
ASSET RESOLUTION LIMITED ANNUAL GENERAL MEETING

18 OCTOBER 2017, 10:00 AM (AEDT)





CHAIRMAN'S ADDRESS



AGENDA

1. Board Overview
2. Financial Year in Review
3. Strategy
4. Octaviar
5. Resolutions
6. Questions



I. BOARD OVERVIEW



YOUR BOARD

Giles Craig BSc Econ (Hons), FCA
Non-Executive Director, Chairman

Board member since September 2015

Mr Craig is an Executive Director of Hamilton Securities Limited, an NSX listed investment company and is a member of the compliance committee of RateSetter Australia RE, a peer to peer lender.

He was previously Managing Director of Cameron Stockbrokers Limited, a Sydney based private client stockbroker. Prior to that, he was Head of Private Clients at AMP Capital, Head of Distribution at Henderson Private Capital and worked in Corporate Finance at Merrill Lynch and Mergers and Acquisitions at Morgan Stanley.

He qualified with Ernst & Whinney as a Chartered Accountant in 1986.

Mr Craig is a shareholder in ARL, based in Sydney.



YOUR BOARD

John Sergeant BSc, BA(Hons I), FAMSRS, GAICD
Independent Non-Executive Director

Board member since September 2015

Mr Sergeant holds degrees in Biological Sciences and Psychology from the University of Sydney, where he was until recently a lecturer in the Business School, teaching at the postgraduate level.

Prior to joining the Company, he has managed a number of successful consultancy businesses and has served on the boards of Australian and multinational professional services firms. More recently, he has helped in the successful recapitalization, recovery and return to stability and growth of a failed resources business.

He is currently a member of the boards of a number of private companies and the managing director of an ASX-listed company, Kangaroo Island Plantation Timbers Ltd.

Mr Sergeant is a shareholder in ARL. He is based in Sydney.



YOUR BOARD

Graham Holdaway BCA, Dip Accy, ACA, MAICD
Independent Non-Executive Director

Board member since April 2017

Mr Holdaway is an experienced non-executive and executive director, having served on boards of natural resources companies with operations in Australia, Indonesia, Papua New Guinea and the United Kingdom. He is Chartered Accountant and a former partner of KPMG.

Graham is from a New Zealand farming background and is now based in regional Victoria.

He is currently a director of one other public company, Kangaroo Island Plantation Timbers Ltd.

Mr Holdaway is a shareholder in ARL.



COMPANY SECRETARY & CFO

Victoria Allinson FCCA, AGIA
Company Secretary & Chief Financial Officer

Appointed 1 October 2015

Ms Allinson is a Fellow of the Association of Certified Chartered Accountants and a member of the Governance Institute of Australia. She has over 25 years' accounting and auditing experience, including senior accounting positions in a number of listed companies and audit manager for Deloitte Touche Tohmatsu.

She is currently Company Secretary and/or Chief Financial Officer (CFO) for a number of listed entities and for several other unlisted entities.

Ms Allinson also provides the Company's registered head office in Adelaide. She is a shareholder in ARL.



2. FINANCIAL YEAR IN REVIEW



FY17 FINANCIAL RESULTS

- Revenue \$0.24m (FY16: \$0.12m).
- Net loss after tax \$0.33m (FY16: loss \$2.05m)
- Operating costs of \$0.57m (FY16: \$1.1m)

- \$1.85m spent buying back shares (on market and unmarketable parcels)



FY17 FINANCIAL RESULTS

- Net assets of ARL as at 30 June 2017 were \$10.29m (FY16: \$12.46m)
- ... or \$2.55 per share (FY16: \$2.54 per share).
- Cash at bank and at call at 30 June 2017 was \$10.42m (FY16: \$12.46m), comprising
 - \$7.17m at bank and
 - \$3.25m related party secured loan at call
- Octaviar claims and 1,334,840 Raptis Group shares carried in accounts at \$0
- Cash at call and at bank at today's date is \$10.4m,





3. STRATEGY



MANDATE OF BOARD

The board of ARL changed on 11 September 2015.

Your board was
elected with a
mandate to:

Improve shareholder information and democracy

Provide a fair mechanism for those who wish to sell to do so

Reduce costs and conserve cash

Find new investments for ARL

We shall address each of these in turn.

The Company has control of its bank accounts and records

Directors now have fixed terms and two face election today

All costs now disclosed, rather than being charged against assets and left undisclosed

Information is posted regularly on the website

We answer many enquiries from shareholders every week

We have moved ARL back to a listed environment, with mandatory continuous disclosure

TRANSPARENCY AND DEMOCRACY

We find buyers when shareholders approach the Company wishing to sell

We have succeeded in having ARL listed on NSX, enabling on-market sales

We have bought back shares on market, providing price stability to those wishing to sell

Resolutions before this meeting, if passed, provide a brokerage-free exit for those shareholders who wish to sell

These resolutions will also help in giving ARL a more manageable share register

MECHANISM TO SELL

Directors' fees remain at substantially reduced levels

Directors have been paid in shares and seek to continue this

We continue to operate without Directors' and Officers' insurance

Substantially reduced audit fees, registry fees, legal fees and head office costs

A \$3.25m related party, fully-secured, at-call loan enables ARL to be cash positive

Further savings are being pursued

CONSERVING CASH



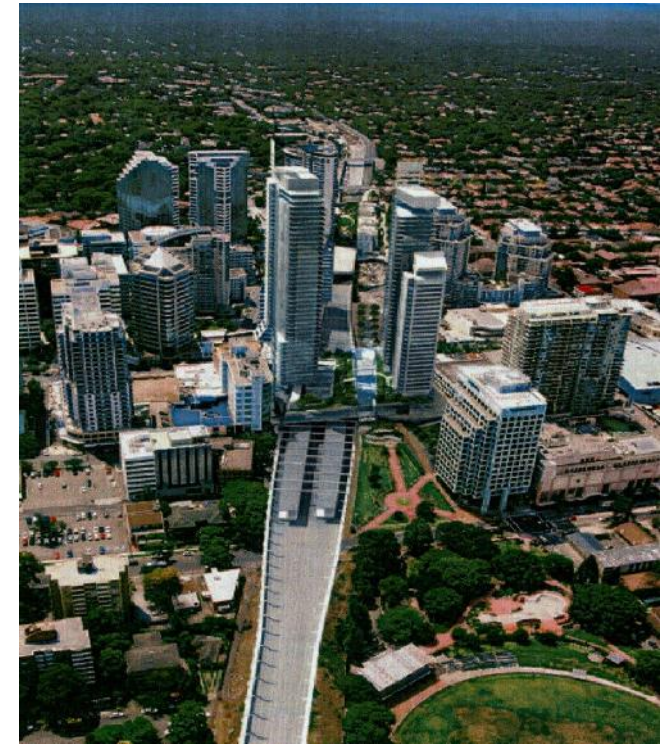
INVESTMENT STRATEGY

- Identify “unfashionable” opportunities with significant upside and limited risk of loss
 - Unusual, distressed or illiquid assets
 - Interests in failed investment schemes with significant residual value
- Be patient
 - Only buy when this can be done cheaply
 - Do not rush to sell
 - Keep costs low and conserve or grow cash in the meantime



NEW INVESTMENTS

- A number of opportunities have been investigated but have come to nothing.
- After 4 months' work, we underbid \$15.18m on the freehold under a Sydney office building (pictured) being sold by the NSW Government.
- For over 12 months, we have been watching a troubled investment scheme that may now be in the last phases of collapse.
- Cheap global credit and a reasonably healthy domestic economy have limited the number of opportunities.
- Accordingly, we have continued to focus on the Company's main existing distressed asset: the Octaviar liquidation.





4. OCTAVIAR



OCTAVIAR



- In 2008, Octaviar Administration and Octaviar Limited collapsed, owing ARL's predecessors money.
- ARL will receive only a small fraction of the money it is owed.
- A highly complex situation, with competing claims, cross claims and significant legal uncertainty.
- Currently valued in ARL accounts at zero.
- ARL at last able to exert some direct influence: former director Fred Woollard appointed to creditors' committee.
- ASIC has succeeded in a separate claim against Octaviar directors and management ... but with limited prospects of significant damages being received.



5. RESOLUTIONS



ITEM 1 FINANCIAL STATEMENTS

- To receive and consider:
 - (a) the financial statements;
 - (b) the directors' report; and
 - (c) the auditor's report
- ... of ARL for the year ended 30 June 2017.
- These statements and reports are placed before the Shareholders for discussion and Shareholders will be given the opportunity to ask questions and make comments on these statements and reports.
- No voting is required on this matter.



RESOLUTION I REMUNERATION REPORT

ORDINARY RESOLUTION

- *“That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company’s Annual Report for the financial year ended 30th June 2017.”*
- Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company under section 250R(2) of the Corporation Act. However, if the ‘No’ votes are greater than 25% for two successive years, then there are certain consequences, see Explanatory Memorandum for details.

PROXY SUMMARY

FOR	OPEN	AGAINST	ABSTAIN
65.81%	18.15%	16.04%	Abstain votes are not counted in determining whether or not the required majority of votes were cast for or against that item



RESOLUTION 2 ELECTION OF DIRECTOR: JOHN SERGEANT

ORDINARY RESOLUTION

- *“That Mr John David Sergeant, a director retiring by rotation, being eligible, is re-elected as a director of ARL.”*

PROXY SUMMARY

FOR	OPEN	AGAINST	ABSTAIN
74.28%	14.42%	11.30%	Abstain votes are not counted in determining whether or not the required majority of votes were cast for or against that item



RESOLUTION 3 ELECTION OF DIRECTOR: GRAHAM HOLDAWAY

ORDINARY RESOLUTION

- *“That Mr Graham Ian Holdaway is elected as a director of ARL.”*

PROXY SUMMARY

FOR	OPEN	AGAINST	ABSTAIN
73.65%	14.41%	11.94%	Abstain votes are not counted in determining whether or not the required majority of votes were cast for or against that item



RESOLUTION 4 ON-MARKET BUY-BACK OF SHARES

ORDINARY RESOLUTION

- *“That, for the purposes of section 257C of the Corporations Act 2001 (Cth) and for all other purposes, Shareholders authorise and approve the on-market buy-back of up to 806,274 fully paid ordinary Shares in the Company (representing approximately 20% of the Company’s issued Shares as at 4 September 2017) in the 12 month period following the approval of this Resolution, pursuant to an On-Market Buy-Back conducted in accordance with the requirements of the Listing Rules and the Corporations Act (being over the 10/12 limit (as defined in section 257B(4)) and on the terms as described in the Explanatory Statement to this Notice of Meeting.”*

PROXY SUMMARY

FOR	OPEN	AGAINST	ABSTAIN
80.78%	12.95%	6.27%	Abstain votes are not counted in determining whether or not the required majority of votes were cast for or against that item



RESOLUTION 5 OFF-MARKET BUY-BACK OF SHARES

ORDINARY RESOLUTION

- *“That, for the purposes of section 257C(1) of the Corporations Act 2001 (Cth) and for all other purposes, Shareholders authorise and approve the off-market acquisition of up to 1,612,548 fully paid ordinary Shares in the Company (being approximately 40% of the Company’s issued Shares as at 4 September 2017) at a price equal to the Net Tangible Asset Value per Share shown in the then most recent Annual Report or Half Yearly Report, pursuant to an Off-Market Buy-Back conducted in the 12 month period following the approval of this Resolution in accordance with the requirements of the Listing Rules and the Corporations Act and on the terms as described in the Explanatory Statement.*”

PROXY SUMMARY

FOR	OPEN	AGAINST	ABSTAIN
79.13%	14.15%	6.72%	Abstain votes are not counted in determining whether or not the required majority of votes were cast for or against that item



RESOLUTION 6 SHARE ISSUE TO GRAHAM HOLDAWAY 2017

SPECIAL RESOLUTION

- *“That, conditional on the approval of Resolution 3, and for all purposes, including the requirements of NSX Listing Rules 6.25 and 6.44 (if applicable), approval is given for the Board to allot and issue up to 16,667 Shares to Graham Holdaway (being a Non-Executive Director of the Company) and/or his nominees under the Non-Executive Share Plan on the terms and conditions set out in the Explanatory Statement.”*

PROXY SUMMARY

FOR	OPEN	AGAINST	ABSTAIN
60.26%	18.99%	20.75%	Abstain votes are not counted in determining whether or not the required majority of votes were cast for or against that item



RESOLUTION 7 SHARE ISSUE TO GILES CRAIG 2018

SPECIAL RESOLUTION

- *“That, for all purposes, including the requirements of NSX Listing Rules 6.25 and 6.44 (if applicable), approval is given for the Board to allot and issue up to 23,474 Shares to Giles Craig (being a Non-Executive Director of the Company) and/or his nominees under the Non-Executive Share Plan on the terms and conditions set out in the Explanatory Statement.”*

PROXY SUMMARY

FOR	OPEN	AGAINST	ABSTAIN
60.30%	18.97%	20.73%	Abstain votes are not counted in determining whether or not the required majority of votes were cast for or against that item



RESOLUTION 8 SHARE ISSUE TO JOHN SERGEANT 2018

SPECIAL RESOLUTION

- *“That, for all purposes, including the requirements of NSX Listing Rules 6.25 and 6.44 (if applicable), approval is given for the Board to allot and issue up to 23,474 Shares to John Sergeant (being a Non-Executive Director of the Company) and/or his nominees under the Non-Executive Share Plan on the terms and conditions set out in the Explanatory Statement.”*

PROXY SUMMARY

FOR	OPEN	AGAINST	ABSTAIN
60.61%	18.97%	20.42%	Abstain votes are not counted in determining whether or not the required majority of votes were cast for or against that item



RESOLUTION 9 SHARE ISSUE TO GRAHAM HOLDAWAY 2018

SPECIAL RESOLUTION

- *“That, conditional on the approval of Resolution 3, and for all purposes, including the requirements of NSX Listing Rules 6.25 and 6.44 (if applicable), approval is given for the Board to allot and issue up to 23,474 Shares to Graham Holdaway (being a Non-Executive Director of the Company) and/or his nominees under the Non-Executive Share Plan on the terms and conditions set out in the Explanatory Statement.”*

PROXY SUMMARY

FOR	OPEN	AGAINST	ABSTAIN
60.07%	19.19%	20.74%	Abstain votes are not counted in determining whether or not the required majority of votes were cast for or against that item



6. QUESTIONS



QUESTIONS

- Prior to asking your question, please state your name so that it can be reflected in the minutes of the meeting.