

**WOLF MINERALS LIMITED
(ACN 121 831 472)**

**NOTICE OF EXTRAORDINARY GENERAL MEETING
including
INDEPEDENT EXPERT'S REPORT**

TIME: 1 PM AEDT

DATE: 13 January 2021

PLACE Live webcast

This is an important document. If you are in any doubt as to how to act, you should consult your financial or legal adviser as soon as possible.

**WOLF MINERALS LIMITED
(ACN 121 831 472)**

TIME AND PLACE OF MEETING AND HOW TO VOTE

Venue

The Extraordinary General Meeting to which this Notice of Meeting relates will be held on:

1 PM AEDT on Wednesday, 13 January 2021 via live webcast. Register to attend the Zoom webcast at www.wolfmineral.com.

Voting Is Important

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

How to Vote

You may vote online during the meeting, by proxy or authorised representative. You are encouraged to submit your proxy or vote online prior to the meeting.

Voting In 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:

- online at investor.automic.com.au/#/loginsah,
- by post to Automic, GPO Box 5193, Sydney NSW 2001,
- by email to Automic at meeting@automicgroup.com.au, or
- by facsimile to Automic at +61 85833040,

so that it is received not later than **1 PM AEDT on 11 January 2021**.

Proxy Forms received later than this time will be invalid.

Voting Eligibility

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cwlth) that the persons eligible to vote at the General Meeting are those who are Registered Shareholders at **5 PM on 12 January 2021 AEDT**

CHAIRMAN'S LETTER

18 December 2020

Dear Shareholder

Virtual Meeting

I write to provide you with details of Wolf Minerals Limited's ("Company") forthcoming Annual General Meeting for 2020, to be held at 1 PM AEDT on 13 January 2021.

At the time of writing we are all grappling with the impact of COVID-19 on our community. The Board of the Company has determined that a virtual EGM represents the safest form of meeting for our shareholders and employees as gatherings of more than two people are not currently permitted.

The meeting will be held via ZOOM webcast. If you wish to join the meeting, please register by visiting our website at www.wolfmineral.com. Further details can be found in the Notice of Meeting.

The directors encourage you to participate in the shareholder meeting by lodging a proxy form or voting online in advance of the meeting. Should you have any questions of the Company, please send these in advance of the meeting by email to jerry.li@synergyibank.com using the subject header "EGM 2020 Question" by 11 January 2021.

The Australian and NSW governments are implementing a wide range of measures to contain or delay the spread of COVID-19. The situation is continually evolving, so please monitor the Company's website for any updates in relation to the EGM.

The Transaction

As you may recall, the Company was advised by the ASX that the Company would be delisted by 27 September 2020 in accordance with ASX Guidance Note 33, unless the Company has:

- (i) received all Shareholder approvals for the implementation of a proposed transaction designed to achieve reinstatement, and any required government or financing approvals;
- (ii) issued a prospectus for any required capital raising; and
- (iii) signed definitive legal agreements for the transaction ("**Transaction**")

The Company took immediate action to find a suitable asset or business with a view to meeting the ASX deadline. The Company's efforts to complete the transaction and maintain its listing have been severely impacted by COVID-19 and its effects on financial markets.

On 9 June 2020 the Company signed a Heads of Agreement with all the shareholders of QBS System Ltd ("**QBS**"), a company based in Hong Kong ("**HOA**"), which set out the agreed terms relating to the acquisition of all ordinary shares in QBS by the Company ("**Acquisition**").

On 2 July 2020, the Company lodged an In-Principle Application to the ASX to see if the Acquisition was suitable for listing on the ASX.

On 26 August 2020 the ASX advised in writing that there was a significant likelihood that the Company would fail to meet Listing Rule 1.1 condition 1 and/or that the ASX would exercise its discretion under Listing Rule 1.19 to decline the Company's application for admission to the Official List ("**ASX Letter**").

The Company's representatives responded to the ASX Letter and soon after, they spoke with the ASX regarding the Company's position. Following this discussion, the Company is now armed with a game plan moving forward.

Regrettably, time has run out to meet ASX's deadline in respect to a Transaction and delisting of the Company is now foregone conclusion.

Despite this, the Company is confident that it can address ASX's concerns with a view to seeking re-admission to the Official List in the not too distant future and it will keep you up to date as matters progress.

On 24 November 2020, the Company and the shareholders of QBS (each a "**Vendor**") signed more substantive Share Sale Agreement relating to the Acquisition, replacing the HOA.

The Acquisition not only requires Shareholder approval but other approvals by Shareholders and as set out in this Notice. If all Resolutions are approved then the completion of the Agreement can occur which will give the Company an opportunity to make an application for ASX Listing. If all Shareholder approvals sought in this Notice are not provided, then completion of the Share Sale Agreement may not occur and in which case, and absence of another suitable merger or acquisition, the Company will not be able to make an application for ASX Listing.

Among the Vendors, Init Ventures Ltd will at Completion hold 25.33% of all shares in the Company, exceeding the 20% threshold as prescribed in the Corporations Act. Qbee Studio Ltd is an Associate of Init Ventures Ltd. Init Ventures Ltd and Qbee Studio Ltd ("**INIT Group**") will have Voting Power of 34% in the Company as at Completion.

I look forward to seeing you at the Meeting.

Yours faithfully

Mr Trevor Benson
Non-Executive Chairman and Independent Director
Wolf Minerals Ltd

WOLF MINERALS LIMITED
(ACN 121 831 472)

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is given that a General Meeting of Wolf Minerals Limited will be held on **13 January 2021 at 1 PM AEDT**.

The Explanatory Memorandum to this Notice of Meeting forms part of the Notice and provides additional information on matters to be considered at the General Meeting.

Terms and abbreviations used in this Notice of Meeting and Explanatory Memorandum are defined in the Glossary.

AGENDA

A. ORDINARY BUSINESS

RESOLUTION 1 – SHARE CONSOLIDATION

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

“That, subject to passing Resolutions 2-4, for the purposes of section 254H of the Corporations Act, and for all other purposes, approval is given to that the Issued Capital of the Company shall be consolidated on the basis that for every five (5) fully paid ordinary shares in the Company be consolidated into one (1) fully paid ordinary share in the Company on the terms described in the Explanatory Memorandum.”

RESOLUTION 2 – APPROVAL OF THE SHARE SALE AGREEMENT AND THE ISSUE OF CONSIDERATION SHARES TO THE VENDORS

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

“That, subject to the passing of Resolutions 1, 3 and 4, for the purposes of Item 7 section 611 of the Corporations Act, and for all other purposes, approval is given to the Share Sale Agreement and the issue of the Consideration Shares to the Vendors (on a post Consolidation basis) as follows

- | | | |
|--------|-----------------------------|--|
| (i) | Init Ventures Ltd (HK) | 26,503,215 Shares representing 25.33%; |
| (ii) | TechX Ltd (HK) | 12,554,154 Shares representing 12%; |
| (iii) | Qbee Studio Ltd (HK) | 9,066,889 Shares representing 8.67%; |
| (iv) | Flywheel Financial Ltd (HK) | 6,277,078 Shares representing 6%; |
| (v) | Mr Ho Yiu Chung | 4,882,171 Shares representing 4.67%; |
| (vi) | Ms Yeung | 3,487,265 Shares representing 3.33%; |
| (vii) | Mr Ho Chung Yin | 3,487,265 Shares representing 3.33%; and |
| (viii) | Ms Cheng | 3,487,265 Shares representing 3.33%; |

of all Shares then on issue as at the date of the Meeting on the terms as described in the Explanatory Memorandum

Voting Exclusion: The Company will disregard any votes cast in favour of the resolution by or on behalf of:

- the Vendors; or
- any Associates of the Vendors.

However, this does not apply to a vote cast in favour of a resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

B. SPECIAL BUSINESS

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

RESOLUTION 3 APPROVAL OF CHANGE TO THE COMPANY'S CONSTITUTION

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

"That, subject to the passing of Resolutions 1,2 and 4 for the purpose of section 136(2) of the Corporations Act and for all other purposes, approval is given to amend the Clause 3.19 of the Constitution dealing with Restricted Securities as described in the Explanatory Statement accompanying this Notice."

RESOLUTION 4 APPROVAL OF CHANGE THE NAME OF THE COMPANY

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

"That, subject to the passing of Resolutions 1-3, for the purpose of section 157(1)(A)) of the Corporations Act and for all other purposes, approval is given for the change of name of the Company to QBS Flywheel Limited as described in the Explanatory Statement accompanying this Notice."

By Order of the Board

Belle Lou
Company Secretary
18 December 2020

WOLF MINERALS LIMITED
(ACN 115 050 452)

EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the General Meeting of Wolf Minerals Limited ("**Company**")

The purpose of this Explanatory Memorandum is to provide Shareholders with all information known to the Company that is material to a decision on how to vote on the Resolution in the accompanying Notice of General Meeting.

RESOLUTION 1 – SHARE CONSOLIDATION

1.1 Background

The Company proposes to consolidate its Share capital through the conversion of every five (5) Shares in the Company into one (1) Share.

Under section 254H of the Corporations Act 2001, a company may consolidate its shares if the consolidation is approved by an ordinary resolution of shareholders at a general meeting.

No voting exclusions apply, and all Shareholders can vote on the resolution.

1.2 Reasons for the Consolidation

The Company has currently 174,363,255 Shares on issue. For a company of its size and present status on the ASX, this is a large number of securities to have on issue and it subjects the Company to a number of disadvantages including:

- the large number of Shares on issue is disproportionate to that of comparable companies; and
- negative perceptions to the value of the Shares given the intention of the Company to make an application for ASX Listing.

The Directors consider that a Consolidation would assist in mitigating these disadvantages and improves the Company's chances of meeting admission requirements under Chapters 1 and 2 of the Listing Rules, assuming the requisite Shareholder approvals as described in this Notice are provided.

The Directors also consider that the Consolidation will result in a more appropriate and effective capital structure for the Company.

The Consolidation is also a condition precedent for the Company's proposed acquisition of QBS System Ltd (**QBS**).

1.3 Effect on Shares

If the proposed Share Consolidation is approved by the Shareholders, the number of the Company's shares on issue will be reduced from 174,363,255 Shares to approximately 34,872,651 Shares. As the Consolidation applies equally to all Shareholders, individual Shareholdings will be reduced in the same ratio as the total number of the Company's shares (subject only to the rounding of fractions, where fractions will be rounded up to the nearest whole number). It follows that the Consolidation will have no effect on the percentage interest of each individual Shareholder.

By way of illustrative example, if a Shareholder currently has 10,000,000 Shares, representing 5.74 % of the Company's issued capital, then if the Consolidation is approved and implemented, the Shareholder will have 2,000,000 Shares following the Consolidation, still representing the same percentage of the Company's issued capital.

The Consolidation will not otherwise result in any change to the rights and obligations of the Company's

Shareholders. The Company's balance sheet will also remain unaltered as a result of the share Consolidation.

1.7 Holding Statements

From the date of the Consolidation, all current holding statements for Shares and options will cease to have any effect, except as evidence of entitlement. After the Consolidation becomes effective, the Company will arrange for new holding statements to be issued.

1.8 Taxation

No capital gains tax (CGT) event is expected to occur as a result of the Consolidation for Shareholders holding their investment on capital account. Investors will need to re-allocate the cost base of their existing Shares to the consolidated Shares. Shareholders should seek independent professional advice for guidance based on their individual circumstances. Likewise, there is not expected to be a tax effect on the Company.

1.9 No Other Material Information

There is no other material information known to the Directors which may be reasonably expected to affect Shareholders' decision-making as to whether to vote in favour of Resolution 1 other than what is set out in this Notice and has previously been disclosed to Shareholders.

Approval sought

Shareholder approval is sought for the Consolidation.

Directors' Recommendation

Each of the Directors recommend that non-associated Shareholders vote in favour of Resolution 1.

RESOLUTIONS 2– APPROVAL OF SHARE SALE AGREEMENT AND ISSUE SHARES TO THE VENDORS

2.1 General

On 9 June 2020 the Company signed a Heads of Agreement with all the shareholders of QBS System Ltd (“**QBS**”), a company based in Hong Kong (“**HOA**”) which sets out the agreed terms relating to the acquisition of all ordinary shares in QBS by the Company (“**Acquisition**”).

QBS conducts a business involving the provision of Internet of Things (“**IoT**”) solutions and services to its clients in Hong Kong and Australia (“**QBS Business**”). QBS provides full-range IoT services comprising consultancy, development and implementation, analytics, support and evolution to help enterprises with digital transformation, launch IoT initiatives, upscale an existing IoT application or integrate any IoT solution with a legacy system to help them become more innovative, effective and productive. The QBS Business is quite different to the business formerly carried on by the Company which involved mining for tungsten and tin (“**Previous Company Business**”). The Directors consider that the Company Business is no longer viable given the winding up of the Company's operational subsidiaries.

The QBS Business represents a significant departure from the previous Company Business. Nevertheless, the Directors have determined that the Acquisition represents the way forward for the Company. Although delisted from the Official List on 28 September 2020 due to trading suspension for a continuous period of two (2) years, the Company intends to make an application for listing on the ASX soon after Acquisition.

On 24 November 2020, the Company and the shareholders of QBS (each a “**Vendor**”) signed more substantive Share Sale Agreement relating to the Acquisition, replacing the HOA. The salient terms of the Share Sale Agreement are as follows:

- (a) Vendors will transfer all their shares in QBS to the Company in consideration for the issue of 69,745,302 Consideration Shares, post Consolidation.
- (b) The Company will acquire the business of the QBS Group and conduct QBS Business.

- (c) The completion of the Share Sale Agreement (“**Completion**”) not only requires Shareholder approval but other approvals by Shareholders and as set out in this Notice along with signing an employment agreement with Mr Kwan, being the proposed Managing Director of the Company.
- (d) At Completion, Each Vendor shall receive the Consideration Shares in the number and percentages described in Annexure A of the Explanatory Memorandum. Each Vendor will also confer on the Company good and clear title to the shares in QBS held by that Vendors free from any encumbrances.

If all Resolutions are approved then the completion of the Agreement can occur which will give the Company an opportunity to make an application for ASX Listing. If all Shareholder approvals sought in this Notice are not provided, then completion of the Share Sale Agreement may not occur and in which case, and absence of another suitable merger or acquisition, the Company will not be able to make an application for ASX Listing.

Among the Vendors, Init Ventures Ltd will at Completion hold 25.33% of all shares in the Company, exceeding the 20% threshold as prescribed in the Corporations Act. Qbee Studio Ltd is an Associate of Init Ventures Ltd. Init Ventures Ltd and Qbee Studio Ltd (“**INIT Group**”) will have Voting Power of 34% in the Company as at Completion. Other Vendors are not Associates of each other.

It is noted that Mr Kwan Ping Yuen (being the proposed Managing Director of the Company) holds 25%, while Mr Wong Chi Fung (the proposed CEO of the Company) holds 75%, of all shares in Init Ventures Ltd, who will at Completion hold 25.33% of all shares in the Company. Another Vendor, Qbee Studio Ltd, is 100% owned by Ms Wu Wing Yan. Ms Yan is the de facto partner of Mr Wong and in such case it is likely that she is an Associate of Mr Wong. At Completion, Qbee will be issued shares in the Company representing 8.67% of all shares then on issue.

In light of the above proposed significant changes to the Company’s capital structure and control, the Directors have commissioned an Independent Experts Report (“**IER**”) to determine whether the Share Sale Agreement is fair and reasonable. A copy of the IER is found in Annexure C of the Explanatory Memorandum. The IER concludes that the proposed Transaction to acquire 100% of QBS through the issue of Shares of the Company is fair and reasonable to the non-associated Shareholders of the Company.

2.2 Corporations Act

2.2.1 Section 611 (item 7) of the Corporations Act

Section 606 of the Corporations Act prohibits a person acquiring a relevant interest in issued voting shares in a company if, as a result of the acquisition, that person or someone else's Voting Power in the company increases from less than 20% to more than 20%, or from a starting point that is above 20% and below 90% (**Section 606 Prohibition**).

The Voting Power of a person in a body corporate is determined under section 610 of the Corporations Act. The calculation of a person's voting power in a company involves determining the voting shares in the company in which the person and the person's associates have a relevant interest.

Section 608 of the Corporations Act states that a person has a relevant interest in securities if they:

- (a) are the holder of the securities; or
- (b) have power to exercise, or control the exercise of, a right to vote attached to securities; or
- (c) have power to dispose of, or control the exercise of power to dispose of, the securities.

It does not matter how remote the relevant interest is or how it arises. If two or more people can jointly exercise one of these powers, each of them is taken to have that power.

There are various exceptions to the Section 606 Prohibition, including under section 611 (item 7) of the Corporations Act. Section 611 (item 7) of the Corporations Act provides an exception to the Section 606 Prohibition, in circumstances where the shareholders of the company approve an acquisition of a relevant interest in the company at a meeting at which no votes are cast by the acquirer of the relevant interest and the person from whom the acquisition is to be made, including their respective associates.

2.2.2 Reason Section 611 Approval is required

As previously stated, if Completion occurs then Vendors will be issued 69,745,302 Consideration Shares in their Respective Proportions representing 66.67% of all Shares then on issue, post Consolidation. As noted above there appears to be INIT Group's Voting Power will be 34% as at Completion.

As to the Init Group it is noted that Mr Kwan Ping Yuen holds 25%, while Mr Wong Chi Fung holds 75%, of all shares in Init Ventures Ltd (HK), who will at Completion hold 25.33% of all shares in the Company. Another Vendor, Qbee Studio Ltd (HK), is 100% owned by Ms Wu Wing Yan. Ms Yan is the de facto partner of Mr Wong and in such case it is likely that she is an Associate of Mr Wong. At Completion, Qbee will be issued shares in the Company representing 8.67% of all shares then on issue.

Such Voting Power would breach the Section 606 Prohibition.

For this reason, the Company is seeking Shareholder approval for the purposes of section 611 (item 7) of the Corporations Act to permit the Company to issue the Consideration Shares to the Vendors.

2.2.3 Disclosure of Material Information

The following information is provided in accordance with section 611 (item 7) of the Corporations Act and ASIC Regulatory Guide 74: Acquisitions approved by members (**RG 74**).

(a) Explanation of the reasons for the proposed acquisition

Please refer to section 2.1 of this Explanatory Statement.

(b) When the proposed acquisition is to occur

Please refer to section 2.1 of this Explanatory Statement.

(c) The material terms of the proposed Acquisition

Please refer to section 2.1 of this Explanatory Statement.

(d) Details of any other Agreement between the Company and the Vendors that is conditional upon Shareholder approval

No

(e) Identity of the person proposing to make the acquisition and their associates

Each Vendor is being issued the Consideration Shares in their respective proportions in consideration for their respective shares in QBS as described in Annexure A of the Explanatory Memorandum.

As noted above there appears to be one group amongst the Vendors which includes Init Ventures Ltd and Qbee Studio Ltd ("**INIT Group**") will have 34% Voting Power in the Company as at Completion.

As to the INIT Group it is noted that Mr Kwan Ping Yuen holds 25%, while Mr Wong Chi Fung holds 75%, of all shares in Init Ventures Ltd (HK). This entity will, at Completion, hold 25.33% of all Shares in the Company. Another Vendor, Qbee Studio Ltd (HK), is 100% owned by Ms Wu Wing Yan. Ms Yan is the de facto partner of Mr Wong and in such case it is likely that she is an Associate of Mr Wong. At Completion, Qbee will be issued Shares in the Company representing 8.67% of all Shares then on issue.

(f) Voting Power of the Vendors would have as a result of the Acquisition and the maximum extent of the increase in the voting power of each Associate that would result from the acquisition including the maximum extent of the increase in the Vendors Voting Power in the Company

As at the date of this Notice, neither Vendor hold an interest in any Shares of the Company. The

Company currently has 34,872,651 Shares on issue after consolidation. Upon the issue of the Consideration Shares the Company will have 104,617,953 Shares on issue. The maximum extent of the increase in the Vendors' total Voting Power in the Company is 66.67% as illustrated in the following table:

	Current position	Position upon the issue of the Consideration Shares
Number of Shares on issue	34,872, 651	104,617,953
Number of Shares owned by all Vendors	Nil	69,745,302
Number of Shares owned by INIT Group	Nil	35,570,104
Total % of all Vendors Voting Power	0%	66.67%
Voting Power of INIT Group	0%	34%

Init Ventures Ltd (HK), who will hold 25.33% shares in the Company as at Completion. Please refer to the table in Annexure A of the Explanatory Memorandum, which sets out the respective number of Shares to be held by each Vendor at Completion and the % of Shares so held. The total Voting Power of all Vendors is 66.67% at Completion ("**Total Voting Power**"). The Voting Power of the INIT Group is 34%.

(g) The identity, associations and qualifications of any person who it is intended will become a director if Shareholders approve this Resolution

The Vendors seek to appoint the following Directors if the issue of Consideration Shares is approved:

Trevor Benson ("Mr Benson"), Non-executive Chairman and Independent Director

Mr Benson has been appointed by the Company on 1 August 2020. Mr Benson is currently the Executive Chairman of Walkabout Resources Limited (WKT.ASX), where he has managed and guided the Company over the last 4 years.

Mr Benson's previous experience includes 30 years within investment banking, and stockbroking, and has held directorships, including the position of chairman, within many ASX listed companies.

Prior to joining Walkabout, he held the position of Executive Director of Strategic Capital Management, a boutique advisory firm based in Sydney, and the ARIE Fund, an international equity fund. His experience also includes directorships at PCF Capital and Argonaut Capital, boutique investment banking organisations based in Perth.

Mr Benson has cross border corporate experience on AIM in the UK, within Hong Kong and China, and has advised upon the funding and listing of ASX companies across many sectors including technology.

Mr Benson holds a Bachelor of Science Degree from the University of Western Australia

Mr Benson has no connection to, or interest in, QBS or the Company.

Kwan Ping Yuen ("Mr Kwan"), Proposed Managing Director

Mr Kwan is the Co-founder and Chief Technology Officer of QBS. Mr Kwan has over 10 years of experience in the Internet of Things ("**IoT**") product and IoT project management. He holds a Bachelor Degree in Computer Information Systems from the University of Liverpool.

Equipped with strong capabilities of the QBS team, Mr Kwan is leading smart city application development for large-scale projects in Hong Kong. Over the years, Mr Kwan has been enthusiastic about and researching on the applications of RFID Technology, Location-based Services, Indoor Positioning, Bluetooth Low Energy, Energy Dashboard and Mobile Computers.

Mr Kwan has also won a number of awards in major innovation competitions, such as Merit of Hong

Kong RFID Awards 2009 U-21 Award, Hong Kong ICT Award 2013, Hong Kong RFID Award 2013 and Walk21HK Award 2016.

He is also a director of, and 25% shareholder in, Init Ventures Limited (HK) but does not control this entity.

Francis Lim ("Mr Lim"), Non-executive and independent Director

Mr Lim has been appointed by the Company on 1 August 2020. Mr Lim has more than 30 years of experience in corporate advisory, business planning, alliance and joint venture formation and cross-border mergers and acquisition. He has extensive experience in doing business and complete complex transactions in Greater China, Korea, ASEAN, Australia and India.

Mr Lim's has knowledge and expertise in Information & Communication Technology ("ICT") industry across Asia Pacific Region, especially various applications of 5G networks, IoT and cloud computing. His insights of ICT industry and deal structuring in local markets has great synergy with QBS' current business expansion in Australia and Singapore.

He has directorship experience in Hong Kong Exchange listed and OTC.BB listed companies. Mr Lim holds a Bachelor of Science in Chemical Engineering from the University of Wisconsin and a Master of Science in Finance from the Hong Kong University of Science and Technology.

Mr Lim has no connection to, or interest in, QBS or the Company.

(h) A statement of the Vendors' intentions regarding the future of the Company if members approve the Acquisition

The Vendors currently:

- (i) have intentions to change the business of the Company to QBS Business;
- (ii) have no intention to inject further capital into the Company;
- (iii) have no intentions regarding the future employment of present employees of the Company;
- (iv) have no proposal where assets will be transferred between the Company and them or their Associates; or
- (v) have no intention to otherwise redeploy the fixed assets of the entity.

(i) Any intention of Vendors to significantly change the financial or dividend distribution policies of the Company

The Vendors has no intention in this respect and the Board advises that a dividend is not presently paid by the Company and there is no foreseeable change to this policy.

(j) The interest that any Director has in the Acquisition or any relevant agreement

The Directors do not have an interest in this Resolution.

(k) Recommendation of each Director as to whether Shareholders should approve the Resolution

The Directors recommend each Shareholder approve the Resolution.

(l) An analysis of whether the Acquisition the subject of this Resolution is fair and reasonable to the non-associated Shareholders

In light of the above proposed significant changes to the Company's capital structure and control, the Directors have commissioned an Independent Experts Report ("IER") to determine whether the Share Sale Agreement is fair and reasonable.

A copy of the IER is attached to Annexure C of the Explanatory Memorandum.

The IER concludes that the proposed Transaction to acquire 100% of QBS through the issue of Shares of the Company is fair and reasonable to the non-associated Shareholders of the Company.

Advantages of the Transaction

- The continuing viability of the Company as a going concern depends on identifying suitable opportunities that will sustain a viable business. The Transaction presents one such opportunity and, as such, will allow the Company to continue as a going concern.
- Given the Company's limited capital and lack of income producing assets it will have difficulty in creating significant long-term value for shareholders in its current state. The Directors of Wolf Minerals have determined that QBS has the potential to increase Wolf Minerals shareholder value and provide the Company with a future business direction.
- The Transaction may provide an opportunity for Wolf Minerals shareholders to experience growth in the value of shares and significantly boost Wolf Minerals' market capitalisation and liquidity in share trading given the potential of the QBS business. The Company will be acquiring a new business which has the potential to increase shareholder value and provide the Company with a viable future business.
- The Directors consider that the current management of QBS possess the experience and skills required to successfully transition the Company into the proposed new business.

Disadvantages of the Transaction

- There may be other opportunities Wolf Minerals will not be able to undertake to realise the value of its listing if it accepts this Transaction due to the controlling interest being obtained by QBS Shareholders.
- The Company will be changing the nature of its activities, which may not be consistent with the objectives of Non-Associated Shareholders and will reduce the possibility of alternative opportunities for the Company.
- There are inherent risks associated with the QBS acquisition and business that should be considered by Non-Associated Shareholders, as outlined in the accompanying Explanatory Memorandum.
- Following completion of the Transaction, the QBS vendors will collectively be the largest Shareholders of the Company and will have the ability to significantly influence or control the Company.
- The Transaction may potentially reduce the likelihood of a takeover bid being made for the Company as a result of the controlling interest that the QBS vendors will have after completion of the Transaction.
- Wolf Minerals' existing Non-Associated shareholders interest will decrease to 33.33%, as a result of the Transaction.

Approval sought

Shareholder approval is sought for the Share Sale Agreement and the issue of Consideration Shares to the Vendors

in such number as set out in in Annexure A of the Explanatory Memorandum.

Directors' Recommendation

Each of the Directors recommend that non-associated Shareholders vote in favour of Resolutions 2.

RESOLUTION 3- APPROVAL FOR CHANGE TO THE COMPANY'S CONSTITUTION

(i) Background

On 1 December 2019, the ASX made a number of changes to the Listing Rules. One these changes now requires that entities wishing to issue restricted securities must amend their constitution to impose restrictions on restricted securities holders.

Listing Rule 9.1(a) and 15.12 of the ASX Listing Rules now require that a constitution for companies seeking to list on the ASX, must now contain the contents of Listing Rule 15.12 dealing with restricted securities. The terms of Listing Rule 15.12 are reflected in Annexure B of the Explanatory Memorandum.

Currently, Clause 3.9 of the Constitution deals with the treatment of restricted securities. In order to comply with LR 9.1(a) and 15.12, it is proposed that the current Clause 3.9 be **replaced** by the wording contained in Annexure B of the Explanatory Memorandum. If this amendment is not approved, then this could jeopardise the Company's proposed ASX Listing as its Constitution may not comply with the requirements of Listing Rule 1.1 Condition 2.

The Company intends to make an application to seek ASX Listing soon after the Meeting. If the proposed amendment to Clause 3.9 as set out in this Notice is not approved, then this may prejudice the Company's application for listing on the ASX.

(ii) Corporations Act

Section 136(2) of the Corporations Act, provides that a company may modify or repeal its constitution, or a provision of its constitution, by special resolution.

Section 9 of the Corporations Act states that a special resolution means in relation to a company, a resolution of which notice as set out in section 249L(1)(c) of the Corporations Act has been given and that has been passed by at least 75% of the votes cast by members entitled to vote on the resolution. For this propose this Notice complies with section 249L(1)(c).

Approval sought

Shareholder approval for current wording of Clause 3.9 of the Constitution and be replaced by the wording contained in Annexure B, as described in this Notice, is sought for the purposes of section 136(2) of the Corporations Act of the Constitution.

Directors' Recommendation

Each of the Directors recommend that non-associated Shareholders vote in favour of Resolution 3.

RESOLUTION 4 – Change of Company Name

Background

Subject to the passing of Resolutions 1-3, the Company shall conduct the QBS Business as from today. The present name of the Company does not reflect its future undertaking.

Section 157(1)(a) of the Corporations Act provides that a company may change its name if the Shareholders pass a Special Resolution adopting a new name.

Resolution 4 seeks the approval of Shareholders for the Company to change its name to "**QBS Flywheel Limited**".

The Board has reserved the name and is aware that this name is currently available.

If Resolution 4 is passed:

- (a) the change of name will take effect when ASIC alters the details of the Company's registration; and
- (b) the Company will lodge a copy of the Special Resolution with ASIC within 14 days of this Meeting in order to effect the change.

The Board proposes this change of name on the basis that it more accurately reflects the proposed future operations of the Company.

Section 9 of the Corporations Act states that a special resolution means in relation to a company, a resolution of which notice as set out in section 249L(1)(c) of the Corporations Act has been given and that has been passed by at least 75% of the votes cast by members entitled to vote on the resolution. For this propose this Notice complies with section 249L(1)(c).

Approval sought

Shareholder approval is sought for the change of name for the purposes of Section 157(1)(a) of the Corporations Act.

Directors' Recommendation

Each of the Directors recommend that Resolution 4 be approved.

GLOSSARY

\$ means Australian dollars

ASIC means the Australian Securities and Investments Commission.

AEDT means the Australian Eastern Daylight Time.

ASX means ASX Limited (ABN 98 008 624 691) or Australian Securities Exchange, as the context requires

Board means the current board of directors of the Company.

Business Days means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day and Boxing Day.

Company means Wolf Minerals Limited (ACN 121 831 472).

Completion means completion of the Share Sale Agreement in accordance with its terms.

Consideration Shares means 69,745,302 Shares, post Consolidation.

Consolidation means the proposed consolidation of the Shares on a 5:1 basis as described in the Explanatory Memorandum.

Constitution means the Company's Constitution, as amended from time to time.

Corporations Act means the Corporations Act 2001 (Cth).

Director means a director of the Company from time to time.

Explanatory Memorandum means the Explanatory Memorandum accompanying the Notice of Meeting.

Extraordinary General Meeting, Meeting or EGM means the Extraordinary General Meeting of the Company's Shareholders to be held on 13 January 2021 as convened by the Notice.

HK means Hong Kong

Independent Expert means Mr Drew Townsend of Hall Chadwick Chartered Accountants and Business Advisers, Sydney.

IoT means the Internet of Things.

IER means Independent Expert's Report prepared by the Independent Expert dated 30 November 2020.

Issued Capital means all Shares on issue.

Listing Rules or **LR's** means the listing rules of the ASX.

Notice or **Notice of Meeting** means this Notice of the Extraordinary General Meeting giving notice to Shareholders accompanying this Explanatory Memorandum.

Official List means the official list of the ASX.

Ordinary Resolution means a resolution requiring only a simple majority, that is, more than 50% of votes cast as a meeting in favour to pass.

QBS means QBS System Ltd, being a company registered in Hong Kong.

QBS Business means the provision of IoT solutions and services to enterprises in Hong Kong and Australia.

QBS Group means QBS and its Subsidiary.

ASX Listing means the Company to be admitted to the Official List of ASX.

Related Party has the meaning given to this term as in section 228 of the Corporations Act

Relevant Interest has the meaning given to that term in section 9 of the Corporations Act.

Resolution means a resolution set out in the Notice of the Meeting.

Respective Proportions means the respective proportions of ordinary shares held by each Vendor in QBS as described in Annexure A of the Explanatory Memorandum.

Section means a section of this Explanatory Memorandum.

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

Shareholder means a holder of a Share.

Share Sale Agreement means the Share Sale Agreement between the Company and the Vendors dated 24 November 2020 relating to the acquisition of all shares in QBS by the Company.

Special Resolution has the meaning given to this term as in section 9 of the Corporations Act.

Subsidiary mean QBS System Pty Ltd (ACN 640 802 071).

Vendors means all the shareholders of QBS as listed in Annexure A of the Explanatory Memorandum.

Voting Power has the meaning given to this term in section 610 of the Corporations Act.

ANNEXURE A

	Name of Vendor	Respective Proportions/Shareholdings in QBS (immediately prior to Completion)	Proposed Shares to be issued to each Vendor in the Company and applicable Percentage at Completion (post Consolidation)
(i)	Init Ventures Ltd (HK)	38%	26,503,215 Shares representing 25.33% of all Shares then on issue
(ii)	TechX Ltd (HK)	18%;	12,554,154 Shares representing 12% of all Shares then on issue;
(iii)	Qbee Studio Ltd (HK)	13%;	9,066,889 Shares representing 8.67% of all Shares then on issue;
(iv)	Flywheel Financial Ltd (HK)	9%;	6,277,078 Shares representing 6% of all Shares on issue
(v)	Mr Ho Yiu Chung	7%;	4,882,171 Shares representing 4.67% of all Shares then on issue;
(vi)	Ms Yeung	5%;	3,487,265 Shares representing 3.33% of all Shares then on issue;
(vii)	Mr Ho Chung Yin	5%;	3,487,265 Shares representing 3.33% of all Shares then on issue;
(viii)	Ms Cheng holding	5%.	3,487,265 Shares representing 3.33% of all Shares then on issue,

ANNXURE B

“3.9. Restricted Securities

- 3.9(a) *A holder of *restricted securities must not *dispose of, or agree or offer to *dispose of, the *securities during the escrow period applicable to those *securities except as permitted by the Listing Rules or ASX.*

Note: If the Constitution allows the restricted securities to be disposed of as permitted by the Listing Rules or ASX, no amendment is needed to permit the transfer of restricted securities if permission is given for the transfer (eg, in the case of a deceased holder)

- 3.9(b) *If the *restricted securities are in the same *class as quoted *securities, the holder will be taken to have agreed in writing that the *restricted securities are to be kept on the entity's issuer sponsored subregister and are to have a *holding lock applied for the duration of the escrow period applicable to those *securities.*
- 3.9(c) *The Company will refuse to acknowledge any *disposal (including, without limitation, to register any transfer) of *restricted securities during the escrow period applicable to those *securities except as permitted by the listing rules or ASX.*
- 3.9(d) *A holder of *restricted securities will not be entitled to participate in any return of capital on those securities during the escrow period applicable to those *securities except as permitted by the listing rules or ASX.*
- 3.9(e) *If a holder of *restricted securities breaches a *restriction deed or a provision of the entity's constitution restricting a *disposal of those securities, the holder will not be entitled to any dividend or distribution, or to exercise any voting rights, in respect of those *securities for so long as the breach continues.*
- 3.9(f) *Words in this Article 12 which are prefaced by an asterisk or * shall have the same meaning given to them under the Listing Rules.”*

ANNEXURE C

IER

30 November 2020

The Directors
Wolf Minerals Ltd
Level 28, 1 Market Street
SYDNEY NSW 2000

Dear Sirs,

Independent Expert's Report on the proposal to acquire QBS

1. INTRODUCTION

Background

- 1.1 Wolf Minerals Ltd ("Wolf Minerals" or "the Company") is an Australian public company listed on the Australian Securities Exchange ("ASX") with its shares suspended from trading since 24 September 2018. The Company's mining activities were wound up in October 2018 and the Company is seeking to identify new business opportunities.
- 1.2 On 9 June 2020 the Company signed a Heads of Agreement with the shareholders of QBS System Ltd ("QBS"), an Internet of Things ("IoT") solutions provider in Hong Kong, to acquire 100% of their issued capital.
- 1.3 A share sale agreement has subsequently been executed whereby the Company will acquire 100% of QBS with the purchase consideration to be satisfied by the issue of 69,745,302 Wolf Minerals shares following the proposed consolidation of shares on a ratio of 5:1, subject to shareholder approval.
- 1.4 The acquisition of QBS by Wolf Minerals and related resolutions detailed in section 2, is referred to in this report as the "Transaction".

Opinion

- 1.5 In our opinion, the Transaction is fair and reasonable to the Non-Associated Shareholders of Wolf Minerals.
- 1.6 The ultimate decision however on whether to accept the Transaction should be based on shareholders own assessment of their circumstances.

HALL CHADWICK
CORPORATE (NSW) LIMITED

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SYDNEY

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Independent Accounting Firms

Purpose of Report

- 1.7 You have requested Hall Chadwick Corporate (NSW) Limited (“HCC”) to prepare an Independent Expert’s Report to advise the shareholders of Wolf Minerals other than those associated with the proposed issue of Wolf Minerals shares to QBS Shareholders (“Non-Associated Shareholders”), whether the proposed Transaction is fair and reasonable when considered in the context of the interests of Non-Associated Shareholders and to set out the reasons for our conclusions.
- 1.8 HCC understands and has agreed that this report will accompany the notice to convene a meeting of Wolf Minerals shareholders, to assist the Non-Associated Shareholders in their consideration of the Transaction.

2. OUTLINE OF THE PROPOSED TRANSACTION

2.1 The Transaction involves the following:

- a) Wolf Minerals to complete a share consolidation at a ratio sufficient to satisfy the listing requirements of ASX, of 1 share for every 5 shares on issue, with any resulting fractions of a share to be rounded up to the nearest whole number of shares;
- b) The acquisition of 100% of the issued shares in the QBS through the issue of 69,745,302 post-consolidation shares in Wolf Minerals (“Consideration Shares”) to the shareholders of the QBS;
- c) A change in the nature and scale of the Company’s activities and a change in the name of the Company to that of QBS Limited.

2.2 Completion of the Transaction is conditional on, amongst other things, the Company's shareholders approving the Resolutions set out in the Notice of Meeting to which this report is annexed. All resolutions relating to the Transaction to acquire QBS are dependent on the passing of all other resolutions.

2.3 The following tables show the effect on the share capital of Wolf Minerals after the Transaction:

	Shares on issue
Shares currently on issue (pre- Consolidation)	174,363,255
Post- Consolidation	
Shares on issue	34,872,651
Consideration Shares issued to the vendors of QBS	69,745,302
Total Shares on issue post Transaction	104,617,953

2.4 When the Transaction is approved and completed, QBS Shareholders will be entitled to a relevant interest in Wolf Minerals of 66.67%.

2.5 Wolf Minerals’ existing Non-Associated shareholders interest will decrease to 33.33% as a result of the Transaction.

STRUCTURE OF REPORT

Our report is set out under the following headings:

3	PURPOSE OF REPORT
4	OPINION
5	BASIS OF EVALUATION
6	OVERVIEW OF QBS
7	OVERVIEW OF WOLF MINERALS
8	VALUATION METHODOLOGIES
9	VALUE OF QBS
10	VALUE OF WOLF MINERALS
11	ADVANTAGES AND DISADVANTAGES OF THE TRANSACTION
12	CONCLUSION AS TO FAIRNESS AND REASONABLENESS

APPENDICES

I	SOURCES OF INFORMATION
II	STATEMENT OF DECLARATION & QUALIFICATIONS
III	FINANCIAL SERVICES GUIDE
IV	COMPARABLE COMPANIES ANALYSIS

3 PURPOSE OF REPORT

- 3.1 The purpose of this report is to advise the Non-Associated Shareholders of Wolf Minerals of the fairness and reasonableness of the Transaction. This report provides an opinion on whether or not the terms and conditions in relation to the transaction are fair and reasonable to the Wolf Minerals shareholders whose votes are not to be disregarded in respect of the transaction (that is, the Non-Associated Shareholders).
- 3.2 The ultimate decision whether to accept the terms of the Transaction should be based on each shareholders' assessment of their own circumstances, including their risk profile, liquidity preference, tax position and expectations as to value and future market conditions. If in doubt about the Transaction or matters dealt with in this report, shareholders should seek independent professional advice.
- 3.3 For the Transaction to be fair, the value of the shares being acquired in QBS must be equal to or greater than the value of the consideration, being Wolf Minerals shares. To be reasonable the shareholders must obtain an overall benefit if the Transaction proceeds. In forming an opinion as to whether the Transaction is fair and reasonable, the following factors have been considered:
- the underlying value of Wolf Minerals shares to be issued as consideration to QBS Shareholders;
 - the underlying value of QBS shares to be acquired by Wolf Minerals;
 - the likely market price and liquidity of Wolf Minerals shares if the Transaction is not implemented;
 - the likelihood of an emergence of an alternative proposal that could realise better value for Wolf Minerals Shareholders.
- 3.4 This report has been prepared to satisfy the requirements of the Corporations Act 2001 (Cth) ("Corporations Act") and the ASX Listing Rules.

Corporations Act Requirements

- 3.5 When the Transaction is approved and completed, all QBS Shareholders will be entitled to a combined relevant interest in Wolf Minerals of 66.67%. There are two related parties amongst the Vendors, being Init Ventures Ltd and Qbee Studio Ltd ("Init Group") who's voting power will be 34.0% following completion of the Transaction. No other QBS shareholders relevant interest will exceed 20% in Wolf Minerals as a result of the Transaction.
- 3.6 Section 606(1) of the Corporations Act states that a person must not acquire an interest in issued voting shares in a listed company if that person's or any other person's voting power increases to above 20%. Section 606(1) prohibits QBS Shareholders, Init Group and TechX Group, from acquiring the issued ordinary shares in Wolf Minerals under the Transaction, unless one of the exemptions set out in Section 611 of the Corporations Act applies.
- 3.7 Item 7 of Section 611 of the Corporations Act exempts an acquisition that is approved by a resolution of shareholders of Wolf Minerals passed at a general meeting as per Section 611. This is the exception which is being relied upon by the Wolf Minerals shareholders. At the general meeting of Wolf Minerals no votes will be allowed to be cast by those

persons (or their associates) acquiring shares under the Transaction (that is, the existing QBS Shareholders).

- 3.8 Australian Securities and Investments Commission (“ASIC”) Regulatory Guide 111 “Content of Experts Reports” requires, amongst other things, that directors of a company need to provide shareholders with an analysis of whether a proposed transaction is fair and reasonable, when considered in the context of the interests of the non-associated shareholders. Regulatory Guide 111 recommends that this analysis should include an independent expert’s report. The independent expert is required to state whether, in their opinion, the proposal is fair and reasonable having regard to the interests of non-associated shareholders and state the reasons for forming that opinion. This report provides such an opinion.
- 3.9 The Transaction constitutes a significant change in the nature and scale of the Company’s activities. ASX Listing Rule 11.1 sets out the requirements an entity must adhere to when undergoing a change to the nature or scale of their activities. The entity must provide the ASX with information regarding the change and its effect on future potential earnings and must ensure approval is obtained from the shareholders to effect the change of activities. The proposed Transaction, if successful, will result in the Company changing the nature and scale of its business. ASX Listing Rule 11.1.2 requires the Company to seek Shareholder approval where it proposes to make a significant change. ASX Listing Rule 11 does not specifically require the notice to include or be accompanied by a copy of an independent expert’s report commenting on the issue.

4. OPINION

- 4.1 In our opinion, the proposed Transaction to acquire 100% of QBS through the issue of Wolf Minerals shares is fair and reasonable to the Non-Associated Shareholders of Wolf Minerals.
- 4.2 Our opinion is based solely on information available as at the date of this report.
- 4.3 The principal factors that we have considered in forming our opinion are summarised below.

Fair

- 4.4 According to RG 111, for the Transaction to be fair, the value of QBS shares being acquired must be equal to or greater than the value of the consideration, being Wolf Minerals shares.
- 4.4.1 Based on the analysis contained in section 9 of this report, the indicative value of QBS is between \$8,780,713 and \$10,146,192, with a midpoint value of \$9,463,453 as at the date of this report.
- 4.4.2 Based on the analysis contained in section 10 of this report, the indicative value of the shares being issued by Wolf Minerals for QBS shares is **\$0.010** per share.
- 4.4.3 Our valuation of Wolf Minerals shares is based on values prior to the Transaction on a controlling interest basis. In order to assess whether the Transaction is fair, we need to compare the pre-transaction value on a control basis with the post-transaction values on a minority basis, as the existing Non-Associated Shareholders of Wolf Minerals will lose control of the Company to the Shareholders of QBS after the Transaction. This is shown in the table below on a post-consolidation basis:

Wolf Minerals Value and Opinion	Low	High	Midpoint
Control value per share	\$ 0.010	\$ 0.010	\$ 0.010
Shares on issue, pre-Transaction, post consolidation	34,872,651	34,872,651	34,872,651
Control valuation, pre-Transaction (\$)	357,922	357,922	357,922
Valuation of QBS (\$)	8,780,713	10,146,192	9,463,453
Post-Transaction Value (\$)	9,138,635	10,504,114	9,821,375
Post-Transaction shares on issue	104,617,953	104,617,953	104,617,953
Value per share (\$)	0.087	0.100	0.094
Minority discount	10%	10%	10%
Post-Transaction Valuation per share	\$ 0.079	\$ 0.090	\$ 0.084

- 4.4.4 In our opinion the Transaction is **fair** as the value of the Wolf Minerals share held by Non-Associated Shareholders increases as a result of the Transaction.

Reasonable

4.5 ASIC Regulatory Guide 111 states that a transaction is reasonable if:

- The Transaction is fair; or
- Despite not being fair the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the close of the offer.

4.5.1 We have concluded that the Transaction is reasonable. In forming our opinion we have considered the following relevant factors.

- The continuing viability of the Company as a going concern depends on identifying suitable opportunities that will sustain a viable business. The Transaction presents one such opportunity and, as such, will allow the Company to continue as a going concern.
- Given the Company's limited capital and lack of income producing assets it will have difficulty in creating significant long-term value for shareholders in its current state. The Directors of Wolf Minerals have determined that QBS has the potential to increase Wolf Minerals shareholder value and provide the Company with a future business direction.
- The Transaction may provide an opportunity for Wolf Minerals shareholders to experience growth in the value of shares and significantly boost Wolf Minerals' market capitalisation and liquidity in share trading given the potential of the QBS business. The Company will be acquiring a new business which has the potential to increase shareholder value and provide the Company with a viable future business.
- The Directors consider that the current management of QBS possess the experience and skills required to successfully transition the Company into the proposed new business.
- The Wolf Minerals Board are of the opinion that the Transaction is in the best interests of the Company's Shareholders and in the absence of a superior alternative proposal is a strategic opportunity for the Company.
- We are unaware of any alternative proposal at the date of this report that could realise better value for Wolf Minerals shareholders.

4.6 *Accordingly, in our opinion, the Transaction is fair and reasonable to the Non-Associated Shareholders of Wolf Minerals.*

5 BASIS OF EVALUATION

- 5.1 In our assessment of whether the Transaction is fair and reasonable to Wolf Minerals Non-Associated Shareholders, we have given due consideration to the Regulatory Guides issued by the ASIC, in particular, Regulatory Guide 74 “Transactions Agreed to by Shareholders”, Regulatory Guide 111 “Content of Experts Reports” and Regulatory Guide 112 “Independence of Experts Reports”.
- 5.2 ASIC Regulatory Guide 74 requires, amongst other things, that shareholders are provided with sufficient information to make an effective, informed decision on whether the proposed Transaction is fair and reasonable. Under Regulatory Guide 111, a transaction is “fair” if the value of the asset being acquired (in this case the equity in QBS) is equal to or greater than the value of the consideration being offered (in this case, Wolf Minerals shares). Additionally, under Regulatory Guide 111 an offer is “reasonable” if it is fair. It is possible for an offer to be reasonable despite being unfair. This would be after the expert considers that, based on non-financial factors, the shareholders should still approve the Transaction in the absence of any alternative proposals.
- 5.3 Our report has compared the likely advantages and disadvantages to Non-Associated shareholders if the Transaction is agreed to, with the advantages and disadvantages to those shareholders if it is not. Comparing the value of the shares to be acquired under the Transaction and the value of the consideration to be paid is only one element of this assessment.
- 5.4 We have considered whether any shareholder will obtain a level of control in Wolf Minerals as a result of the proposed Transaction. In the event that a change in control arises from the proposed transaction, proportionately greater benefits to Non-Associated shareholders must be demonstrated. In this case QBS Shareholders will obtain control of Wolf Minerals and this issue needs to be considered in comparing the value received by Non-Associated Shareholders in comparison to the value being paid.
- 5.5 Normal valuation practice is to determine the fair market value of an asset assuming a counter party transaction between a willing and not anxious buyer and a willing but not anxious seller, clearly at arm’s length. We have adopted this approach in determining the market value of the equity of QBS and Wolf Minerals.
- 5.6 In evaluating the Transaction, we have considered the value of QBS being acquired and compared this to the amount of consideration to be paid through the issue of Wolf Minerals shares for this acquisition. We consider that the Transaction will be fair and reasonable if, on balance, the Non-Associated Shareholders in Wolf Minerals will be better off if the Transaction is approved. We will also consider the Non-Associated Shareholder’s interests should the Transaction not proceed.
- 5.7 In our assessment of the Transaction we have considered, in particular the following:
- The operational and financial position of QBS and Wolf Minerals;
 - The value of QBS shares, under various methodologies;
 - The value of Wolf Minerals shares, under various methodologies;
 - Any control premium associated with the Transaction;

- The advantages and disadvantages associated with approving the Transaction;
 - Share trading history of Wolf Minerals shares;
 - The likely value and liquidity of Wolf Minerals shares in the absence of the acquisition;
 - Other qualitative and strategic issues associated with the Transaction.
- 5.8 The documents and information relied on for the purpose of this valuation are set out in Appendix I. We have considered and relied upon this information and believe that the information provided is reliable, complete and not misleading and we have no reason to believe that material facts have been withheld. The information provided was evaluated through analysis, enquiry and review for the purpose of forming an opinion as to whether the Transaction is fair and reasonable. However, in assignments such as this, time is limited and we do not warrant that our enquiries have identified or verified all of the matters which an audit or extensive examination might disclose. None of these additional tasks have been undertaken.
- 5.9 We understand the accounting and other financial information that was provided to us has been prepared in accordance with generally accepted accounting principles.
- 5.10 An important part of the information used in forming an opinion of the kind expressed in this report is the opinions and judgement of management. This type of information has also been evaluated through analysis, enquiry and review to the extent practical. However, it must be recognised that such information is not always capable of external verification or validation.
- 5.11 HCC are not the auditors of Wolf Minerals or QBS. We have analysed and reviewed information provided by the Directors and management of Wolf Minerals and made further enquiries where appropriate.
- 5.12 This report has been prepared after taking into consideration the current economic and market climate. We take no responsibility for events occurring after the date of this report which may impact upon this report or which may impact upon the assumptions referred to in this report.

6 OVERVIEW OF QBS

6.1 Business Overview

- 6.1.1 QBS was registered on 14 April 2011 in Hong Kong with a focus on Internet of Things (“IoT”) integration solutions and IoT platform development to different industries by Mr Wong, a seasoned IT expert.
- 6.1.2 QBS is a fast-growing IoT solutions provider in Hong Kong. Since it commenced in 2011, QBS provided IoT solutions and services across industries, including smart building and home automation, energy and utilities, industrial manufacturing and automation, smart retail and smart logistics. Its IoT solutions help clients to build applications using available IoT devices, sensors, frameworks and platforms, to integrate available hardware and software solutions with clients’ existing landscape or implement a new IoT solution for enterprises.
- 6.1.3 Through its IoT tools and services, QBS helps enterprises with digital transformations, launching IoT initiatives, upscaling existing IoT applications or integrating IoT solutions with legacy systems to help them become more innovative, effective and productive. By utilising its services and products, clients can gain instant access to critical information, and integrate more effective systems with the Internet or other networks.
- 6.1.4 QBS provides full-range IoT services comprising consultancy, development and implementation, analytics, support and evolution. QBS’ three business segments are:

1. IoT Integration Solution Services:

QBS IoT Integration Services are based on maximising established componentry, access technologies, cloud solutions and application platforms. A typical client presents a key business objective that QBS can assist with using its integration solution. QBS is solely focused on IoT since its establishment and has a full-service coverage of IoT integration:

- Device and platform management services
- Application management services
- Advisory services
- System design and architecture services
- Testing services
- Service provisioning and directory management services
- Third party API management services
- Database and block storage management services
- Network protocol management services
- Infrastructure and workload management services
- Procuring and integrating hardware and software with client’s system

2. IoT Maintenance and Support Services

Maintenance and support service is in high demand due to the long-term nature of IoT infrastructure and the need for being competitive in clients' industries. Following the completion of the provision of the IoT Integration Solution Service, clients may engage QBS to provide ongoing maintenance and support services under a separate engagement. The maintenance and support services offered by QBS entail ad-hoc technical services, IoT system administration, and maintenance with corrective services. QBS System is also

engaged by clients to manage overall systems, including licence renewal for IoT systems and hardware and software requirements provided by third-party IoT product vendors.

3. IoT Projects and Ventures BPO Services

QBS provides BPO services to IoT projects and ventures that aim to create new revenue streams and operating models. IoT BPO projects provide an end-to-end technology outsourcing service to help enterprises launch IoT projects or ventures by creating a new technology solution or upscaling an existing IoT application or integrating any IoT solution with a legacy system by a reliable and cost-effective manner of serving business challenges. QBS will outsource technical consultants (“Consultant”) for flexible assignments to the clients, while also recruiting, training, and managing team building and related administrative work. It helps clients with both hardware and software that can adequately address the complexity and fragmentation that exists in their IoT project. This usually encompasses the full IoT system, including hardware integration, software integration, system architecture, sensor monitoring, device management and connectivity, data analysis etc.

6.1.5 Revenue model: QBS generates revenue from the provision of IoT services and resale of goods, segmented based on three service types, as follows:

- Integration solution service fees are generally fixed, payable on contract milestones for an IoT integration project. These fees take into account the complexity and the scale of the project, talents required, and the costs of procuring the necessary hardware and software.
- Maintenance and support service fees are generally fixed and payable periodically within the maintenance service period. The fees are based on the scope of maintenance work, including the complexity of the IoT systems and the costs of procuring the necessary hardware and software.
- BPO service fees are generated by outsourcing consultants and provision of technical and operational advice. The fees are invoiced at the beginning of each service period determined by client’s objective and growth potential, headcount and skill level. QBS will also receive share-based compensation from high-calibre ventures.

6.2 Senior Management

6.2.1 **Wong Chi Fung (“Mr Wong”), Director, Co-founder and Chief Executive Officer (“CEO”):** Mr Wong has over 20 years of experience in IT industry, with a focus on IoT. He has extensive knowledge and experience in IoT integration and technology venture building. Mr Wong helped pioneer the Internet of Things industry in Hong Kong since 2002 through IoT technology innovation experience in multiple industries. He is also the founding member and President of RFID General Chamber of Commerce in Hong Kong and the Honorary Secretary of Hong Kong Retail Technology Industry Association. Mr Wong holds a Bachelor Degree in Computer Engineering Systems from the Hong Kong University of Science and Technology with a professional certificate of Oracle Certified Professional (OCP), Red Hat Certified Engineer (RHCE), Sun/Oracle Certified Java Programmer (SCJP), Certificate in Supply Chain Management and Certified RFID+ Engineer.

6.2.2 **Kwan Ping Yuen (“Mr Kwan”), Co-founder and Chief Technology Officer:** Mr Kwan is a director of Init Ventures Limited, the largest shareholder of QBS. Mr Kwan has over 10 years of experience in the Internet of Things (“IoT”) product and IoT project

management. He holds a Bachelor Degree in Computer Information Systems from the University of Liverpool. Together with the strong capabilities of the QBS team, Mr Kwan is leading smart city application development for large-scale projects in Hong Kong. Over the years, Mr Kwan has been enthusiastic about and researching on the applications of RFID Technology, Location-based Services, Indoor Positioning, Bluetooth Low Energy, Energy Dashboard and Mobile Computers. Mr Kwan has also won a number of awards in major innovation competitions, such as Merit of Hong Kong RFID Awards 2009 U-21 Award, Hong Kong ICT Award 2013, Hong Kong RFID Award 2013 and Walk21HK Award 2016.

6.3 Financial Information

- 6.3.1 Set out below is the consolidated statement of financial position of QBS as at 31 March 2020.

QBS	
Consolidated Statement of Financial Position as at 31 March 2020	
Current Assets	
Cash	163,105
Trade receivables	1,706,902
Related party receivables	1,323,055
Other current assets	36,449
	<u>3,229,511</u>
Non-Current Assets	
Plant & equipment	40,885
Lease assets	82,515
	<u>123,400</u>
Total Assets	3,352,911
Current Liabilities	
Trade and other payables	882,393
Borrowings	104,421
Contract liabilities	47,013
Lease liabilities	17,289
Current tax liabilities	369,576
	<u>1,420,692</u>
Non-Current Liabilities	
Lease liabilities	<u>79,478</u>
Total Liabilities	1,500,170
Net Assets	1,852,741
Equity	
Contributed equity	13
Retained earnings	1,637,299
Reserves	215,429
Total equity	1,852,741

- 6.3.2 Management have confirmed that all related party receivables are recoverable. Of the \$1,323,055 related party receivables as at 31 March 2020, \$625,923 comprised interest bearing loans advanced to a Director related entity that are being periodically repaid to the Company.
- 6.3.3 Subsequent to 31 March 2020 the Company has arranged borrowings to meet working capital requirements, however the net effect on net assets between cash and borrowings is not material.
- 6.3.4 Surplus assets for the purpose of this report totals \$587,840 as shown in the table below:

Cash	163,105
Related party loans receivable	625,923
Borrowings	(104,421)
Lease liabilities - current	(17,289)
Lease liabilities - non-current	(79,478)
	587,840

- 6.3.5 Set out below is a summary of the audited consolidated financial performance of QBS for the financial years ended 31 March 2018 ("FY2018"), 31 March 2019 ("FY2019") and 31 March 2020 ("FY2020").

QBS			
Consolidated Statements of Financial Performance			
	FY2018	FY2019	FY2020
Revenue	1,421,479	3,392,325	5,510,026
Cost of sales	(292,744)	(1,274,890)	(1,452,140)
Gross profit	1,128,735	2,117,435	4,057,886
Other income	-	45,852	25,345
Depreciation	(9,871)	(11,737)	(75,610)
Impairment of receivables	-	-	(100,118)
Finance costs	-	(15,730)	(23,201)
Salaries and wages	(881,474)	(1,645,325)	(1,834,559)
Other expenses	(220,127)	(312,901)	(360,453)
Profit before income tax	17,263	177,594	1,689,290
EBIT	17,263	193,324	1,712,491
EBITDA	27,134	205,061	1,888,219

- 6.3.6 QBS revenue reached \$5,510,026 in FY2020, which represents growth of 62% compared to FY2019. The increase in revenue was mainly attributable to the increase in IoT Business Processing Outsourcing and project venture work.

7 OVERVIEW OF WOLF MINERALS

7.1 Corporate Overview

- 7.1.1 The principal activities of Wolf Minerals consisted of tungsten and tin mining conducted through the wholly owned subsidiary, Wolf UK Limited. Wolf UK was ordered to be wound up on 17 October 2018. There were no substantive mining exploration activities or mining production and development activities since then. As at today, Wolf Minerals has no interest in any mining tenement.
- 7.1.2 The Company completed a Deed of Company arrangement on 11 November 2019 and is now in a transitional stage of identifying new business opportunities similar to this Transaction.

7.2 Financial Information

- 7.2.1 Set out below is the Consolidated Balance Sheet of Wolf Minerals as at 30 June 2020.

WOLF MINERALS LTD	
CONSOLIDATED BALANCE SHEET	
	30 June 2020
<u>CURRENT ASSETS</u>	
Cash and cash equivalents	180,365
Trade and other receivables	19,578
Amounts due from related parties	48,998
	<u>248,941</u>
TOTAL ASSETS	248,941
<u>CURRENT LIABILITIES</u>	
Trade and other payables	59,935
Amounts due to related parties	1,084
	<u>61,019</u>
TOTAL LIABILITIES	61,019
NET ASSETS	187,922
<u>EQUITY</u>	
Issued capital	275,740,811
Reserves	1,600,000
Accumulated losses	(277,152,889)
TOTAL EQUITY	187,922

- 7.2.2 Subsequent to 30 June 2020 the Company incurred ASIC and ASX fees totalling \$30,000, which reduces net assets to \$157,922.
- 7.2.3 Given the Company has no current business activity since mining operations ceased in October 2018, historical results are not relevant to the future operations of the Company. For the year ended 30 June 2020 the Company made a loss of \$396,265 comprising director and professional fees.

8 VALUATION METHODOLOGIES

8.1 Selection of Methodology

8.1.1 In order to assess the fairness of the Transaction a value needs to be attributed to QBS and Wolf Minerals.

8.1.2 In assessing the value of Wolf Minerals and QBS we have considered a range of valuation methods. ASIC Regulatory Guide 111 *Content of Expert Reports* states that in valuing a company the expert should consider the following commonly used valuation methodologies:

- Market Value of Shares: the quoted price for listed securities in a liquid and active market;
- Capitalisation of Future Maintainable Earnings: the value of trading operations based on the capitalisation of future maintainable earnings;
- Discounted Cash Flow: the net present value of future cash flows;
- Realisation of Assets: the amount that would be available for distribution to security holders on an orderly realisation of assets;
- Comparable Market Transactions: the identification of comparable sale transactions.

We consider each of these valuation methodologies below.

8.1.3 *Market Value of Shares as Quoted on the ASX*

This method involves the valuation of an entity based on its actively traded equities, which represent the market capitalisation of the share capital, in a liquid and knowledgeable market.

Any assessment of the market value of the quoted equities needs to consider the following:

- The liquidity of the quoted equity based on the volume and frequency of trading;
- The number of ‘unusual’ and/or ‘abnormal’ trades that occur; and
- The timing and level of dissemination of information to the market.

If a quoted ordinary equity is traded in an active, liquid and knowledgeable market, then the market price of the quoted ordinary equity should represent the ‘fair’ market value of the quoted ordinary equity.

A premium may also need to be applied to the value of the quoted ordinary equity to determine the value of the equity holding in circumstances where a party is acquiring or increasing a controlling equity position.

This method is not appropriate for Wolf Minerals as their shares have been suspended from trading since September 2018.

This method is not appropriate for QBS as their shares are not listed or publicly traded.

8.1.4 *Capitalisation of Future Maintainable Earnings*

Under the earnings based valuation method, the value of the asset is determined by capitalising the estimated future maintainable earnings of the asset at an appropriate capitalisation rate or multiplier of earnings. The multiple is a coefficient, representing the risk that the asset may not achieve projected earnings.

This method is appropriate in valuing an asset when there is a history of earnings, the asset is established and it is assumed the earnings are sufficiently stable to be indicative of ongoing earnings potential.

The earnings multiple used to value an asset reflects the risk of investing in the asset and the investor's required return on the investment. Many assets or businesses are valued or compared on reported price earnings ratios, which examines the value based upon a multiple of net profit after tax. EBITDA (earnings before interest, tax, depreciation and amortisation), EBITA (earnings before interest, tax and amortisation) or EBIT (earnings before interest and tax) or some other earnings substitute can also be used in determining a valuation for a company.

This method is not considered appropriate for the valuation of Wolf Minerals as the Company has no current business activity or recent historical earnings on which to base a valuation.

This approach is an appropriate method for the valuation of QBS as the business has a recent history of earnings on which a valuation can be based.

8.1.5 *Discounted Cash Flow – Net Present Value*

Discounted cash flow valuations involve calculating the value of an asset on the basis of the net cash flow that will be generated from the asset over its life. The cash flows are discounted to reflect the time value of money and the risk involved with achieving the forecast cash flows. A terminal value at the end of the explicit forecast period is then determined and that value is also discounted back to the valuation date to give an overall value of the asset.

Although the discounted cash flow approach relies on the availability of long-term cash flow forecasts, it is particularly suited to situations where cash flows are not stable or where significant cash outflows will be incurred prior to cash inflows being earned. The forecast period should be of such a length to enable the asset to achieve a stabilised level of earnings, or to be reflective of an entire operational cycle for more cyclical industries.

This method is not appropriate for the valuation of Wolf Minerals as it has no existing business activity.

The use of the discounted cash flow method has not been used for QBS. No forecasts have been made publicly available by QBS as management advise there is not a reasonable basis on which to base forecast assumptions.

8.1.6 *Realisation of Assets*

The net asset approach to value is based on the assumption that the value of all assets (tangible and intangible) less the value of all liabilities should equal the value of the entity.

This approach is generally not appropriate where assets are employed productively and are earning more than the cost of capital.

QBS is predominantly a revenue based business. The book value of its assets may therefore not be representative of the inherent value of the business.

The notional realisation of assets has been considered appropriate in assessing the value of Wolf Minerals given its lack of a business.

8.1.7 *Comparable Market Transactions*

This methodology involves the identification of comparable sale transactions for a similar industry company or business to that being valued.

We have considered transactions and trading activity involving comparable businesses in determining the appropriate earnings multiple to apply to the valuation of QBS.

We are not aware of any alternative offers or transactions for the acquisition of the shares in Wolf Minerals.

8.2 **Premium for Control**

8.2.1 When considering transactions involving a substantial equity holding of a company, it is appropriate to address whether a premium for control should attach to the Transaction. A premium for control is the difference between the price for each share that a buyer would be prepared to pay to obtain a controlling interest in a company and the price per share that would be required to purchase a share that does not carry with it a controlling interest. In most cases, the value of a controlling interest in the shares significantly exceeds the listed market value of the shares. This reflects the fact that:

- a) the owner of a controlling interest in the shares in a company obtains access to all free cash flows of the company being acquired, which it would otherwise be unable to do as a minority shareholder;
- b) the controlling shareholder can direct the disposal of surplus assets and the redeployment of the proceeds;
- c) the controlling shareholder can control the appointment of directors, management policy and the strategic direction of the company;
- d) the entity taking over the company is often able to increase the value of the entity being acquired through synergies and/or rationalisation savings.

8.2.2 Empirical evidence indicates that the average premium for control (over and above the market price of the company's shares) in successful takeovers in Australia generally range between 20% and 35% above the listed market price of the company's shares three months prior to the announcement of the bid (assuming no speculation of the takeover is reflected

in the pre-bid price). However, the appropriate premium for control depends on the specific circumstances and, in particular, the level of synergy benefits able to be extracted by potential acquirers and the degree of confidence about the level and achievability of potential synergies and their timing.

- 8.2.3 Caution must be exercised in assessing the value of a company or business based on the market rating of comparable companies or businesses. The premium for control is an outcome of the valuation process, not a determinant of value. Premiums are paid for reasons that vary from case to case and may be substantial due to synergy or other benefits available to the acquirer. In other situations premiums may be minimal or even zero. It is inappropriate to apply a premium of 20-35% without having regard to the circumstances of each case. In some situations there is no premium. There are transactions where no corporate buyer is prepared to pay a price in excess of the prices paid by institutional investors through a capital raising.
- 8.2.4 A shareholder or group of associated shareholders are deemed to influence a company when they have control of more than 20% of the issued shares in a company. At this time a premium for control should normally be considered.
- 8.2.5 A premium for control is relevant to the Transaction, as it will result in QBS Shareholders holding a relevant voting interest in Wolf Minerals of 66.67%.
- 8.2.6 We have included a premium in valuing the Company's listing when applying the net assets method, as a proxy for the value of a public listed company, as detailed at section 10.

8.3 Minority Interest Discount

- 8.3.1 The value of a minority shareholding is subject to a discount factor as the minority shareholder is not in a position to direct, and often not in a position to influence, the distribution of dividends, the investment of retained profits or the strategy and tactics of the company's operations.
- 8.3.2 Wolf Minerals' existing Non-Associated shareholders interest will decrease to 33.33% as a result of the Transaction. We have discounted the post-Transaction value per share on a control basis by 10% to arrive at a post-Transaction value on a minority basis. We believe this discount is reasonable after considering the following factors:
 - a) The lack of assets or business currently in Wolf Minerals that Non-Associated shareholders are reducing their interest in;
 - b) The assessment of advantages and disadvantages associated with Wolf Minerals entering into the Transaction is detailed at section 11.

9 VALUE OF QBS

9.1 Selected Methodologies

9.1.1 We have selected the Capitalisation of Earnings methodology to apply a value to QBS as detailed at section 8.

9.1.2 In forming an opinion on the valuation of QBS, and the selected methodology, HCC has considered the following:

- The historical operations of the business;
- The industry in which the business operates;
- The period of time for which the business has been operating;
- Information provided by management regarding future operations of the business.

9.1.3 *Financial information relied upon in applying selected valuation method*

We have reviewed the financial accounts of QBS summarised at section 6. Ultimately, the management of QBS are responsible for the preparation and presentation of the financial information provided. The purpose of our review is to establish that the financial information used is not materially misstated. This review does not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

9.2 Capitalisation of Future Maintainable Earnings

Future Maintainable Earnings

9.2.1 Future maintainable earnings (“FME”) represent the level of earnings that the existing operations could reasonably be expected to generate, in the absence of unforeseen and exceptional circumstances. We have selected EBITDA as an appropriate measure of the FME of QBS as earnings multiples based on EBITDA removes the effect of different gearing or financing structures and effective tax rates as compared to multiples based on net profit after tax (“NPAT”).

9.2.2 We have estimated FME of QBS for the purpose of this valuation to be **\$1,365,479** EBITDA, based on the following earnings weightings:

	FY2018	FY2019	FY2020
EBITDA	27,134	205,061	1,888,219
Weighting ¹	10%	20%	70%
FME - EBITDA			1,365,479

¹ A significantly higher weighting has been placed on FY2020 earnings to ensure the FME is a reasonable estimate of the future earnings of QBS.

Earnings Multiple

9.2.3 Businesses of a similar size and nature to QBS, based on our experience, generally sell at multiples of 5-10 times EBITDA. The businesses achieving the higher multiple of earnings

on sale usually have increasing revenues and earnings growth based on an established product or proven technology with growth in market share.

9.2.4 We have considered the trading and transaction earnings multiples observed in the market for comparable companies to attribute a value to QBS. After reviewing the financial and non-financial information gathered on QBS, and our assessment concerning profit multiples for the business, HCC has chosen to apply an earnings multiple range of **6 - 7 times EBITDA**. The multiple chosen for the business has been based on the following:

- a) **Comparable Trading Multiples:** Trading multiples for similar listed companies to QBS range from 1.7 to 22.5 times EBITDA, with an average multiple of 9.5 times EBITDA, as detailed at Appendix IV 'Comparable Market Data'.
- b) **Comparable Transaction Multiples:** There are limited examples of transactions involving companies directly comparable to QBS where deal results and earnings of the target are publicly available. Included in Appendix IV are details of three comparable transactions identified in the last six years. The target companies in these transactions had implied valuation multiples of 7.6 times, 8.8 times and 12.1 times EBITDA.
- c) The multiple range applied to QBS of 6 - 7 times EBITDA represents a 31% discount to the average trading multiple for comparable listed companies. We consider this is reasonable due to the following:
 - QBS is significantly smaller than the listed comparable companies;
 - QBS does not have access to the working capital and funding opportunities of listed companies;
 - QBS does not have the diversity of business of most comparable listed companies and may be more susceptible to earnings fluctuations;
 - QBS does not have the liquidity in shares that companies listed on the ASX have.

9.2.5 The main risks that the future maintainable earnings used in the valuation will not be achieved are:

- i) Failure to sustain current market penetration of services and resulting loss of revenues;
- ii) Cost overruns for unforeseen events;
- iii) The continuing employment of key management;
- iv) Changes in demand in the market QBS operates;
- v) Competitors entering the market or increasing market share;
- vi) Unexpected costs to comply with laws and regulations;
- vii) Changes in the general economic climate in which the Company operates.

9.2.6 The following table sets out the enterprise value of QBS based on the FME and selected earnings multiple range detailed above:

	Low	High	Midpoint
Future maintainable earnings (FME)	1,365,479	1,365,479	1,365,479
EBITDA Multiple	6	7	6.5
Enterprise Value	8,192,873	9,558,352	8,875,613

9.3 Equity Value

- 9.3.1 A valuation undertaken by capitalising EBITDA gives the aggregate fair market value or ‘enterprise value’ of the company on an ungeared basis. In order to obtain a value for the equity, an adjustment must be made to incorporate the value of surplus assets and deduct the value of net interest bearing debt.
- 9.3.2 Surplus assets of QBS for the purpose of this report totals \$587,840 as shown in the table at section 6.3.4. The adjustment for surplus assets and the resulting equity value of QBS is shown in the following table:

	Low	High	Midpoint
Enterprise Value	8,192,873	9,558,352	8,875,613
Surplus assets	587,840	587,840	587,840
Equity Value	8,780,713	10,146,192	9,463,453

9.4 Resultant Valuation of QBS

- 9.4.1 Based on the details above, we have determined the valuation of QBS as being between \$8,780,713 and \$10,146,192, with a midpoint value of **\$9,463,453** as at the date of this report.

10 VALUE OF WOLF MINERALS

10.1 Selected Methodologies

- 10.1.1 We have selected the net realisation of assets as the valuation methodology for Wolf Minerals as detailed in section 8. Given the lack of business activity, earnings and share trading information, we have determined that a secondary valuation method is not available.

10.2 Realisation of Assets

- 10.2.1 Wolf Minerals has no current business activity, therefore the notional realisation of assets is an appropriate valuation method for the shares of the Company. As at 30 June 2020 the Company had net assets totalling \$187,922, as shown in the balance sheet at section 7.2. Subsequent to 30 June 2020 the Company incurred ASIC and ASX fees totalling \$30,000, which reduces net assets to \$157,922.
- 10.2.2 The value of a listed company varies depending on its compliance status and board of directors and shareholder make up. Considering these issues as well as the current situation of the Company regarding the lack of profitable operations and shares being suspended from trading, we have allocated a value to the listed company shell of \$200,000, also representing a premium for control.

- 10.2.3 The net asset value of Wolf Minerals on a controlling interest basis is as follows:

Net assets	157,922
Value of listing	<u>200,000</u>
Net realisable value	357,922

10.3 Conclusion on the Value of Wolf Minerals Shares

- 10.3.1 We conclude that the value of Wolf Minerals is most appropriately determined using the realisation of assets approach, which results in a valuation of the Company of \$357,922 on a controlling interest basis.
- 10.3.2 Wolf Minerals has 34,872,651 shares on issue, on a post-consolidation basis, which equates to a net asset value per share of **\$0.010** on a controlling interest basis.

11 ADVANTAGES & DISADVANTAGES OF THE TRANSACTION

11.1 Approach to assessing Fairness and Reasonableness

HCC has followed the guidelines of ASIC Regulatory Guide 111 in assessing the fairness and reasonableness of the Transaction. In forming its conclusions in this report, HCC compared the advantages and disadvantages for Non-Associated Shareholders if the Transaction proceeds.

11.2 Advantages of the Transaction

- 11.2.1 The continuing viability of the Company as a going concern depends on identifying suitable opportunities that will sustain a viable business. The Transaction presents one such opportunity and, as such, will allow the Company to continue as a going concern.
- 11.2.2 Given the Company's limited capital and lack of income producing assets it will have difficulty in creating significant long-term value for shareholders in its current state. The Directors of Wolf Minerals have determined that QBS has the potential to increase Wolf Minerals shareholder value and provide the Company with a future business direction.
- 11.2.3 The Transaction may provide an opportunity for Wolf Minerals shareholders to experience growth in the value of shares and significantly boost Wolf Minerals' market capitalisation and liquidity in share trading given the potential of the QBS business. The Company will be acquiring a new business which has the potential to increase shareholder value and provide the Company with a viable future business.
- 11.2.4 The Directors consider that the current management of QBS possess the experience and skills required to successfully transition the Company into the proposed new business.

11.3 Disadvantages of the Transaction

- 11.3.1 There may be other opportunities Wolf Minerals will not be able to undertake to realise the value of its listing if it accepts this Transaction due to the controlling interest being obtained by QBS Shareholders.
- 11.3.2 The Company will be changing the nature of its activities, which may not be consistent with the objectives of Non-Associated Shareholders and will reduce the possibility of alternative opportunities for the Company.
- 11.3.3 There are inherent risks associated with the QBS acquisition and business that should be considered by Non-Associated Shareholders, as outlined in the accompanying Explanatory Memorandum.
- 11.3.4 Following completion of the Transaction, the QBS vendors will collectively be the largest Shareholders of the Company and will have the ability to significantly influence or control the Company.

- 11.3.5 The Transaction may potentially reduce the likelihood of a takeover bid being made for the Company as a result of the controlling interest that the QBS vendors will have after completion of the Transaction.
- 11.3.6 Wolf Minerals' existing Non-Associated shareholders interest will decrease to 33.33%, as a result of the Transaction.

12 CONCLUSION AS TO FAIRNESS AND REASONABLENESS

12.1 Fairness

12.1.1 According to RG 111, for the Transaction to be fair, the value of QBS shares being acquired must be equal to or greater than the value of the consideration, being Wolf Minerals shares.

12.1.2 Based on the analysis contained in section 9 of this report, the indicative value of QBS is between \$8,780,713 and \$10,146,192, with a midpoint value of \$9,463,453 as at the date of this report.

12.1.3 Based on the analysis contained in section 10 of this report, the indicative value of the shares being issued by Wolf Minerals for QBS shares is **\$0.010** per share.

12.1.4 Our valuation of Wolf Minerals shares is based on values prior to the Transaction on a controlling interest basis. In order to assess whether the Transaction is fair, we need to compare the pre-transaction value on a control basis with the post-transaction values on a minority basis, as the existing Non-Associated Shareholders of Wolf Minerals will lose control of the Company to the Shareholders of QBS after the Transaction. This is shown in the table below on a post-consolidation basis:

Wolf Minerals Value and Opinion	Low	High	Midpoint
Control value per share	\$ 0.010	\$ 0.010	\$ 0.010
Shares on issue, pre-Transaction, post consolidation	34,872,651	34,872,651	34,872,651
Control valuation, pre-Transaction (\$)	357,922	357,922	357,922
Valuation of QBS (\$)	8,780,713	10,146,192	9,463,453
Post-Transaction Value (\$)	9,138,635	10,504,114	9,821,375
Post-Transaction shares on issue	104,617,953	104,617,953	104,617,953
Value per share (\$)	0.087	0.100	0.094
Minority discount	10%	10%	10%
Post-Transaction Valuation per share	\$ 0.079	\$ 0.090	\$ 0.084

12.1.5 In our opinion the Transaction is **fair** as the value of the Wolf Minerals share held by Non-Associated Shareholders increases as a result of the Transaction.

12.2 Reasonableness

ASIC Regulatory Guide 111 states that a transaction is reasonable if:

- The Transaction is fair; or
- Despite not being fair the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the close of the offer.

We have concluded that the Transaction is fair and therefore also reasonable. In forming our opinion we have also considered the following relevant factors.

- The continuing viability of the Company as a going concern depends on identifying suitable opportunities that will sustain a viable business. The Transaction presents one such opportunity and, as such, will allow the Company to continue as a going concern.

- Given the Company's limited capital and lack of income producing assets it will have difficulty in creating significant long-term value for shareholders in its current state. The Directors of Wolf Minerals have determined that QBS has the potential to increase Wolf Minerals shareholder value and provide the Company with a future business direction.
- The Transaction may provide an opportunity for Wolf Minerals shareholders to experience growth in the value of shares and significantly boost Wolf Minerals' market capitalisation and liquidity in share trading given the potential of the QBS business. The Company will be acquiring a new business which has the potential to increase shareholder value and provide the Company with a viable future business.
- The Directors consider that the current management of QBS possess the experience and skills required to successfully transition the Company into the proposed new business.
- The Wolf Minerals Board are of the opinion that the Transaction is in the best interests of the Company's Shareholders and in the absence of a superior alternative proposal is a strategic opportunity for the Company.
- We are unaware of any alternative proposal at the date of this report that could realise better value for Wolf Minerals shareholders.

Having considered that the Transaction is fair, the potential of QBS business and the alternatives of not proceeding with the Transaction, in our opinion the Non-Associated Shareholders of Wolf Minerals should benefit if the Transaction proceeds and therefore, in our opinion the Transaction is reasonable.

Yours faithfully
Hall Chadwick Corporate (NSW) Limited



DREW TOWNSEND

APPENDIX I - SOURCES OF INFORMATION

- Wolf Minerals Ltd Audited Financial Report for the financial year ended 30 June 2019;
- Wolf Minerals Ltd Unaudited Management Accounts for the financial year ended 30 June 2020;
- QBS Audited Financial Reports for the financial years ended 31 March 2018, 31 March 2019 and 31 March 2020;
- Share Purchase Agreement between Wolf Minerals Ltd and QBS;
- QBS Information Memorandum;
- Wolf Minerals Notice of General Meeting and Explanatory Memorandum;
- Wolf Minerals Company registry details;
- Wolf Minerals share trading history;
- Other publicly available information on Wolf Minerals and QBS;
- Regulatory Guide 111 ‘Content of Expert Reports’;
- Regulatory Guide 112 ‘Independence of Expert’s Reports’;
- APES 225 ‘Valuation Services’.

APPENDIX II - STATEMENT OF DECLARATION & QUALIFICATIONS

Confirmation of Independence

Prior to accepting this engagement HCC determined its independence with respect to Wolf Minerals and QBS with reference to ASIC Regulatory Guide 112 (RG 112) titled “Independence of Expert’s Reports”. HCC considers that it meets the requirements of RG 112 and that it is independent of Wolf Minerals and QBS.

Also, in accordance with s648 (2) of the Corporations Act we confirm we are not aware of any business relationship or financial interest of a material nature with Wolf Minerals, its related parties or associates that would compromise our impartiality.

Mr Drew Townsend, director of Hall Chadwick Corporate (NSW) Limited, has prepared this report. Neither he nor any related entities of Hall Chadwick Corporate (NSW) Limited has any interest in the promotion of the Transaction nor will Hall Chadwick Corporate (NSW) Limited receive any benefits, other than normal professional fees, directly or indirectly, for or in connection with the preparation of this report. Our fee is not contingent upon the success or failure of the proposed transaction, and has been calculated with reference to time spent on the engagement at normal professional fee rates for work of this type. Accordingly, HCC does not have any pecuniary interests that could reasonably be regarded as being capable of affecting our ability to give an unbiased opinion under this engagement.

HCC provided a draft copy of this report to the Directors and management of Wolf Minerals for their comment as to factual accuracy, as opposed to opinions, which are the responsibility of HCC alone. Changes made to this report, as a result of the review by the Directors and management of Wolf Minerals have not changed the methodology or conclusions reached by HCC.

Reliance on Information

The statements and opinions given in this report are given in good faith and in the belief that such statements and opinions are not false or misleading. In the preparation of this report HCC has relied upon information provided on the basis it was reliable and accurate. HCC has no reason to believe that any information supplied to it was false or that any material information (that a reasonable person would expect to be disclosed) has been withheld from it. HCC evaluated the information provided to it by Wolf Minerals and QBS as well as other parties, through enquiry, analysis and review, and nothing has come to our attention to indicate the information provided was materially mis-stated. We believe the information relied upon provides reasonable grounds upon which to base this report.

Our procedures and enquiries do not include verification work, nor constitute an audit or review in accordance with Australian Auditing Standards (AUS). HCC does not imply and it should not be construed that it has audited or in anyway verified any of the information provided to it, or that its enquiries could have verified any matter which a more extensive examination might disclose.

The sources of information that we relied upon are outlined in Appendix I of this report.

Wolf Minerals has provided an indemnity to HCC for any claims arising out of any mis-statement or omission in any material or information provided by Wolf Minerals to HCC in preparation of this report.

Qualifications

Hall Chadwick Corporate (NSW) Limited ("HCC") carries on business at Level 40, 2 Park Street, Sydney NSW 2000. HCC holds Australian Financial Services Licence No. 227902 authorising it to provide financial product advice on securities to retail clients. HCC's representatives are therefore qualified to provide this report.

Consent and Disclaimers

The preparation of this report has been undertaken at the request of the Directors of Wolf Minerals. It also has regard to relevant ASIC Regulatory Guides. It is not intended that the report should be used for any other purpose than to accompany the Notice of General Meeting to be sent to Wolf Minerals shareholders. In particular, it is not intended that this report should be used for any purpose other than as an expression of HCC's opinion as to whether or not the proposed Transaction is fair and reasonable to Non-Associated shareholders of Wolf Minerals.

HCC consent to the issue of this report in the form and context in which it is included in the Notice of General Meeting to be sent to Wolf Minerals shareholders. Shareholders should read all documents issued by Wolf Minerals that consider the proposed Transaction in its entirety, prior to proceeding with a decision. HCC had no involvement in the preparation of these additional documents.

This report has been prepared specifically for the Non-Associated shareholders of Wolf Minerals. Neither HCC, nor any member or employee thereof undertakes responsibility to any person, other than a Non-Associated shareholder of Wolf Minerals, in respect of this report, including any errors or omissions howsoever caused. This report is "General Advice" and does not take into account any person's particular investment objectives, financial situation and particular needs. Before making an investment decision based on this advice, you should consider, with or without the assistance of a securities advisor, whether it is appropriate to your particular investment needs, objectives and financial circumstances.

Our procedures and enquiries do not include verification work, nor constitute an audit or review in accordance with Australian Auditing Standards (AUS).

Our opinions are based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time. Furthermore, financial markets have been particularly volatile in recent times. Accordingly, if circumstances change significantly, subsequent to the issue of the report, our conclusions and opinions may differ from those stated herein. There is no requirement for HCC to update this report for information that may become available subsequent to this date.

APPENDIX III - FINANCIAL SERVICES GUIDE

Hall Chadwick Corporate (NSW) Limited (“HCC”) carries on business at Level 40, 2 Park Street, Sydney NSW 2000. HCC holds Australian Financial Services Licence No. 227902 authorising it to provide financial product advice on securities to retail clients.

The Corporations Act 2001 requires HCC to provide this Financial Services Guide (“FSG”) in connection with its provision of an independent expert’s report (“Report”) which is included in a Notice of Meeting (“Notice”) provided to members by the company or other entity for which HCC prepares the Report.

HCC does not accept instructions from retail clients. HCC provides no financial services directly to retail clients and receives no remuneration from retail clients for financial services. HCC does not provide any personal retail financial product advice to retail investors nor does it provide market-related advice to retail investors.

When providing Reports, HCC’s client is the Entity to which it provides the Report. HCC receives its remuneration from the Entity. In respect of the Report for Wolf Minerals Ltd (“Wolf Minerals”) in relation to the proposed acquisition of all the issued shares in QBS (“QBS”), HCC will receive a fee for its services on a time cost basis estimated to be \$20,000, excluding GST.

No related body corporate of HCC, or any of the directors or employees of HCC or of any of those related bodies or any associate receives any remuneration or other benefit attributable to the preparation and provision of the Report.

HCC is required to be independent of the Entity in order to provide a Report. The guidelines for independence in the preparation of Reports are set out in Regulatory Guide 112 issued by the Australian Securities & Investments Commission. The following information in relation to the independence of HCC is stated in Appendix II of the Wolf Minerals Report:

“Hall Chadwick Corporate (NSW) Limited (“HCC”) has a license to prepare reports under the Corporations Act and its representatives are qualified to provide this report. Prior to accepting this engagement HCC determined its independence with respect to Wolf Minerals and QBS with reference to ASIC Regulatory Guide 112(RG 112) titled “Independence of Expert’s Reports”. HCC considers that it meets the requirements of RG 112 and that it is independent of Wolf Minerals and QBS.

Also, in accordance with s648 (2) of the Corporations Act we confirm we are not aware of any business relationship or financial interest of a material nature with Wolf Minerals, its related parties or associates that would compromise our impartiality.

Mr Drew Townsend, director of Hall Chadwick Corporate (NSW) Limited, has prepared this report. Neither he nor any related entities of Hall Chadwick Corporate (NSW) Limited has any interest in the promotion of the Transaction nor will Hall Chadwick Corporate (NSW) Limited receive any benefits, other than normal professional fees, directly or indirectly, for or in connection with the preparation of this report. Our fee is not contingent upon the success or failure of the proposed transaction, and has been calculated with reference to time spent on the engagement at normal professional fee rates for work of this type. Accordingly, HCC does not have any pecuniary

interests that could reasonably be regarded as being capable of affecting our ability to give an unbiased opinion under this engagement.”

HCC has internal complaints-handling mechanisms and is a member of the Financial Ombudsman Service, membership number 11442.

HCC is only responsible for the Report and this FSG. Complaints or questions about the Notice should not be directed to HCC who is not responsible for that document. HCC will not respond in any way that might involve any provision of financial product advice to any retail investor.

APPENDIX IV – COMPARABLE COMPANIES ANALYSIS ¹

The table below shows trading multiples for listed companies comparable to QBS or subject to similar market forces and demand:

Company Name	Market Capitalization [Latest] (AUDmm, Historical rate)	TEV/LTM EBITDA [Latest] (x)
Sourcenext Corporation (TSE:4344)	455.6	22.5
Ecomott Inc. (TSE:3987)	68.4	20.5
Inspur International Limited (SEHK:596)	489.5	18.0
Information Services International-Dentsu, Ltd. (TSE:4812)	2,376.7	10.3
BroadBand Tower, Inc. (JASDAQ:3776)	150.4	10.3
UbiVelox Inc. (KOSDAQ:A089850)	66.4	8.87
YE DIGITAL Corporation (TSE:2354)	117.7	8.74
KSIGN Co., Ltd. (KOSDAQ:A192250)	99.7	8.62
PCI Holdings, Inc. (TSE:3918)	119.3	7.84
Empired Limited (ASX:EPD)	69.6	7.67
Core Corporation (TSE:2359)	230.5	7.44
ITE (Holdings) Limited (SEHK:8092)	6.49	5.56
Lotte Data Communication Company (KOSE:A286940)	631.3	5.08
RXP Services Limited (ASX:RXP)	57.2	5.07
Computer Institute of Japan, Ltd. (TSE:4826)	187.2	3.53
Maxnerva Technology Services Limited (SEHK:1037)	39.4	1.69
Mean Average		9.48

Comparable Transactions

There are few transactions involving companies directly comparable to QBS where deal values and earnings multiples are made publicly available. Those identified are listed below although two of the three in the last three years did not go through to completion. The mean average EBITDA multiple of 9.5 times is consistent with the mean average trading multiple above.

Announced Date	Target/Issuer	Transaction Status	Transaction Value (AUDmm)	Implied Enterprise Value/EBITDA (x)	Buyers/Investors
19/03/2018	Rentian Technology Holdings Limited (SEHK:885)	Cancelled	340.43	7.65	Lifting Rise Limited
2/01/2018	Lotte Data Communication Company (KOSE:A286940)	Cancelled	961.02	12.13	LOTTE Corporation (KOSE:A004990)
16/07/2014	YE DIGITAL Corporation (TSE:2354)	Closed	8.62	8.84	Mitsui & Co. Principal Investments

¹ Trading and transaction data have been sourced from S&P Capital IQ