

(a) Background

As announced on 16 February 2017, the Company has entered into a formal share sale agreement dated 14 February 2017 (**SSA**) to acquire all of the shares on issue in Integrated Holdings Group Pty Ltd ACN163 772 496 (**Integrated Shares**), from the shareholders of Integrated.

The Integrated Vendors are as follows:

Name of Integrated Vendor	Number of Present Integrated Shares	%
Tulla Property Partners Pty Ltd ACN 126 992 103 as trustees for the Tulla Property Partners Trust (Tulla Property Partners Trust), an entity associated with Kevin Maloney, a director and significant shareholder of HRL	21	50%
Darren Anderson and Julie Anderson as trustees for the DG & JE Anderson Family Trust (DG & JE Anderson Family Trust), an entity associated with Darren Anderson, a director and significant shareholder of HRL	7	16.66%
Craig Anderson and Amanda Anderson as trustees for the CA & AM Anderson Family Trust (CA & AM Anderson Family Trust)	7	16.67%
Greg Anderson and Nancy Anderson as trustees for the GJ & NJ Anderson Family Trust (GJ & NJ Anderson Family Trust)	7	16.67%

Notice of Extraordinary General Meeting

Under the SSA, in consideration for all of the Integrated Shares HRL has agreed to pay a purchase price of up to \$3,500,000 (**Purchase Price**) comprising;

- \$2,750,000 which is payable on transfer of the shares in Integrated (**Completion Consideration**); and
- a maximum of \$750,000 determined in accordance with the earnings of Integrated in the 24 month period post completion. (**Earn-out Consideration**).

The Purchase Price is subject to adjustment in accordance with the terms of the SSA.

The Purchase Price is payable to the Integrated Vendors in proportion to their holdings of Integrated Shares. Resolution 1 seeks Shareholder approval for the Proposed Transaction, specifically approval for the payment of the Purchase Price for the acquisition of Integrated.

On the same date HRL entered into four (4) separate share subscription agreements with each of the Integrated Vendors (**Subscription Agreements**), to raise a total of \$2,750,000 by the issue of 27,500,000 Shares at 10 cents per share. The issue price of the Shares under the Subscription Agreements is the same as that of the proposed Rights Issue to be offered to all shareholders, as announced on 16 February 2017.

Resolutions 2, 3, 4 and 5 seek approval for the issue of the Shares to each of the Integrated Vendors under the Subscription Agreements. Full details of the Subscription Agreements are set out below.

Resolution 6 seeks approval by shareholders under section 260B of the Corporations Act to any financial assistance being afforded by the Company to each of the Integrated Vendors under the Subscription Agreements.

All of the resolutions will need to be approved for both the Proposed Transaction and each of the Subscription Agreements to proceed.

On the same date as the Company announced the proposed acquisition of Integrated and the proposed placement of Shares to each of the Integrated Vendors, it also announced its intention to;

- undertake a Rights Offer to all shareholders ; and
- its intention to acquire another unrelated business that of Morrison Geotechnical Holdings Pty Ltd (**Morrison Acquisition**).

The Rights Issue announced on 16 February 2017 is an offer to all Shareholders on the Register as at 24 February 2017 to acquire additional shares in HRL on the basis of four new Share for every eleven current Shares held at an issue price of 10 cents per new Share. The Rights Issue also provides the opportunity for shareholders to apply for additional Shares over and above their entitlement.

The Rights Issue proposes the offer of 4 new Share for each 11 Shares held by an Eligible Shareholder as at the Record Date to raise a maximum of \$5,778,292. The Rights Issue is partially underwritten to \$5,000,000 by Canaccord Genuity (Australia) Limited.

Each of the Integrated Vendors are existing Shareholders in the Company and have advised the Company that they do not intend to take up their entitlement under the Rights Issue.

The Morrisons Acquisition does not require the approval of Shareholders, and no such approval is being sought, rather the information is being provided in order to ensure shareholders are aware of them, in particular the terms of the Rights Offer which are

Notice of Extraordinary General Meeting

at the same price as the terms of the proposed issue of Shares being made to the Integrated Vendors pursuant to the Subscription Agreements.

Morrison is a privately owned geotechnical materials testing firm in South East Queensland which provides:

- NATA accredited laboratory testing on a range of soil, concrete and aggregate materials; and
- Site investigations and studies.

The purchase price for Morrison Acquisition is an initial cash payment of \$3,750,000, with an earn-out of up to \$750,000 contingent on meeting future profit targets. HRL will fund this acquisition from the proceeds of the Rights Issue.

(b) **Key Terms of the Proposed IHG Transaction**

HRL has agreed to pay a purchase price of a maximum of \$3,500,000 (**Purchase Price**) comprising;

- \$2,750,000 which is payable on transfer of the shares in Integrated (the **Completion Consideration**); and
- a maximum of \$750,000 determined in accordance with the earnings of Integrated in the 24 month period post completion. (the **Earn-out Consideration**)

(c) **Key Commercial Terms of the Proposed IHG Transaction**

The following are the key commercial terms for the Proposed Transaction.

Conditions Precedent:

The completion of the Proposed Transaction is proposed to be subject to a number of conditions precedent, including:

- HRL being satisfied, in its absolute discretion, with the results of their own due diligence on Integrated and its subsidiary Octfolio Pty Ltd.
- HRL obtaining all Authorisations and any other statutory approvals required to carry out the Proposed Transaction.
- The Integrated Vendors providing to HRL all third party consents necessary as a result of any “change of control” provisions under any material contract.
- Integrated having at completion at least a minimum working capital of \$50,000.
- That there has been no material adverse breach of the warranties given by the Integrated Vendors.
- That there has been no material adverse change in Integrated.
- HRL obtaining finance on terms satisfactory to HRL.
- HRL being satisfied, in its absolute discretion, with the results of an Independent Expert Report required pursuant to Listing Rule 10.1.
- HRL obtaining the approval of its shareholders in a general meeting pursuant to Listing Rule 10.1 and pursuant to Chapter 2E and s 260A Corporations Act.

Consideration:

The total consideration is up to \$3,500,000 payable in cash. It comprises two parts, the Completion Consideration and the Earn-out Consideration.

Notice of Extraordinary General Meeting

The Completion Consideration is \$2,750,000 and is payable on transfer of the Integrated Shares. The Purchase Price is subject to adjustment in accordance with the terms of the SSA.

The Earn-out Consideration is a maximum of \$750,000 determined in accordance with the earnings of Integrated in the 24 month period post completion as follows:

Completion to first anniversary of Completion EBIT	Earn-out Consideration
Less than \$300,000	Nil
Not less than \$300,000	\$375,000

First anniversary of Completion to second anniversary of Completion EBIT	Earn-out Consideration
Less than \$450,000	Nil
Not less than \$450,000	\$375,000

(d) **Rationale for Proposed Transaction**

HRL Holdings Limited (“HRL” or “Company”) is an Australian public company listed on the Australian Securities Exchange. The Company engages in environmental technical services and specifically provides property contamination testing, environmental consulting, and hazardous materials analytical laboratory businesses in Australia and New Zealand.

HRL has identified 3 key strategic reasons to acquire the Integrated owned business of Octfolio Pty Ltd, a wholly owned subsidiary of Integrated.

1. Complementary and Enhanced Service Offerings to HRL Existing Businesses.

The HRL Group currently engages in environmental technical services and specifically provides property contamination testing, environmental consulting, and hazardous materials analytical laboratory businesses in Australia and New Zealand.

The Integrated owned OCTFOLIO software is a primary factor of HRL’s current and future success. The software offers a key point of difference from other environmental services businesses. There are many competitors with field surveying or laboratory capabilities, but the data management solution delivered through OCTFOLIO enables HRL to secure large facility provider contracts. Acquisition of the Integrated business allows HRL to protect the third pillar of its strategic point of difference as illustrated below:

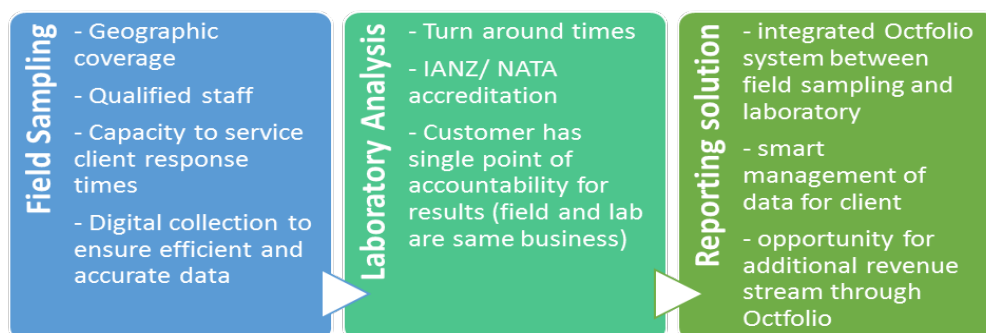


Figure 1: HRL Environmental Technical Services – 3 pillars of service offering

Notice of Extraordinary General Meeting

The OCTFOLIO software has been a major reason that the HRL Group has successfully won large on-going contracts with large “Tier 1” corporate and government clients. Examples include:

- Ergon Energy;
- Northern Territory Government;
- Chorus Telecommunications;
- University of Canterbury;
- Southern District Health Board;
- Nelson Marlborough District Health Board.

The HRL Group is actively targeting other large corporates and government departments both in Australia and New Zealand. Key targets include:

- TAFE colleges;
- Polytechnic colleges (NZ);
- Universities;
- Other District Health Boards (NZ);

HRL are also in the process of acquiring Morrison Geotechnic in Australia. Assuming completion of the transaction, HRL intends to implement the OCTFOLIO laboratory management system and field surveying module to deliver labour efficiencies and minimise data risk in this organisation.

2. Exposure to Other HAZMAT Revenue Streams.

OCTFOLIO has been successful in its own right in securing long-term contracts hosting client’s HAZMAT registers and data that are not related to the HRL Group. Examples include:

- Adelaide City Council
- Centacare
- Mackay Regional Council
- Northern Territory Christian Schools
- Northern Territory Department of Health
- Tasmania Department of Education
- Tasmania Department of Health

Acquiring Integrated gives the HRL Group the immediate benefit of these contracts. It also allows HRL to directly market its other field services to these organisations.

Acquiring Integrated allows the HRL Group to potentially licence the OCTFOLIO software to other HAZMAT service providers in geographic territories where it is not cost effective for the HRL Group to provide field services. Most competitor HAZMAT providers have either an inferior software solution or have none at all.

3. Expand Integrated to Different Markets.

The OCTFOLIO product is currently exclusively used for HAZMAT registers and data collection. The product can easily and cheaply be adapted to cover a much wider range of asset tracking and auditing. HRL would look to quickly roll out additional modules and market, through a reseller network, to a much wider range of asset managers and owners.

Notice of Extraordinary General Meeting

Identified new market opportunities include:

- Fire and sprinkler systems
- Ladders
- Safety audits
- Electrical inspections
- Vehicle inspections
- Disability access audits
- Chemical shower inspections
- Building condition reports

About Integrated

OCTFOLIO is an Australasian based specialised software vendor focussed on the development and implementation of information management software solutions for asbestos and hazardous materials, innovative field management software solutions, customised compliance solutions and applications relating to workplace health and safety.

OCTFOLIO's flagship product, 'OCTFOLIO Hazardous Information Management Software', is a cloud based asbestos and hazardous material information management system that provides a solution for the management, administration and distribution of compliance-related information. The software provides a centralised online database and field data collection application to streamline the collection and management of hazardous material related information, documentation and associated compliance data.

OCTFOLIO has the ability to:

- Provide government agencies and private corporations with software solutions that meet current requirements and future needs via continuous technology development
- Completely revolutionise the way that hazardous materials are managed in and removed to everyone's benefits
- Save hazardous material stakeholders large unnecessary costs associated with compliance management remediation projects
- Streamline the entire process of building compliance management, and make its clients global leaders in the field of asbestos management
- Increase the level of asbestos awareness through their online asbestos and workplace health and safety learning management system
- Play a major part in reducing the exposure to airborne asbestos in the future.

OCTFOLIO also helps clients manage the broad array of challenges faced when managing asbestos and hazardous materials. This includes strategies, managing procurement or costs, prioritising removal programs, dealing with regulatory changes, or improving processes and operations.

The OCTFOLIO solution has been used by private enterprise and government in both Australia and New Zealand for a number of compliance solutions such as building inspections, confined spaces, contaminated land, fire safety, electrical tag and test, disability access and many others. The following solutions are provided by OCTFOLIO's Integrated Hazardous Material Information Management Software:

Notice of Extraordinary General Meeting

- **Asbestos Management:** Allows building owners and managers to save significant time and resources by eliminating the need to undertake costly annual reviews of asbestos registers and lengthy asbestos inspection programs.
- **Asset Management:** Allows logical partitioning of asset information including asset numbers, equipment numbers, life-cycle information, inspection and audit workflows.
- **Report Management:** Automated report generation technology eliminates the potential for human error and data entry mistakes.
- **Compliance Management:** Intelligently detects sites with a moderate or high level of risk, and notifies management of recommended management strategies depending on the type and condition of the asbestos containing materials.
- **Document Management:** Provides a single central online database that captures the volumes of asbestos, hazardous material compliance documents as well as all other types of compliance documentation.
- **Maintenance Management:** Tracks and maintains a record of register access helping your business or organisation to manage its legal obligations.

Features: OCTFOLIO's features allow organisations to electronically capture, analyse and centrally manage traditionally paper-based hazardous material compliance information without having to develop new procedures. Clients can take advantage of having their businesses or government department's compliance information available; in real-time, at one location with an easy to follow audit trail. Features include:

- **Digital Asbestos Register:** After an asbestos inspection the legal asbestos register and accompanying asbestos management plan is presented as a single report or printed document.
- **Field Data Collection:** The client-server model used in computer-assisted field data collection systems relies on predefined interaction rules and data sources, not simply a hand-held tablet with a very basic data collection application.
- **Automated Reporting:** Data captured in Integrated Hazardous Material Information Management Software's field mobile application is fed back in real time and is available for use by the automated report generation tool.
- **Workflow Automation:** Integrated includes workflow automation features such as the ability for real time risk alerts, email alerts to management, automated risk profiling and automatic detection of asbestos registers that require updating.
- **Risk Calculator:** Allows building owners and managers to accurately assess and model all the identified risks with one simple interface.
- **Risk Modelling:** Allows users to accurately model risks associated with the management of hazardous containing materials within a building or asset portfolio.
- **Asbestos Mapping:** Mapping asbestos in buildings and at sites located across the world presents many benefits to building owners and managers, including, the ability to view how vast the asbestos issue being mapped is.
- **Interactive Maps:** Provides access to the asbestos register to building owners and managers. The Integrated Hazardous Material Information Management Software includes a user-friendly Google mapping feature.

Notice of Extraordinary General Meeting

(e) **Key Advantages and Disadvantages of the Proposed Transaction**

Advantages of the Proposed Transaction

- The Proposed Transaction may provide an opportunity for HRL shareholders to experience growth in the value of shares and significantly boost HRL's market capitalisation and liquidity in share trading given the potential of the Octfolio business to contribute to shareholder returns.
- The Proposed Transaction presents an opportunity for the Company to increase long-term value for shareholders. The Directors of HRL have determined that Octfolio has the potential to increase HRL shareholder value based on the growth of the Octfolio business as well as cost savings in HRL from Octfolio services that will no longer be outsourced by HRL.
- HRL will be able to leverage its existing client base to assist growth in both HRL and Octfolio, as detailed in the strategic benefits outlined by management at section 2(d). Octfolio will also be able to leverage HRL's ability to access capital to assist growth. Octfolio could also be used by HRL as a white label product to obtain additional revenue streams.
- The Proposed Transaction is being undertaken with 100% cash consideration, therefore there will be no dilutionary effect on the equity interests of Non-Associated Shareholders.
- The Directors consider that Octfolio management possess the experience and skills required to successfully grow the Octfolio business and ensure a successful merger with HRL.

Disadvantages of the Proposed Transaction

- There may be other opportunities HRL will not be able to undertake with the Cash Consideration if it accepts this Proposed Transaction.
- There are inherent risks associated with the Octfolio acquisition and business that should be considered by Non-Associated Shareholders, as follows:
 - Octfolio is a relatively immature business and may not experience the current level of growth going forward.
 - The Octfolio software platform will require ongoing maintenance and development. Octfolio will need to maintain and attract sufficiently qualified staff.
 - The Octfolio software platform can readily be adapted to service other components of the asset management and audit market however entering these new markets and securing market share may be more difficult than anticipated.
 - New competitor products with features similar to Octfolio may be developed in the future.

Notice of Extraordinary General Meeting

(f) Appointment of Expert

The Meeting has been convened for the purpose of, inter alia, seeking the approval of Shareholders to the Proposed Transaction. The Company engaged Hall Chadwick to prepare an Independent Expert's Report on the Proposed Transaction to assist Shareholders to decide whether or not to vote in favour of Resolution 1.

The Independent Expert has assessed that the Proposed Transaction is FAIR AND REASONABLE to Non-Associated Shareholders, but strongly recommends that Shareholders also have regard to all of the information set out in the balance of the Independent Expert Report which appears as Annexure A to this Explanatory Memorandum. Shareholders are also referred to section 2.1(e) of this Explanatory Memorandum for further details as to the contents of the Independent Expert's Report.

The Non-Interested Directors (being Mark Elliott and John Taylor) have given detailed consideration to the Proposed Transaction. The Non-Interested Directors consider that the Proposed Transaction and the granting of the Security is in the best interests of the Company and recommend the Proposed Transaction.

Shareholders are asked to note that the Independent Expert's Report has been prepared by the Independent Expert and the Company does not accept or assume any responsibility for the accuracy or completeness of the Independent Expert's Report other than the factual information provided by the Company to the Independent Expert for the purposes of the Independent Expert's Report.

(g) Conclusion of Independent Expert

The Independent Expert has assessed that the Proposed Transaction is Fair and Reasonable to the Non-Associated Shareholders, but strongly recommends that Shareholders also have regard to all of the information set out in the Independent Expert Report. In summary:

- (1) the Expert concluded that the indicative value of IHG is between **\$2,324,370 and \$3,486,555**, with a midpoint value of \$2,905,462 as at the date of their Report.
- (2) the Expert concluded the Proposed Transaction is **fair** as:
 - (A) The midpoint value attributed to IHG of \$2,905,462 exceeds the value of the upfront cash consideration of \$2,750,000; and
 - (B) The total present value of the cash consideration of \$3,400,826 (including the present value of the earn-out cash consideration) is within the value range attributed to IHG shares to be acquired by HRL.
- (3) the Expert concluded that having regard to the potential of Octfolio business and the alternatives of not proceeding with the Proposed Transaction, the Non-Associated Shareholders of HRL should benefit if the Proposed Transaction proceeds and therefore, in our opinion the Proposed Transaction is reasonable.

Notice of Extraordinary General Meeting

2.2 Shareholder Approval

(a) Relevant Legislation

Resolution 1 seeks Shareholder Approval under Chapter 2E and Listing Rule 10.1.

Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act prohibits a public company from giving a Financial Benefit to a Related Party of the public company unless providing the benefit falls within a prescribed exception to the general prohibition. Relevantly, there is an exception if the company first obtains the approval of its Shareholders in a general meeting in circumstances where certain requirements specified in Chapter 2E in relation to the convening of that meeting have been met.

A “**Related Party**” is defined widely in section 228 of the Corporations Act and includes, relevantly, a Director (or proposed Director) of a public company and any entity that is controlled by a person or entity which is otherwise a Related Party, or there are reasonable grounds to believe that a person/entity is likely to become a Related Party of the public company.

A “**Financial Benefit**” for the purposes of the Corporations Act has a very wide meaning. It includes the public company paying money or issuing securities to the Related Party. In determining whether or not a financial benefit is being given, it is necessary to look to the economic and commercial substance and effect of what the public company is doing (rather than just the legal form). Any consideration which is given for the financial benefit is to be disregarded, even if it is full or adequate.

This proposed Resolution, if passed, and the Proposed Transaction will confer Financial Benefits on Darren Anderson and Kevin Maloney, being directors and therefore, Related Parties of the Company. Darren Anderson and Kevin Maloney will obtain these benefits through the Darren Anderson and Julie Anderson as trustees for the DG and JE Anderson Family Trust and Tulla Property Partners Pty Ltd ACN 126 992 103 as trustees for the Tulla Property Partners Trust respectively.

Therefore the Company seeks to obtain Shareholder approval to the Proposed Transaction in accordance with the requirements of Chapter 2E of the Corporations Act.

2.3 Information for Shareholders - Chapter 2E of the Corporations Act

Refer to sections 2.1(a) to 2.2(a) above for the background and circumstances in which the Financial Benefit is given and the existing interest of Darren Anderson and Kevin Maloney through Darren Anderson and Julie Anderson as trustees for the DG and JE Anderson Family Trust and Tulla Property Partners Pty Ltd ACN 126 992 103 as trustees for the Tulla Property Partners Trust respectively.

For the purposes of Chapter 2E of the Corporations Act and for all other purposes the following information is provided to Shareholders:

(a) The nature of the Financial Benefit

The nature of the proposed Financial Benefit is the various matters comprising the Proposed Transaction including, without limitation the acquisition for consideration of Integrated.

Refer also to sections 2.1(b) above, for the reason for giving the benefit and the basis for which it is given.

Notice of Extraordinary General Meeting

(b) Directors' Recommendation

Each of the Non-Interested Directors (Mark Elliott and John Taylor) recommends that Shareholders vote in favour of Resolution 1 and the Proposed Transaction. The Non-Interested Directors have approved the proposal to put Resolution 1 to the Meeting and have separately approved the information contained in this Explanatory Memorandum.

The Non-Interested Directors note that the Proposed Transaction can only proceed with Shareholder approval. The Non-Interested Directors consider that approval of the Proposed Transaction and any giving of financial benefits to Darren Anderson and Kevin Maloney (or an entity associated with Darren Anderson or Kevin Maloney) and the Proposed Transaction are in the best interests of the Company.

The reasons for the recommendations of the Non-Interested Directors are set out below.

In making their recommendations the Non-Interested Directors have considered:

- the rationale for the Proposed Transaction as summarised in section 2.1(d) ;
- the advantages and disadvantages of the Proposed Transaction as set out in section 2.1(e) ;
- the nature and value of the benefits given to related parties pursuant to the Proposed Transaction; and
- the reasoning and conclusions of Hall Chadwick in the Independent Expert's Report set out in Schedule A, including the conclusion that the Proposed Transaction is Fair and Reasonable to the Non-Associated Shareholders.

In summary, the Non-Interested Directors consider that the rationale for and benefits of the Proposed Transaction outweigh any disadvantages of the Proposed Transaction, and other reasons why the Non-Interested Directors would consider voting against Resolution 1.

As Darren Anderson and Kevin Maloney are interested directors they make no recommendation with respect to Resolution 1.

(c) Interests of Directors

The Non-Interested Directors do not have a material personal interest in the outcome of Resolution 1, save for any interest they may have solely in their capacity as Shareholders which interest they hold in common with the other Non-Associated Shareholders.

Mr Darren Anderson and Mr Kevin Maloney (through their respective trusts) will directly benefit from the Proposed Transaction and accordingly have a material personal interests in the outcome of Resolution 1.

Notice of Extraordinary General Meeting

To the extent that the Directors hold any Shares, their respective percentage holding of Shares may decrease in the event that any Shares are issued pursuant to the Proposed Transaction, in the same proportion as the holding of all other Shareholders. Details regarding the current direct and indirect Share interests of each of the Directors is as follows:

Name of Director	Current Shareholding	% shareholding	Rights Issue	% shareholding Post Rights Issue	Subscription Agreements	% shareholding Post completion of the Subscription Agreements
Kevin Maloney	47,459,491	29.87%	0	21.90%	13,750,000	25.07%
Darren Anderson	16,589,064	10.44%	0	7.66%	4,583,333	8.67%
Mark Elliott	2,848,634	1.79%	275,000*	1.44%	0	1.28%
John Taylor	923,077	0.58%	750,000*	0.77%	0	0.69%

* both Mark Elliott and John Taylor have entered into sub-underwriting agreements in relation to the offer on the same terms and conditions as other sub-underwriters. The maximum number of shares they have committed to underwriting are included in the table above. Neither Director intends to directly subscribe for their entitlement under the Offer. Mark Elliott's entitlement under the Offer is 1,035,867 and John Taylor's entitlement under the Offer is 335,664.

Details of the current remuneration of each of the Directors was set out in the Annual Report announced to the market on 26 August 2016.

No other Director has any interest in the outcome of Resolution 1 and will not participate in the Proposed Transaction.

(d) Trading Price Information on Company Shares

Details of the trading price of the Shares during the 4 months prior to 16 February are set out below.

Description	Date(s)	Share Price (\$)
High	14, 15 November 2016	\$0.15
Low	3 November 2016	\$0.115
Last	7 February 2017	\$0.145

The 30 trading day VWAP prior to the date of announcement the Proposed Transaction on 16 February 2017 was \$0.134. The 5 trading day VWAP prior to the date of announcement the Proposed Transaction on 16 February 2017 was \$0.136.

(e) Opportunity Cost

The opportunity costs and benefits foregone by the Company undertaking the Proposed Transaction is the dilutionary impact on the issued Share capital of the Company. To the extent that the dilutionary impact caused by the issue of the Shares to fund the Proposed Transaction will be detrimental to the Company, this is more than offset by the advantages accruing from the Company undertaking the Proposed Transaction.

(f) Taxation Consequences

No stamp duty will be payable in respect of the issuing of the Shares to fund Proposed Transaction. No GST will be payable by the Company in respect of the issue of the Shares to fund the Proposed Transaction (or if it is then it will be recoverable as an input credit).

Notice of Extraordinary General Meeting

(g) Dilutionary Effect

Completion of the Proposed Transaction is subject to approval of all other resolutions including approval of the Subscription Agreements.

As such, completion of the Rights Issue and each of the Subscription Agreements will have a dilutionary effect on the issued Shares of the Company as at the date of the Meeting as set out in the following table;

Shareholders	Existing Holding	%	Post Rights Issue	%	Post Subscription Agreements	%
Tulla Property Partners Pty Ltd ACN 126 992 103 as trustees for the Tulla Property Partners Trust	47,459,491	29.87	47,459,491	21.90%	61,209,491	25.07%
Darren Anderson and Julie Anderson as trustees for the DG & JE Anderson Family Trust	16,589,064	10.44%	16,589,064	7.66%	21,172,397	8.67%
Craig Anderson and Amanda Anderson as trustees for the CA & AM Anderson Family Trust	6,577,525	4.14%	6,577,525	3.04%	11,160,858	4.57%
Greg Anderson and Nancy Anderson as trustees for the GJ & NJ Anderson Family Trust	6,354,377	4.00%	6,354,377	2.93%	10,937,711	4.48%
Other Shareholders	81,922,574	51.56%	139,705,494	64.47%	139,705,494	57.21%
Total	158,903,031	100%	216,685,951	100%	244,185,951	100%

(h) Any other information that is reasonably required by Shareholders to make a decision and that is known to the Company or any of its Directors

Save as set out in this Explanatory Memorandum, the Directors are not aware of any other information that will be reasonably required by Shareholders to make a decision in relation to the benefits contemplated by Resolution 1.

(i) Voting exclusion statement

A voting exclusion statement is set out in Resolution 1 in the Notice of Meeting.

2.4 Listing Rule 10.1

Listing Rule 10.1 requires the Company to obtain Shareholder approval prior to the acquisition or disposal of a substantial asset from or to a Related Party, a subsidiary, a substantial holder (within the meaning of Listing Rule 10.1.3) or an Associate of any of them. A substantial asset is an asset valued at greater than 5% of the equity interests of the Company as set out in the latest accounts given to ASX by the Company.

Since both Tulla Property Partners Pty Ltd ACN 126 992 103 as trustees for the Tulla Property Partners Trust and Darren Anderson and Julie Anderson as trustees for the DG & JE Anderson Family Trust are substantial shareholders in the Company and are also Integrated Vendors, and noting that the transaction value is \$3.5 million, the Company will be acquiring a

Notice of Extraordinary General Meeting

substantial asset from a related party as the value of the asset to be acquired equates to 5% or more of the equity interest of the Company as set out in the Company's latest financial statements disclosed under the Listing Rules.

The Related Parties are:

- (a) The Darren Anderson and Julie Anderson as trustees for the DG and JE Anderson Family Trust noting that Darren Anderson is an executive director of the Company; and
- (b) Tulla Property Partners Pty Ltd ACN 126 992 103 as trustees for the Tulla Property Partners Trust an entity associated with Kevin Maloney, the Chairman of the Company.

Listing Rule 10.10.2 provides that shareholder approval sought for the purpose of Listing Rule 10.1 must include a report on the proposed acquisition from an independent expert. Accompanying this Explanatory Memorandum is an Independent Expert's Report prepared by Hall Chadwick. This report provides a detailed examination of the proposed acquisition of Integrated is Fair and Reasonable to Non-Associated Shareholders.

The Independent Expert's Report is for the purpose of assisting the Non-Associated Shareholders' consideration and assessment of the merits of voting to approve the acquisition of Integrated P the making of their decision whether to vote in favour of Resolution 1. 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 assumptions made.

A copy of the Independent Expert's Report has been mailed to each Shareholder entitled to receive this Notice of Meeting and Explanatory Memorandum. Irrespective of this, a copy of the Independent Expert's Report is available on the Company's website at www.hrlholdings.com and additional copies, free of charge, may be requested by a Shareholder by contacting the Company's registered office.

Directors' Recommendation

Each of the Non-Interested Directors (being Mark Elliott and John Taylor) recommend that Shareholders vote in favour of Resolution 1 and the Proposed Transaction.

As Mr Darren Anderson and Mr Kevin Maloney are Interested Directors, they make no recommendation with respect to Resolution 1 or the Proposed Transaction.

3. Resolutions 2 and 3 - Approval of the proposed issue of the Tulla Shares and the DG and JE Anderson Family Trust Shares

3.1 Background

Resolution 2 seeks the approval of Shareholders for the issue by the Company of 13,750,000 fully paid ordinary shares at an issue price of \$0.10 per share to Tulla Property Partners Pty Ltd ACN 126 992 103 as trustees for the Tulla Property Partners Trust.

The Tulla Shares form part of the placement of Shares as announced to the market on 16 February 2017.

Resolution 3 seeks the approval of Shareholders for the issue by the Company of 4,583,333 fully paid ordinary shares at an issue price of \$0.10 per share to the DG and JE Anderson Family Trust.

The DG and JE Anderson Family Trust Shares form part of the placement of Shares as announced to the market on 16 February 2017.

Notice of Extraordinary General Meeting

The Company has entered into agreements with each of Tulla Property Partners Pty Ltd ACN 126 992 103 as trustees for the Tulla Property Partners Trust and the DG and JE Anderson Family Trust.

The issue of the Tulla Shares and the DG and JE Anderson Family Trust Shares is subject to and conditional upon the Company obtaining all Shareholder approvals required pursuant to the Corporations Act and the Listing Rules.

The Company is of the view that the Shares proposed to be issued to both Tulla and DG and JE Anderson Family Trust fall within one of the exemptions to the related party requirements under Chapter 2E of the Corporations Act, namely arm's length terms (section 210).

In particular, the Company is of the view that the proposed issue under Resolutions 2 and 3 of this Notice of Meeting are on terms no more favourable than Shares that have been issued to unrelated third party investors as part of the Rights Issue. As such, the Company does not propose to seek Shareholder approval in accordance with section 208(1) (Chapter 2E) of the Corporations Act for the purposes of this placement. The Company notes that it is seeking Shareholder approval in accordance with section 208(1) of the Corporations Act in Resolution 1 and further notes that this Resolution is subject to the successful passing of that resolution.

However, the Company is seeking Shareholder approval pursuant to Listing Rule 10.11 and for this reason, and for all other purposes, the following information is provided to Shareholders.

3.2 Listing Rule 10.11

Listing Rule 10.11 requires that an entity must obtain the approval of Shareholders to issue securities to a Related Party and in doing so, must provide the information specified in Listing Rule 10.13, unless an exemption applies

Listing Rule 10.11 requires shareholder approval for a company to issue equity securities to a related party.

A "related party" for the purposes of the Listing Rules is defined widely and includes a director of the public company or an entity controlled by a director of the public company.

As noted above, the Darren Anderson and Julie Anderson as trustees for the DG and JE Anderson Family Trust is an entity associated with Darren Anderson an Executive Director of the Company and Tulla Property Partners Pty Ltd ACN 126 992 103 as trustees for the Tulla Property Partners Trust is an entity associated with Kevin Maloney, the Chairman of the Company.

Accordingly, approval for the issue of the Integrated Placement Shares is sought in accordance with the provisions of Listing Rule 10.11. If approval is given under Listing Rule 10.11, approval will not be required under Listing Rule 7.1.

The Company believes that all information required pursuant to Listing Rule 10.13 is contained in the Notice of Meeting and this Explanatory Memorandum.

For the purposes of Listing Rule 10.13, the Company advises as follows:

- (a) The number of Shares to be issued under the Subscription Agreements:
 - (1) Tulla Property Partners Pty Ltd ACN 126 992 103 as trustees for the Tulla Property Partners Trust - 13,750,000; and
 - (2) Darren Anderson and Julie Anderson as trustees for the DG and JE Anderson Family Trust - is 4,583,333.
- (b) Each of the Shares are to be issued at a price of \$0.10 per Share as follows:

Notice of Extraordinary General Meeting

- (1) \$1,375,000 through the issue of the Tulla Shares; and
- (2) \$458,333.30 through the issue of the DG and JE Anderson Family Trust Shares,
- (c) The Shares will be issued as soon as practicable after the date of the Meeting (and shareholder approval being obtained) but in any event, within one month after the date of the Meeting.
- (d) The Shares to be issued will rank pari passu with the Shares on issue in the Company.
- (e) The net effect of completion of both the Proposed Transaction and the Subscription Agreements is that funds raised from the issue of the Shares to each of the Integrated Vendors will be offset against the total amount the Company owes to the Integrated Vendors as part of the acquisition of Integrated.
- (f) The Directors excluding Darren Anderson and Kevin Maloney recommend that you vote in favour of Ordinary Resolutions 2 and 3.

4. Resolutions 4 and 5 – Approval of the proposed issue of the GJ and NJ Anderson Family Trust Shares and the CA and AM Anderson Family Trust Shares

4.1 Introduction

Resolution 4 seeks the approval of Shareholders for the issue by the Company of 4,583,334 fully paid ordinary shares at an issue price of \$0.10 per share to the GJ and NJ Anderson Family Trust.

The GJ and NJ Anderson Family Trust Shares form part of the placement of Shares as announced to the market on 16 February 2017.

Resolution 5 seeks the approval of Shareholders for the issue by the Company of 4,583,333 fully paid ordinary shares at an issue price of \$0.10 per share to the CA and AM Anderson Family Trust.

The CA and AM Anderson Family Trust Shares form part of the placement of Shares as announced to the market on 16 February 2017.

The Company has entered into agreements with each of the GJ and NJ Anderson Family Trust and the CA and AM Anderson Family Trust.

The issue of the GJ and NJ Anderson Family Trust Shares and the CA and AM Anderson Family Trust Shares is subject to and conditional upon the Company obtaining all Shareholder approvals required pursuant to the Corporations Act and the Listing Rules.

4.2 ASX Listing Rule 7.1 - Issues exceeding 15% of capital

Listing Rule 7.1 prohibits a listed company, except in certain cases, from issuing in any 12 month period new Equity Securities equivalent in number to more than 15% of the total number of ordinary securities on issue at the beginning of the twelve month period (**15% Capacity**) without either the prior approval of a majority of disinterested shareholders, or the issue otherwise falls within one of the prescribed exceptions to Listing Rule 7.1 (**15% Rule**).

Equity Securities issued with shareholder approval under ASX Listing Rule 7.1 do not count towards the 15% Capacity.

Notice of Extraordinary General Meeting

Therefore the Company is seeking Shareholder approval in accordance with Listing Rule 7.1 to issue the GJ and NJ Anderson Family Trust Shares and the CA and AM Anderson Family Trust Shares, so that the issue of the GJ and NJ Anderson Family Trust Shares and the CA and AM Anderson Family Trust Shares do not count towards the Company's 15% Capacity.

For the purposes of ASX Listing Rule 7.3, the Company advises:

(a) **7.3.1: Maximum number of Securities to be issued**

A total of 9,166,667 Shares will be issued if Resolutions 4 and 5 are approved and the Subscription Agreements complete.

The table in Section 2.3(g) sets out the impact the issue of the Shares will have on the share capital of the Company.

(b) **7.3.2: Date by which the Company will issue the Securities**

The GJ and NJ Anderson Family Trust Shares and the CA and AM Anderson Family Trust Shares will be issued upon completion of the Subscription Agreements and in any event, within three months of the date of the Meeting.

(c) **7.3.3: Issue price of Equity Securities**

The issue price is \$0.10 per Share.

(d) **7.3.4: Allottees of Equity Securities**

- the GJ and NJ Anderson Family Trust – 4,583,334 Shares; and
- the CA and AM Anderson Family Trust - 4,583,333 Shares.

(e) **7.3.5: Terms of the Equity Securities**

All of the Shares to be issued shall rank pari passu with all other existing Shares on issue in the Company.

(f) **7.3.6: Use of funds raised**

The net effect of completion of both the Proposed Transaction and the Subscription Agreements is that funds raised from the issue of the Shares to each of the Integrated Vendors will be offset against the total amount the Company owes to the Integrated Vendors as part of the acquisition of Integrated.

4.3 Director Recommendation

The Directors, excluding Darren Anderson and Kevin Maloney, recommend that you vote in favour of Ordinary Resolutions 4 and 5.

Notice of Extraordinary General Meeting

5. Resolution 6 - Approval of Financial Assistance

5.1 Financial Assistance and the Proposed Transaction and Placement

Under section 260A of the Corporations Act, a company may financially assist a person to acquire shares (or units of shares) in the company or a holding company of the company only if:

- (1) giving the assistance does not materially prejudice:
 - (A) the interests of the company or its shareholders; or
 - (B) the company's ability to pay its creditors;
- (2) the assistance is approved by shareholders under section 260B of the Corporations Act; or
- (3) the assistance is exempted under section 260C of the Corporations Act.

A discharge on ordinary commercial terms of a liability that the company incurred as a result of a transaction entered into in ordinary commercial terms will not attract the financial assistance provisions. The Company is of the view that acquiring Integrated creating a liability for the Company (namely the consideration for the acquisition) is as a result of the Company entering into the SSA on ordinary commercial terms (noting the Independent Experts Report finding that the Proposed Transaction is **FAIR AND REASONABLE**).

As such, by agreeing to pay the consideration to each of the Integrated Vendor, who will, in turn, apply the same to pay for Shares under the Subscription Agreements, the Company is not providing financial assistance to any of the Integrated Vendors to acquire Shares under the Placement.

Having said this, as the Company is seeking Shareholder Approval for other resolutions, the Directors are of the view that it is good corporate governance to seek the approval of its Shareholders with respect to this element of the Proposed Transaction and the Subscription Agreements also.

This Resolution 6 is conditional upon Resolutions 1, 2, 3, 4 and 5 being passed. If all of those Resolutions are not passed, Resolution 6 cannot be approved.

This section of the Explanatory Memorandum is given to Shareholders for the purposes of section 260B(4) of the Corporations Act

(a) ***Reasons for the financial assistance***

The reason for the giving of the financial assistance described above is to enable the Company to comply with certain of its obligations under both the Proposed Transaction and the Subscription Agreements.

(b) ***Effects of Financial Assistance and Material Prejudice***

As the Company is already liable for the amounts payable under the Proposed Transaction, the giving of the financial assistance to the Integrated Vendors described in this memorandum is unlikely to have any adverse effect on the Company.

The substantial effect of the financial assistance to be given is that the purchase price payable by the Company to the Integrated Vendors to acquire Integrated and re-invested by the

Notice of Extraordinary General Meeting

Integrated Vendors in the Company at the same price as shareholders will pay under the Rights Issue.

(c) ***Advantages of the proposed resolution***

The advantage to the Company of the proposed resolution is that it will allow the Company to complete the acquisition of Integrated in a cost effective manner through the issue of Shares to each of the Integrated Vendors.

The Directors of the Company believe that this will allow the proceeds of the Rights Issue and other funds available to the Company to be applied elsewhere in growing the business of the Company.

The Directors of the Company believe that approving the financial assistance described above is in the interests of the Company.

(d) ***Disadvantages of the proposed resolution***

As the Company is already liable for the amounts due under the Proposed Transaction, the Directors of the Company do not believe there are any disadvantages to the Company of the proposed resolution.

Whilst the issue of the Shares to the Integrated Vendors pursuant to the Subscription Agreements will have a dilutive effect on the issued capital, the Company would otherwise have to raise further capital to pay the Integrated Vendors which would have the same dilutive effect in any event.

Further, none of the Integrated Vendors are taking up their entitlements under the Rights Issue and as evidenced in the Table set out in Section 2.3(g), any increase in the relevant interests of each of the Integrated Vendors arising from completion of the Subscription Agreements is within the permitted entitlements under the Corporations Act.

(e) ***Approval of Financial Assistance***

For the purposes of section 260B (1) (b) of the Corporations Act shareholder approval for financial assistance by a company must be given by:

- (1) a Special Resolution passed at a general meeting of the company, with no votes being cast in favour of the resolution by the person acquiring the shares or by their associates; or
- (2) a resolution agreed to, at a general meeting, by all ordinary

(f) ***Notice to ASIC***

Copies of this Notice of Meeting and Explanatory Memorandum were lodged with ASIC before being sent to Shareholders in accordance with section 260B(5) of the Corporations Act.

(g) ***Disclosure of Information***

The Directors consider this Explanatory Memorandum contains all material information known to the Company that could reasonably be required by Shareholders in deciding how to vote on this proposed Resolution 6, other than information that it would be unreasonable to require the Company to disclose because the Company has previously disclosed the information to its Shareholders.

Notice of Extraordinary General Meeting

6. Interpretation

The following terms used in the Notice of Meeting and Explanatory Memorandum are defined as follows:

ASIC means the Australian Securities and Investments Commission;

ASX means ASX Limited;

Business Day means a day on which all banks are open for business generally in Brisbane;

Company means HRL Holdings Limited ACN 120 896 371 or HRL;

Constitution means the constitution of the Company from time to time;

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

Directors means the board of Directors of the Company as at the date of the Notice of Meeting;

Explanatory Memorandum means the explanatory statement accompanying this Notice;

Hall Chadwick means Hall Chadwick Corporate (NSW) Limited ACN 080 462 488;

Independent Expert means David Kenney of Hall Chadwick;

Independent Experts Report or IER means the report accompanying this Notice of Meeting;

Integrated means Integrated Holdings Group Pty Ltd ABN 69 163 669 118;

Listing Rules means the official listing rules of the ASX as amended from time to time;

Meeting means the Extraordinary General Meeting to be held on 29 March 2017 as convened by the accompanying Notice of Meeting;

Non-Associated Shareholder means a Shareholder having no interest in the subject matter being considered under a Resolution;

Non Interested Director means a Director having no interest in the subject matter being considered under a Resolution;

Notice of Meeting or **Notice** means the notice of meeting giving notice to shareholders of the Meeting, accompanying this Explanatory Memorandum;

Ordinary Resolution means a resolution passed by more than 50% of the votes at a general meeting of shareholders;

Proposed Transaction means the acquisition of Integrated from the Integrated Vendors;

Purchase Price means a maximum of \$3,500,000;

Record Date means the date for determining entitlements of Shareholders;

Resolutions means the resolutions set out in the Notice of Meeting;

Rights Issue the proposed offer of 4 new Shares for each 11 Shares held by Shareholder as at the Record Date to raise a maximum of \$5,778,292;

Shares means fully paid ordinary shares in the Company from time to time;

Shareholder means a shareholder of the Company;

Special Resolution means a resolution passed by at least 75% of the votes at a general meeting of shareholders.

Any inquiries in relation to the Resolutions or the Explanatory Memorandum should be directed to Paul Marshall (Company Secretary):

*Level 9 Waterfront Place, 1 Eagle Street, Brisbane 4000
07 3149 2113*

Notice of Extraordinary General Meeting

Proxies and representatives

Shareholders are entitled to appoint a proxy to attend and vote on their behalf. Where a shareholder is entitled to cast two or more votes at the meeting, they may appoint two proxies. Where more than one proxy is appointed, each proxy may be appointed to represent a specific proportion or number of votes the shareholder may exercise. If the appointment does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of the votes. The proxy may, but need not, be a shareholder of the Company.

Shareholders who are a body corporate are able to appoint representatives to attend and vote at the meeting under section 250D of the Corporations Act.

The proxy form must be signed by the shareholder or his/her attorney duly authorised in writing or, if the shareholder is a corporation, in a manner permitted by the Corporations Act.

The proxy form (and the power of attorney or other authority, if any, under which the proxy form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the proxy form (and the power of attorney or other authority) must be **deposited at, posted to, or sent by facsimile transmission to the address listed below**, not less than 48 hours before the time for holding the meeting, or adjourned meeting as the case may be, at which the individual named in the proxy form proposes to vote.

By mail:

HRL Holdings Limited
C/- Link Market Services
Locked Bag A14
Sydney South, NSW 1235
Australia

By hand:

Link Market Services Limited
1A Homebush Bay Drive
Rhodes, NSW 2138 or
Level 12, 680 George St
Sydney, NSW 2000

By facsimile:

+61 2 9287 0309

Online Voting: www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form). A proxy form is attached to this Notice.

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's share registry.

Voting entitlement

For the purposes of determining voting entitlements at the Meeting, Shares will be taken to be held by the persons who are registered as holding the Shares at 7.00pm (Brisbane time) on 27 March 2017. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

Signing instructions

You must sign the proxy form as follows in the spaces provided:

Individual: Where the holding is in one name, the holder must sign.

Joint Holding: Where the holding is in more than one name, all of the security holders should sign.

Power of Attorney: To sign under Power of Attorney, you must have already lodged this document with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act) does not have a Company Secretary, a Sole Director can also sign alone.

Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary.

Notice of Extraordinary General Meeting

ANNEXURE A

INDEPENDENT EXPERT'S REPORT