MODUN RESOURCES LTD
(TO BE RENAMED LIVETILES LIMITED)
ACN 066 139 991

SUPPLEMENTARY PROSPECTUS

IMPORTANT INFORMATION

This is a supplementary prospectus (**Supplementary Prospectus**) intended to be read with the prospectus dated 1 July 2015 (**Prospectus**), issued by Modun Resources Ltd (to be renamed LiveTiles Limited) (ACN 006 139 991) (**Company**).

This Supplementary Prospectus is dated 12 August 2015 and was lodged with the ASIC on that date. The ASIC and its officers take no responsibility for the contents of this Supplementary Prospectus.

Other than as set out below, all details in relation to the Prospectus remain unchanged. Terms and abbreviations defined in the Prospectus have the same meaning in this Supplementary Prospectus. If there is a conflict between the Prospectus and this Supplementary Prospectus, this Supplementary Prospectus will prevail.

This Supplementary Prospectus will be issued with the Prospectus as an electronic prospectus and may be accessed on the Internet at http://www.asx.com.au/asx/statistics/announcements.do under the Company's ASX ticker code MOU.

The Company will send a copy of this Supplementary Prospectus to all Applicants who have subscribed for Shares under the Prospectus to the date of this Supplementary Prospectus.

This is an important document and should be read in its entirety. If you do not understand it you should consult your professional advisers without delay.

1. GENERAL

Under the Corporations Act, the Company has an obligation to update a disclosure document if it becomes aware of new information that is material to investors.

This Supplementary Prospectus has been prepared to provide additional information to investors on items that the Company considers may be material.

2. PROPOSED DISPOSAL OF THE NUURST THERMAL COAL PROJECT

2.1 Background

The Company currently holds a 100% interest in the Nuurst Thermal Coal Project in Mongolia.

As set out in Section 1.2 of the Prospectus, in November 2014, the Company entered into a highly conditional agreement to sell the Nuurst Thermal Coal Project, as summarised in section 7.3 of the Prospectus. Following the expiry of the exclusivity period under that agreement and a deadlock in the negotiation of the terms of the formal sale agreement with the proposed purchaser, the Company elected to terminate that agreement, as announced by the Company on 22 July 2015.

On 21 July 2015, the Company entered into a second conditional share sale agreement to sell Modun Resources LLC (**Modun LLC**) and the Nuurst Thermal Coal Project to a new proposed purchaser. The terms of that agreement were announced to ASX on 22 July 2015. Subsequently, following a failure by the proposed purchaser to pay the deposit which was payable on execution of the share sale agreement, the Company terminated the second share sale agreement.

As announced on 11 August 2015, the Company has entered into a third conditional share sale agreement to sell Modun LLC and the Nuurst Thermal Coal Project to ASX listed company, Tian Poh Resources Limited (ACN 168 910 978) (**Tian Poh**) (ASX: TPO). The terms of the new share sale agreement are summarised in section 2.2 of this Supplementary Prospectus.

2.2 Share Sale Agreement – Modun Resources LLC

On 6 August 2015, the Company entered into a conditional share sale agreement (**Modun LLC SSA**) with Tian Poh pursuant to which the Company has agreed to sell to Tian Poh, and Tian Poh (or its nominee) has agreed to buy, 100% of the authorised and issued share capital of Modun LLC (**Modun LLC Sale Shares**).

Modun LLC owns 100% of the Nuurst Thermal Coal Project, which comprises Mongolian mining license MV-017349 and all associated rights, data, improvements and all site assets (**Project**).

Set out below is a summary of the key terms of the Modun LLC SSA.

Purchase Price

Tian Poh has paid a deposit of US$100,000 to the Company (**Deposit**). The Company is entitled to the Deposit if:

(a) completion of sale of the Modun LLC Sale Shares occurs under the Modun LLC SSA (**Completion**);

(b) Tian Poh breaches a provision of the Modun LLC SSA in a material respect and fails to remedy the breach within a period of 5 business days after receipt of written notice of the breach by Tian Poh and the Company terminates the Modun LLC SSA;

(c) the Modun LLC SSA is repudiated by Tian Poh prior to Completion; or

(d) for any other reason Completion does not occur because of any breach by Tian Poh of the Modun LLC SSA.

Tian Poh is entitled to an immediate refund of the Deposit if Completion does not occur as a result of any breach by the Company of a provision of the Modun LLC SSA in a material respect, other than in the circumstances set out above.

Tian Poh is not required to make any further payments to the Company at Completion.

Completion

Completion will occur on the date that is 14 business days after the date of the Modun LLC SSA, or such other date as the parties may agree in writing.

Representations and warranties

The Modun LLC SSA contains standard representations and warranties given by the Company for an agreement of this nature.

Mongolian Tax Claim Release

Tian Poh has acknowledged that the Company has disclosed the details of tax claim by the Mongolian Tax Authority (as set out in section 11.1 of the Prospectus) and has agreed that the Company will not bear any liability arising from the tax claim or the circumstances giving rise to it. Tian Poh has irrevocably released and forever discharged the Company from any claim arising from the tax claim.

2.3 Debt Novation Deed

The Company has entered into a shareholder loan agreement with Modun LLC (**Shareholder Loan Agreement**) which sets out the terms and conditions upon which the amount of A$6,278,978.59 in aggregate which has been advanced by the Company to Modun LLC and recorded in their respective financials as a shareholder loan between those parties (**Shareholder Loan**) is repayable to the Company by Modun LLC.

As contemplated by the Modun LLC SSA, the Company has entered into a debt novation deed (**Debt Novation Deed**) with Tian Poh pursuant to which the Company has agreed to novate, and Tian Poh has agreed to accept such novation, of all of the Company's rights and obligations under the Shareholder Loan Agreement to Tian Poh.

The price payable by Tian Poh to the Company for the novation is US$2,110,000 (plus any texes, levies, imposts, charges and duties imposed by any authority in connection with the Debt Novation Deed) (**Purchase Price**). The Purchase Price must be paid at completion.

Completion under the Debt Novation Deed will occur simultaneously with completion under the Modun LLC SSA.

If the Modun LLC SSA is validly terminated in accordance with its terms, then the Debt Novation Deed will automatically terminate and each party will be released from its obligations.

3. LIVETILES CONVERTIBLE NOTE DEED POLL

In addition to the convertible note issued to Modun, and as foreshadowed in Sections 1.7 and 1.8 of the Prospectus, LiveTiles has entered into a further convertible note deed poll (**Convertible Note Deed Poll**) pursuant to which LiveTiles has issued 900,000 convertible notes (**Notes**), with an aggregate face value of $900,000, to four individuals (**Noteholders**). None of the Noteholders are related parties of either LiveTiles or Modun.

The key terms of the Convertible Note Deed Poll are set out below.

(a) **General Information**

(i) Each Note has a face value of $1.00.

(ii) At any time up until completion of the Offer (**Capital Raising Date**), LiveTiles has the right to issue an additional $100,000 in aggregate worth of Notes to the Noteholders (in their respective proportions) and the Noteholders are obliged to subscribe for such additional Notes if required to do so by LiveTiles.

(iii) The Notes are an unsecured obligation of LiveTiles.

(iv) The Notes are not transferable.

(b) **Interest**

Each Note bears interest at 12% per annum which will capitalised on the last day of each month for so long as the Note remains outstanding.

(c) **Completion of the Offer**

LiveTiles must make a submission to ASX in relation to the classification of all Shares to be issued to a Noteholder (**Relevant Shares**) as restricted securities. If some or all of the Relevant Shares to be issued to a Noteholder on the Capital Raising Date are to be classified as restricted securities, LiveTiles must instead redeem all of the Notes held by that Noteholder by paying to that Noteholder the principal outstanding on those Notes (which includes capitalised interest on those Notes), all accrued interest on those Notes which has not capitalised and an amount equal to 10% of the face value of those Notes.

On the Capital Raising Date, provided that the ASX has not determined to classify the Relevant Shares to be issued to a Noteholder as restricted securities, LiveTiles will redeem all the Notes held by that Noteholder for an amount equal to the aggregate face value of those Notes and those redemption monies will be used to subscribe, on behalf of the relevant Noteholder, for the Relevant Shares. LiveTiles will also pay to that Noteholder all accrued interest on those Notes (whether or not it has capitalised) and an amount equal to 10% of the face value of those Notes.

(d) **Maturity Date**

The Notes will mature on 31 December 2015 (**Maturity Date**).

On the Maturity Date, LiveTiles must either (at each Noteholder's election):

(i) redeem all of the Notes held by that Noteholder by paying to that Noteholder the principal outstanding on those Notes plus any accrued interest in respect of those Notes that has not been capitalised; or

(ii) convert the principal outstanding on the Notes held by the Noteholder , plus all accrued interest in respect of each of those Notes that has not been capitalised into ordinary shares in LiveTiles on the basis of a $30.375 million valuation of LiveTiles.

In the event that the Noteholder fails to make the above election, the Noteholder will be deemed to have elected to convert their Notes into LiveTiles shares.

(e) **Establishment Fee**

An establishment fee of $30,000 in aggregate was paid by LiveTiles to the Noteholders (each in its respective proportion) on execution of the Convertible Note Deed Poll.

(f) **Event of Default**

If:

(i) the Share Sale Agreement relating to the Acquisition is terminated for any reason whatsoever;

(ii) completion of the Acquisition does not occur by 31 October 2015 (or such other date as agreed in writing between the parties to the Share Sale Agreement relating to the Acquisition) for any reason whatsoever; or

(iii) an insolvency event occurs in respect of LiveTiles,

LiveTiles must redeem all of the Notes held by each Noteholder by paying to the relevant Noteholder the principal outstanding on his Notes (which includes capitalised interest on those Notes) and all accrued interest on those Notes.

(g) **Liquidity Event**

If:

(i) completion of the Offer does not occur; and

(ii) an initial public offering or backdoor listing is expected to occur in respect of LiveTiles on or before 30 June 2016 (**Liquidity Event**),

each Noteholder will have a right to subscribe for its respective proportion of $1,000,000 worth of shares in either the ASX listed company or LiveTiles (as applicable) at a price per share based on the pre-money valuation of the relevant company at that time.

Settlement of a subscription by a Noteholder under this provision will occur simultaneously with settlement of the Liquidity Event.

Where a Noteholder holds any Notes at the time of such subscription, LiveTiles must redeem those Notes and such redemption monies will be offset against any amounts owing by that Noteholder pursuant to the proposed subscription. LiveTiles will pay to that Noteholder all accrued interest on those Notes (whether or not it has capitalised).

4. UPDATED INVESTIGATING ACCOUNTANT'S REPORT

The Investigating Accountant's Report has been amended to reflect the Company's entry into the Modun LLC SSA, the Debt Novation Deed and the Convertible Note Deed Poll.

Accordingly, Section 4 of the Prospectus is amended by replacing the Investigating Accountant's Report with the updated Investigating Accountant's Report included as Annexure A to this Supplementary Prospectus.

Stantons International Securities Pty Ltd has given its written consent to being named as the Company's Investigating Accountant in this Supplementary Prospectus and to the inclusion of the updated Investigating Accountant's Report in Annexure A and to all statements referring to or based on the updated Investigating Accountant's Report in this Supplementary Prospectus in the form and context in which the report is included. Stantons International Securities Pty Ltd has not caused or authorised the issue of this Supplementary Prospectus and has not withdrawn its consent prior to lodgement of this Supplementary Prospectus with ASIC.

5. ACTION BY INVESTORS

As the content of this Supplementary Prospectus is not considered to be materially adverse to investors, no action is needed to be taken by investors.

6. DIRECTORS' AUTHORISATION

This Supplementary Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with Section 720 of the Corporations Act, each Director has consented to the lodgement of this Supplementary Prospectus with the ASIC.

Mike Hill
Executive Chairman
For and on behalf of
MODUN RESOURCES LTD (TO BE RENAMED LIVETILES LIMITED)

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11 August 2015

The Directors
Modun Resources Ltd
(To be renamed LiveTiles Limited)
Suite 7, 245 Churchill Avenue
SUBIACO WA 6008

Dear Sirs

RE: INVESTIGATING ACCOUNTANT'S REPORT

1. Introduction

This report has been prepared at the request of the Directors of Modun Resources Ltd ("Modun" or "the Company") for inclusion in a Supplementary Prospectus to be dated on or around 11 August 2015 ("the Supplementary Prospectus") relating to the proposed offer and issue by Modun of 73,333,333 New Shares (post consolidated) to be issued at a price of 15 cents (on a post consolidated basis - refer below) each to raise a gross $11,000,000 (the Offer as described in the Supplementary Prospectus and the prospectus as noted below). The Company reserves the right to accept oversubscriptions for a further $1,000,000 (a further up to 6,666,667 shares). The Company initially issued a prospectus dated 1 July 2015 (the Original Prospectus") but due to the proposed sale of the Company's Nuurst Project to a different party than anticipated and on different terms, the Company has issued the Supplementary Prospectus.

The Original Prospectus also contained an offer of 1,000 post consolidated shares to raise $150 as part of a Cleansing Offer more fully described in the Original Prospectus.

Further details are outlined below, including summary details on the proposed acquisition of all of the shares in LiveTiles Holdings Pty Ltd ("LiveTiles"), a software company, for the consideration of 225,000,000 post consolidated shares, more fully described below and in the Original Prospectus.

2. Basis of Preparation

This report has been prepared to provide investors with information on historical results, the condensed statement of financial position (balance sheet) of Modun and the pro-forma consolidated statement of financial position of Modun as noted in Appendix 2. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial reports in accordance with the Corporations Act 2001. This report does not address the rights attaching to the securities to be issued in accordance with the Prospectus, nor the risks associated with the investment. Stantons International Securities Pty Ltd (trading as Stantons International Securities) has not been requested to consider the prospects for Modun (including its proposed subsidiary, LiveTiles), the securities on offer and related pricing issues, nor the merits and risks associated with becoming a shareholder and accordingly, has not done so, nor purports to do so.

Stantons International Securities accordingly takes no responsibility for those matters or for any matter or omission in the Original and Supplementary Prospectuses, other than responsibility for this report. Risk factors are set out in Sections 1 and 5 of the Original Prospectus and all investors should read the risks of investing in the Company.

3. **Background**

Modun is an ASX listed mineral exploration and evaluation company. The Company's only significant mineral asset is the Nuurst Thermal Coal Project ("Nuurst Project") in Mongolia. All other mineral interests have been divested. The Nuurst Project was subject to a conditional sale agreement (via the sale of Modun's 100% held subsidiary, Modun Resources LLC ("Modun LLC") which owns 100% of the Nuurst Project).

On 24 November 2014, the Company entered into a highly conditional agreement to sell 100% of Modun LLC for up to US$8,000,000 payable as to US$1,000,000 in cash (US$100,000 deposit paid) and US$7,000,000 in deferred royalty payments on the basis of US$0.50 per tonne for the first 14,000,000 tonnes of coal extracted and sold by the purchaser, a Mongolian based entity. The conditional agreement technically expired on 30 April 2015. A 5% commission is payable if the sale is completed.

The conditional sale has now been superseded by a new proposal to sell Modun LLC and assign the intercompany debt between Modun and Modun LLC (and in affect the Nuurst Project) to a new party for US$2,210,000 (including a deposit of US$100,000). Accordingly, the carrying value of the capitalised costs disclosed in the accompanying consolidated statement of financial position has been impaired by $1,800,000 so that the new carrying value approximates the expected proceeds from the new sale once it is settled.

On 27 April 2015, the Company announced the proposed acquisition of all of the shares in LiveTiles. LiveTiles is incorporated in Australia as a non-listed private company. LiveTiles via its wholly owned subsidiaries LiveTiles LLC (USA based) and LiveTiles Pty Ltd (Australian based) operates as a software company and currently has developed two software tools called LiveTiles Mosaic (for the education industry) and LiveTiles (for the commercial enterprise sector). In addition, LiveTiles (the company) owns a 100% interest in LiveTiles R and D Pty Ltd ("LiveTiles R&D") that is undertaking the research and development for software associated with the business. Further details are outlined on the LiveTiles Group below and in the Original Prospectus, particularly sections 1.1 and 3.

The Consideration for the Acquisition is as follows:

- 225,000,000 post consolidated ordinary shares ("Consideration Shares") are to be issued to the shareholders of LiveTiles to acquire all of the shares in LiveTiles.

  Furthermore, it is proposed to issue 35,000,000 incentive shares ("Plan Shares") to two of the shareholders of LiveTiles and some of the current and proposed Directors/Management of LiveTiles and Modun.

	Consideration Shares	Plan Shares
1. NIA Tech Pty Ltd as Trustee of The Odeon Discretionary Trust	90,187,638	-
2. ZTH Tech Pty Ltd as Trustee of The Triton Discretionary Trust	90,187,638	-
3. rhipe LiveTiles Pty Limited	24,469,224	-
4. Various LiveTiles employees	5,568,750	-
5. nSynergy Employee Trust	5,586,750	-

6. Peter Nguyen-Brown (director of LiveTiles and proposed director of Modun)	-	6,750,000
7. Karl Redenbach (director of LiveTiles and proposed director of Modun)	-	19,500,000
8. Matthew Brown (CFO of LiveTiles and proposed director of Modun)	9,000,000	4,250,000
9. Andrew Gray (a director of Modun)	-	2,250,000
10. Michael Hill (a director of Modun and LiveTiles)	-	2,250,000
Total post consolidated shares to be issued	**225,000,000**	**35,000,000**

NIA Tech Pty Ltd as Trustee of the Odeon Discretionary Trust ("NIA") is controlled by Peter Nguyen-Brown ("Nguyen-Brown"), a director of LiveTiles. ZTH Tech Pty Ltd as Trustee of the Triton Discretionary Trust ("ZTH") is controlled by Karl Redenbach ("Redenbach"), a director of LiveTiles. rhipe LiveTiles Pty Limited is a wholly owned subsidiary of rhipe Limited ("Rhipe"), a company listed on the Australian Securities Exchange ("ASX").

The Consideration Shares to be issued to the various LiveTiles employees, including Matthew Brown, (14,568,750 in total) have a condition attached that in effect results in forfeiture of such shares in the event that an employee resigns. Further details on shares issued under the Employee Share Plan are outlined in section 8.8 of the Prospectus.

The Plan Shares to be issued are in effect incentive shares and the summarised terms of the Plan Shares are as follows:

- An interest free, limited recourse loan will be made to each recipient of the Plan Shares at an issue price of 15 cents each (assumes post consolidated issue price of the Capital Raising Shares and deemed issue price of the Consideration Shares);
- The Plan Shares vest upon the later of satisfying, in respect of each tranche, the following time and performance conditions:
    - The participant remaining employed or engaged by the Modun Group or LiveTiles Group on the anniversary specified in the table below from the date of grant of the Plan Shares;
    - The date on which the weighted average closing price ("VWAP") of a Modun share over the 20 days is equal to or greater than the vesting price in the specified table below:

Tranche	**Time Vesting**	**Performance Vesting**
		(VWAP)
1	Second Anniversary	25 cents
2	Third Anniversary	35 cents
3	Fourth Anniversary	45 cents

- Dividends paid on the Plan Shares must be applied to repaying the loan and voting rights on the Plan Shares are suspended until vesting.

The Plan Shares will be issued in 3 Tranches as noted above, being 15,000,000 Tranche 1 and 10,000,000 for each of Tranches 2 and 3. Thus Mr Nguyen-Brown and Mr Redenbach will be issued 2,250,000 and 6,000,000 Tranche 1 Plan Shares respectively, 2,000,000 and 6,000,000 Tranche 2 Plan Shares respectively and 2,500,000 and 7,500,000 Tranche 3 Shares respectively. Mr Brown will be issued 2,250,000 Tranche 1 Plan Shares and 2,000,000 Tranche 2 Plan Shares whilst Messrs Gray and Hill will be issued 2,250,000 Tranche 1 Plan Shares only.

The proposed acquisition of the LiveTiles Group and its business undertakings are referred to as the Acquisition in the Original Prospectus. There are a number of condition precedents, including:

- Completion of a capital raising by the Company of at least $9,000,000 (and a maximum of $12,000,000) (the Company has now agreed to raise $11,000,000 with the right to accept over-subscriptions of a further up to $1,000,000);
- Completion of a 1 for 50 consolidation of capital;
- The Company re-complying with Chapters 1 and 2 of the ASX Listing Rules and ASX providing conditional approval to the re-instatement of the Company to trading on ASX following Completion of the Acquisition;
- The Company obtaining shareholder and all other regulatory and third party approvals required (shareholders approval since obtained); and
- Mr Redenbach (co-founder and CEO of LiveTiles) and Mr Brown (CFO of LiveTiles) entering into executive services agreements with Modun and Mr Nguyen-Brown (co-founder and non-executive director of LiveTiles) entering into an engagement agreement with Modun.

LiveTiles

Based on information provided to us by LiveTiles

"LiveTiles is incorporated in Australia as a non-listed private company. LiveTiles is a software tool that deploys on top of Microsoft's cloud collaboration platforms, including SharePoint, Office365 and Azure, enabling organisations to rapidly build and deploy modern business solutions, including intranets and extranets. LiveTiles is headquartered in New York and also has offices in Melbourne and Richland (Washington State, USA). LiveTiles has 23 employees across the United States of America, Australia and the United Kingdom.

The LiveTiles concept was founded in 2012 by Karl Redenbach and Peter Nguyen-Brown. Prior to December 2014, LiveTiles was part of the nSynergy Group. The nSynergy Group's core business was technology consulting ("nSynergy"). nSynergy was also founded by Karl Redenbach and Peter Nguyen-Brown and has operations in Australia, the United States of America, United Kingdom and China. In December 2014, LiveTiles was separated from the nSynergy Group when rhipe Limited acquired nSynergy. After completion of the rhipe transaction, Karl Redenbach continued with LiveTiles as the Chief Executive Officer and Peter Nguyen-Brown has remained with nSynergy.

In February 2015, LiveTiles won the 2014 Microsoft Asia Pacific Platinum Partner Award in the Independent Software Vendor category.

<u>Products</u>

LiveTiles has two products: LiveTiles and LiveTiles Mosaic.

<u>LiveTiles</u>

LiveTiles is a proprietary software tool that enables organisations to build beautiful user interfaces for Microsoft's cloud collaboration platforms including SharePoint, Office365 and Azure. The LiveTiles product is focused on enterprise customers of all sizes.

LiveTiles is primarily used by organisations as a modern user interface for intranets and extranets that are powered by Microsoft's SharePoint software. LiveTiles is touch-enabled, mobile-friendly, device-agnostic and very easy to reconfigure. LiveTiles version 1.0 was launched in March 2014 and deployed to early enterprise customers on a free basis as a deliberate strategy to quickly achieve visibility in the enterprise software market and collect valuable customer feedback. LiveTiles commenced charging new enterprise customers subscription fees in conjunction with the launch of LiveTiles version 2.0 in February 2015. LiveTiles version 2.0 includes several important enhancements relative to LiveTiles version 1.0 including:

- a major overhaul of the design user interface with a focus on simplification of the user experience and moving towards HTML 5 web technology;
- introducing key usability improvements including drag to resize and an undo function;
- tighter integration with the SharePoint experience; and
- tighter page load performance.

LiveTiles Mosaic

LiveTiles Mosaic is focused on the K-12 education market. LiveTiles Mosaic is a free education solution that lets any school with an Office 365 tenant build collaborative, touch-friendly classrooms in the cloud. LiveTiles Mosaic allows teachers to create interactive learning spaces via LiveTiles' 'drag and drop' functionality, and connect students to the classroom anywhere, on any device, at any time. LiveTiles Mosaic was created to help teachers excite students with cloud-based learning opportunities, and to give students the chance to become proficient at Office 365 and associated technologies that are commonly used in the business world.

LiveTiles Mosaic has been deployed into schools and school districts representing approximately 2,200 schools in Australia, the United States of America and more than 20 other countries. LiveTiles estimates that this school base has approximately 2.0 million students and teachers. LiveTiles Mosaic is built on the same underlying software as the LiveTiles product.

End of extract from information provided by LiveTiles

Further information on LiveTiles and the environment it is involved in is outlined in the Original Prospectus, particularly Sections 1 and 3.

Shareholders' approval for the Acquisition and other ancillary resolutions was sought at the Extraordinary General Meeting held on 30 July 2015 ("EGM"). All approvals were obtained at the EGM.

Completion of the Acquisition is subject to a number of condition precedents being satisfied or waived. These conditions include the receipt of shareholder approval for all the resolutions being sought at the EGM (the EGM was held and shareholders' approval now obtained), completion of a capital raising which is being conducted under the Original Prospectus (and Supplementary Prospectus) and the Company re-complying with Chapters 1 and 2 of the ASX Listing Rules.

The Acquisition (of LiveTiles) is outlined in detail in Sections 1 and 7.1 of the Original Prospectus.

A summary of the adjusted unaudited balance sheet (statements of financial position) of LiveTiles as at 31 March 2015 is noted elsewhere in this report.

In June 2015, Modun advanced LiveTiles $500,000 by way of a Convertible Note ("Note") with a term of six months. Modun has the right to have LiveTiles repay the Note in cash or convert the principal amount of the Note into ordinary shares in LiveTiles on the basis of a $33.75 million valuation of LiveTiles.

On 29 June 2015, the Company issued a Notice of Meeting ("Notice") and an Explanatory Statement attached to the Notice ("ES") that sought shareholder approval for the following:

- Resolution 1 relates to the change of nature and scale of activities of the Company;
- Resolution 2 refers to the proposed 1 for 50 consolidation of capital;
- Resolution 3 relates to the adoption of an Employee Share Plan;
- Resolution 4 relates to the adoption of a Management Incentive Plan;
- Resolution 5 relates to the proposal to the issue of Consideration Shares and Plan Shares to ZTH and Redenbach;
- Resolution 6 relates to the proposal to the issue of Consideration Shares and Plan Shares to NIA and Nguyen-Brown;
- Resolution 7 relates to the issue of 9,000,000 Consideration Shares to Matthew Brown (part of the 14,568,750 employee Consideration Shares);
- Resolution 8 relates to the issue of 30,055,974 Consideration Shares to rhipe and the nSynergy Trust;
- Resolution 9 relates to the issue of up to 80,000,000 post consolidated shares to raise up to a gross $12,000,000 (and a minimum of $9,000,000) as part of the Capital Raising (refer above regarding final capital raising);
- Resolution 10 relates to the issue of 4,250,000 Plan Shares to Matthew Brown and approval of a loan to Matthew Brown;
- Resolution 11 relates to the issue of 2,250,000 Plan Shares to Andrew Gray and approval of a loan to Andrew Gray;
- Resolution 12 relates to the issue of 2,250,000 Plan Shares to Mike Hill and approval of a loan to Mike Hill;
- Resolution 13 seeks approval for Mike Hill to participate in the Capital Raising to the extent of up to 666,667 Capital Raising Shares;
- Resolution 14 seeks approval for Andrew Gray to participate in the Capital Raising to the extent of up to 3,333,334 Capital Raising Shares;
- Resolution 15 relates to the approval to dispose of the Nuurst Coal Project;
- Resolution 16 relates to the proposal to change the name of the Company to LiveTiles Limited;
- Resolution 17 relates to the approval to adopt a new Constitution;
- Resolution 18 relates to the approval to appoint Karl Redenbach as a director of the Company;
- Resolution 19 relates to the approval to appoint Peter Nguyen-Brown as a director of the Company;
- Resolution 20 relates to the approval to appoint Matthew Brown as a director of the Company.

Shareholders approved all of the 20 Resolutions on 30 July 2015. An independent expert's report prepared by us in May 2015 summarised the proposed acquisition (of LiveTiles) as not fair (as we could not ascribe a fair value to the shares in LiveTiles) but reasonable to the existing shareholders of Modun and our report was attached to the Notice and Explanatory Statement mailed to shareholders in June 2015.

The Company is to into enter into new Employment Agreements with Karl Redenbach and Matthew Brown all to be effective from completion of the Acquisition. The employment and engagement arrangements (including part deferment of the payment of salaries) for Karl Redenbach, Peter Nguyen-Brown, Matthew Brown and the directors of Modun post completion of the Acquisition are set out in Sections 1.19, 1.20 and 7 of the Original Prospectus.

The current Board of Directors is expected to change in the near future as a result of the Acquisition. The Board is currently Michael Hill (Executive Chairman), Hugh Warner (Executive Director), Philip Kapp (Non-executive Director) and Andrew Gray (Non-executive Director). The Company Secretary is Andrew Whitten. Messrs Karl Redenbach, Peter Nguyen-Brown and Matthew Brown will become new directors of the Company from Completion (as defined) of the Acquisition. Hugh Warner and Philip Kapp will resign following completion of the Acquisition and Mike Hill will continue as the Non-executive Chairman. Mr Matthew Brown will also become the CFO.

On 12 December 2014, LiveTiles LLC and LiveTiles Pty Ltd (each a wholly owned subsidiary of LiveTiles) ("LiveTiles Subsidiaries") entered into an agreement with rhipe Australia Pty Limited (a wholly owned subsidiary of rhipe) ("Reseller") pursuant to which the LiveTiles Subsidiaries appointed the Reseller with:

- the non-exclusive rights to market, resell and distribute the LiveTiles product and any other products developed by LiveTiles from time to time (Products) and the support, assurance, new releases and related services for the Products (Support) globally and in the Asia Pacific region; and

- the exclusive right to market, resell and distribute the Products and Support to cloud hosting providers in the Asia Pacific region.

Potential investors should read the Original and Supplementary Prospectuses in full. We make no comments as to ownership or values of the current and proposed assets of the LiveTiles Group. Further details on all significant (material) contracts entered into by the Company and LiveTiles relevant to new and existing investors are referred to in Section 7 of the Original Prospectus and details on the sale of Modun LLC (and the assignment of the inter-company debt) is noted in the Supplementary Prospectus.

4. **Scope of Examination**

You have requested Stantons International Securities to prepare an Independent Accountant's Report on:

(a) The consolidated statement of profit and loss and other comprehensive income of Modun for the year ended 30 June 2014 and the nine months ended 31 March 2015;
(b) The consolidated statement of financial position of Modun as at 31 March 2015 (after adjusting for administration, corporate and due diligence costs of $250,000 for the period 1 April 2015 to 30 June 2015); and
c The consolidated pro-forma statement of financial position of Modun at 31 March 2015 adjusted to include funds to be raised by the Prospectus and the completion of transactions referred to in note 2 of Appendix 3.

All of the financial information referred to above has not been audited (except for the statement of profit and loss and other comprehensive income of Modun for the year ended 30 June 2014) however has been subject to audit review. The consolidated financial accounts of LiveTiles have also been audited for the year ended 31 December 2014. The Directors of Modun are responsible for the preparation and presentation of the historical and pro-forma financial information, including the determination of the pro-forma transactions. We have however examined the financial statements and other relevant information and made such enquiries, as we considered necessary for the purposes of this report.

The scope of our examination was substantially less than an audit examination conducted in accordance with Australian Auditing Standards and accordingly, we do not express such an opinion.

Our examination included:

a) Discussions with Directors and other key management of Modun;
b) Review of contractual arrangements;
c) A review of publicly available information; and
d) A review of work papers, accounting records and other documents

5. Opinion

In our opinion, the pro-forma consolidated statement of financial position as set out in Appendix 2 presents fairly, the pro-forma consolidated statement of financial position of Modun as at 31 March 2015 in accordance with the accounting methodologies required by Australian Accounting Standards on the basis of assumptions and transactions set out in Appendix 3. No opinion is expressed on the historical results and statements of financial position, as shown in Appendix 1, except to state that nothing has come to our attention which would require any further modification to the financial information in order for it to present fairly, the statements of financial position as at 31 March 2015 and the results of the period identified.

To the best of our knowledge and belief, there have been no other material items, transactions or events subsequent to 31 March 2015 that have come to our attention during the course of our review which would cause the information included in this report to be misleading.

6. Other Matters

At the date of this report, Stantons International Securities Pty Ltd or Stantons International Audit and Consulting Pty Ltd (Trading as Stantons International) do not have any interests in Modun either directly or indirectly, or in the outcome of the offer. Stantons International Securities Pty Ltd and Stantons International (who are the auditors of Modun) were not involved in the preparation of any other part of the Original and Supplementary Prospectuses, and accordingly, make no representations or warranties as to the completeness and accuracy of any information contained in any other part of the Prospectus. Stantons International Securities Pty Ltd consents to the inclusion of this report (including Appendices 1 to 3) in the Original and Supplementary Prospectuses in the form and content in which it is included. At the date of this report, this consent has not been withdrawn.

Yours faithfully
STANTONS INTERNATIONAL SECURITIES PTY LTD

John Van Dieren – FCA
Director

INVESTIGATING ACCOUNTANT'S REPORT

APPENDIX 1 – CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Modun Year ended 30 June 2014 (Audited) $	Modun Nine Months ended 31 March 2015 (Unaudited) $
Revenue- interest income	16,181	16,661
Continuing Operations		
Depreciation	(21,228)	(8,134)
Employment/director related expenses	(488,510)	(251,102)
Professional fees	(362,252)	(146,840)
Rental expenses	(69,946)	(38,153)
Travel costs	(47,663)	(62,068)
Other expenses	(156,386)	(96,677)
Loss on sale of fixed assets	(18,708)	-
Share based payments	-	(727,000)
Foreign exchange gain	727	63,767
Impairment of exploration costs	-	(1,800,000)
Net (loss) before tax	(1,147,755)	(1,293,545)
Income tax	-	-
Net (loss) after tax	(1,147,755)	(3,093,545)
Profit from discontinued operations after tax	-	-
Net profit (loss) attributable to the members	(1,147,755)	(3,093,545)
Other Comprehensive Income	-	-
Exchange differences on translating foreign operations	(1,285,458)	1,256,138
Total Comprehensive (Loss) for the period	(1,285,458)	1,256,138
Profit (Loss) attributable to:		
Equity holders of the Company	(1,147,755)	(3,093,545)
	1,147,755)	(3,093,545)
Total Comprehensive Profit (Loss) attributable to:		
Equity holders of the Company	(2,433,213)	1,837,407
	(2,433,213)	1,837,407

The figures for the nine months ended 31 March 2015 now include the impairment of capitalised exploration costs of $1,800,000 made in July 2015.

APPENDIX 2 – UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	**Modun Consolidated 31 March 2015**	**Modun Pro-forma Unaudited Consolidated 31 March 2015**
		\$000's	**\$000's**
Current Assets			
Cash assets	3	940	12,092
Receivables and prepayments	4	11	587
Total Current Assets		951	12,679
Non-Current Assets			
Plant and equipment		5	17
Capitalised exploration costs	5	2,944	2,944
Investment in subsidiaries	6	-	-
Total Non Current Assets		2,949	2,961
Total Assets		3,900	15,640
Current Liabilities			
Trade and other payables	7	212	1,924
Convertible notes	8	-	-
Employee entitlements	9	19	67
Total Current Liabilities		231	1,991
Total Liabilities		231	1,991
Net Assets		3,669	13,649
Equity			
Issued capital	10	302,879	18,773
Share based payment/premium reserve	11	1,091	829
Accumulated losses	12	(300,301)	(5,953)
Total Equity		3,669	13,649

Condensed Notes to and forming part of the above condensed consolidated statements of financial position are attached.

CONDENSED NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

1. Statement of Significant Accounting Policies

(a) **Basis of Accounting**
The audited and unaudited condensed consolidated Statement of Profit and Loss and Other Comprehensive Income and unaudited condensed consolidated Statements of Financial Position have been prepared in accordance with applicable accounting standards, the Corporations Act 2001 and mandatory professional reporting requirements in Australia (including the Australian equivalents of International Financial Reporting Standards) and we have made such disclosures as considered necessary. They have also been prepared on the basis of historical cost and do not take into account changing money values. The accounting policies have been consistently applied, unless otherwise stated. The financial statements have been prepared on a going concern basis that is dependent on the capital raising being successful.

(b) **Income Tax**
The charge for current income tax expense is based on the profit for the year adjusted for any non assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantially enacted as at balance date. Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxation profit or loss. Deferred income tax assets are recognised to the extent that it is probable that the future tax profits will be available against which deductible temporary differences will be utilised. The amount of the benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in the income taxation legislation and the anticipation that the economic unit will derive sufficient future assessable income to enable the benefits to be realised and comply with the conditions of deductibility imposed by law.

(c) **Plant and Equipment**
Each class of property, plant and equipment is carried at cost or fair value, less where applicable, any accumulated depreciation and impairment losses. The carrying amount of the plant and equipment is reviewed annually by the Directors to ensure it is not in excess of the recoverable amount of these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employed and their subsequent disposal. The expected net cash flows have been discounted to their present value in determining recoverable amounts.

(d) **Depreciation**
The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the Company commencing from the time the asset is held ready for use. The asset's residual value and useful lives are reviewed and adjusted if appropriate, at each balance sheet date.
An asset's carrying value is written down immediately to its recoverable amount if the asset's carrying value is greater than the estimated recoverable amount. Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement.

(e) **Trade and other accounts payable**
Trade and other accounts payable represent the principal amounts outstanding at balance date, plus, where applicable, any accrued interest.

(f) **Recoverable Amount of Non Current Assets**

The carrying amounts of non-current assets are reviewed annually by Directors to ensure they are not in excess of the recoverable amounts from those assets. The recoverable amount is assessed on the basis of the expected net cash flows, which will be received from the assets employed and subsequent disposal. The expected net cash flows have been or will be discounted to present values in determining recoverable amounts.

(g) **Revenue and Other Income**

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the entity and specific criteria relating to the type of revenue as noted below, has been satisfied.

Interest revenue is recognised on an accrual basis.

(h) **Issued Capital**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.

(i) **Principles of Consolidation**

The consolidated financial statements comprise the financial statements of Modun and its subsidiaries ("the Group").

Subsidiaries are all those entities over which the Company has control. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are carried at their cost of acquisition in the Company's financial statements.

In preparing the consolidated financial statements all intercompany balances and transactions, income, expenses and profit and loss resulting from intergroup transactions have been eliminated in full.

Minority interests held by the Company are allocated their share of net profit after tax in the statement of comprehensive income and are presented within equity in the statement of financial position, separately from parent shareholders' equity.

(j) **Employee benefits**

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave, and long service leave.

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the market yield as at the reporting date on national government bonds, which have terms to maturity approximating the terms of the related liability, are used.

(k) **Critical accounting estimates and judgements**

In preparing this Financial Report, the Company has been required to make certain estimates and assumptions concerning future occurrences. There is an inherent risk that the resulting accounting estimates will not equate exactly with actual events and results.

(l) **Significant accounting judgements**

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Key judgements

Carrying value of exploration assets

Determining the recoverability of exploration and evaluation expenditure capitalised in accordance with the Group's accounting policies requires estimates and assumptions as to future events and circumstances, in particular, whether successful development and commercial exploitation, or alternatively sale of the respective areas of interest will be achieved. Critical to this assessment is estimates and assumptions as to ore reserves, the timing of expected cash flows, exchange rates, commodity prices and future capital requirements. Changes in these estimates and assumptions as new information about the presence or recoverability of an ore reserve becomes available, may impact the assessment of exploration and evaluation assets. If, after having capitalised the expenditure, a judgement is made that recovery of the expenditure is unlikely, an impairment loss is recorded in the income statement in accordance with the Group's accounting policies.

Share Based Payments

The Company measures the cost of equity settles transactions with directors and employees by reference to the fair value of the equity instruments as at the date at which they are granted. The assessed fair value of the share options at the grant date is allocated equally over the period from the grant date to the vesting date. The fair value at the grant date is determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the options, the impact of dilution, the share price, the expected volatility of the underlying share, the expected dividend, and the risk-free interest rate for the term of the option.

Impairment

The Group assesses impairment at each reporting date by evaluating conditions and events specific to the Group that may be indicative figures. Recoverable amounts of relevant assets are reassessed using value-in use calculations which incorporate various key assumptions.

(m) **Significant accounting estimates and assumptions**

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period include impairment of capitalised case funding costs, goodwill on consolidation and investments in subsidiaries.

(n) **Financial Instruments**

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' ("FVTPL"), 'held-to-maturity' investments, 'available-for-sale' ("AFS") financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if: it has been acquired principally for the purpose of selling it in the near term; or on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or it has a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if: such designation eliminates or significantly reduces a measurement or recognition in consistency that would otherwise arise; or the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or it forms part of a contract containing one or more embedded derivatives, and AASB 139 'Financial Instruments: Recognition and Measurement' permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item.

AFS financial assets

Listed shares held by the Company that are traded in an active market are classified as AFS and are stated at fair value. The Company also has investments in unlisted shares that are not traded in an active market but that are also classified as AFS financial assets and stated at fair value (because the directors consider that fair value can be reliably measured). Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of AFS debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

(o) **Foreign currencies**

The financial statements are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in Australian dollars ('$'), which is the functional currency of the Company and the presentation currency for the consolidated financial statements. All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

(p) **Intangible assets**

Goodwill

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment. If impaired, a write down will occur.

Acquired both separately and from a business combination

Intangible assets acquired separately are acquired at cost and from a business combination are acquired15at fair value as at the date of acquisition. Following initial recognition, the cost model is applied to the class of intangible assets.

The useful lives of these intangible assets are assessed to be either finite or indefinite. Where amortization is charged on assets with finite lives, this expense is taken to the income statement.

Intangible assets, excluding development costs, created within the business are not acquired and expenditure is charged against the income statement in the year in which the expenditure is incurred.

Intangible assets are tested for impairment where an indicator of impairment exists and in the case of indefinite life intangibles annually, either individually or at the cash generating unit level. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

Other intangible assets

Other intangible assets that are acquired by the consolidated entity are stated at cost less accumulated amortisation (see below) and impairment losses.

Expenditure on internally generated goodwill and brands is recognised in the statement of comprehensive income as an expense as incurred.

Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation

A summary of the policies applied to the consolidated entity's intangible assets is as follows:

Goodwill and intangible assets with an indefinite life are systematically tested for impairment at each balance sheet date. Capitalised development costs and patents and trademarks with a finite life are amortized. Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted as appropriate. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss when the asset is derecognised.

(q) **Accounting for business combinations**

The Company has adopted IFRS 3 *Business Combinations*. All business combinations are accounted for by applying the acquisition method.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Company takes into consideration potential voting rights that currently are exercisable. The acquisition date is the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another.

The Company measures goodwill as the fair value of the consideration transferred including the acquired amount of any non-controlling interest in the acquiree, less the net acquired amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Company to the previous owners of the acquiree, and equity interests issued by the Company. Consideration transferred also includes the fair value of any contingent consideration and share-based payment awards of the acquiree that are replaced mandatorily in the business combination (see below). If a business combination results in the termination of pre-existing relationships between the Company and the acquiree, then the lower of the termination amount, as contained in the agreement, and the value of the off-market element is deducted from the consideration transferred and recognized in other expenses.

Transaction costs that the Company incurs in connection with a business combination, such as stamp duty, finder's fees, legal fees, due diligence fees, and other professional and consulting fees are expensed as incurred.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

When share-based payment awards (replacement awards) are exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then a part of the market-based measure of the replacement awards is included in the consideration transferred. If future services are required, then the difference between the amount included in consideration transferred and the market-based measure of the replacement awards is treated as post-combination compensation cost.

In accordance with "AASB 3: Business Combination" (AASB 3), the merger will be recorded under the reverse acquisition principals which results in the Legal Parent (in this case, Modun) being accounted for as the subsidiary, while the Legal Acquiree (in this case, LiveTiles), being accounted for as the parent. Under the reverse acquisition principals, the consideration to be provided by LiveTiles was determined to be $5,322,418 (based on the 15.0 cents issue price of the New Shares under the Prospectus), which is the fair value of the 35,482,791 post consolidated Consideration Shares owned by the former Modun shareholders at the completion of the merger.

The excess of fair value of the shares owned by the former Modun shareholders and the fair value of the identifiable net assets of Modun immediately prior to the completion of the merger is to be accounted for under "AASB: Share-based Payment" (AASB 2) and resulted in the expensing of approximately $1,653,000 as reconstruction or listing costs to the statement of profit and loss and other comprehensive income. The net assets of Modun will be recorded at fair value at the completion of the merger. No adjustments are expected to be required to the historical book values.

(r) **Leases**

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the company are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amount equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives or the lease term. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the lease term. Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(s) **Exploration Expenditure**

Exploration and evaluation expenditure incurred on granted exploration licences is accumulated in respect of each identifiable area of interest. These costs are carried forward where the rights to tenure of the area of interest are current and to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. Accumulated costs in relation to any abandoned area will be written off in full against profit in the year in which the decision to abandon the area is made. When production commences, the accumulated costs for the relevant area of interest will be amortised over the life of the area according to the rate of depletion of the economically recoverable reserves. A regular review will be undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

2. Actual and Proposed Transactions to Arrive at Pro-forma Unaudited Consolidated Statement of Financial Position

Actual and proposed transactions adjusting the 31 March 2015 unaudited consolidated condensed Statement of Financial Position of Modun (after allowing for a further $250,000 in administration (including 50% of fees due to the current directors), due diligence and other costs and added to creditors) in the pro-forma consolidated Statement of Financial Position of Modun are as follows:

(a) The 1 for 50 consolidation of capital;
(b) The completion of the Capital Raising of a gross amount of $11,000,000 (73,333,333 Capital Raising Shares) and incurring capital raising costs of $1,200,000;
(c) The acquisition of all of the shares in LiveTiles by way of an issue of 225,000,000 ordinary Consideration Shares at a deemed issue price of 15 cents per share for a total deemed consideration of $33,750,000 (and using reverse acquisition accounting principles and expensing $1,653,000 as reconstruction or listing costs);
(d) The issue of 35,000,000 Plan Shares for incentivising management and employees of Modun. The Plan Shares are akin to an option and have been valued at a deemed fair value of $829,000;
(e) The repayment of Modun Group (only) creditors as at 31 March 2015 (as adjusted) of $212,000 (rounded);
(f) The issue of 1,000 shares for $150;
(g) The payment of the deferred/contingent service fees payable to the existing directors of the Company to 31 July 2015 of $191,667; and
(h) The issue of 6,000,000 shares on conversion of $900,000 of convertible notes issued by LiveTiles in July 2015, converted at 15 cents each.

The below mentioned financial figures excludes a $500,000 advance by way of a Convertible Note ("Note") made by Modun to LiveTiles in June 2015 for a six month period. Modun has the right to have LiveTiles repay the Note in cash or convert the principal amount of the Note into ordinary shares in LiveTiles on the basis of a $33.75 million valuation of LiveTiles.

	Note 2	**Unaudited Consolidated Modun 31 March 2015 $000's**	**Unaudited Consolidated Modun Pro-forma 31 March 2015 $000's**
3. Cash Assets			
The movements in cash assets are as follows:			
Unaudited 31 March 2015		940	940
Issue of New Shares	(b)	-	11,000
Prospectus issue costs	(b)	-	(1,200)
Repayment of payables	(e)	-	(212)
Cash of Live Tiles Group	14	-	1,756
Issue of shares	(f)	-	-
Payment of contingent fees	(g)	-	(192)
		940	12,092
4. Receivables and Prepayments			
Current			
Other receivables		11	11
Receivables and prepayments of LiveTiles Group	14	-	576
		11	587
5. Capitalised Exploration Expenditure			
At cost		4,744	4,744
Less: Impairment of costs		(1,800)	(1,800)
		2,944	2,944

The Company has agreed to sell the Nuurst Project, via selling all the shares in Modun LLC (and assigning the inter-company debt) for a combined total of US$2,210,000. Further details are outlined in the Supplementary Prospectus.

	Note 2	Unaudited Consolidated Modun 31 March 2015 $000's	Unaudited Consolidated Modun Pro-forma 31 March 2015 $000's
6. Investments in subsidiaries			
Shares in wholly owned subsidiaries			
Modun Resources LLC		201	201
Modun Resources Pte Ltd		-	
Nuurst Mineral Corporation LLC (owned by Modun Resources LLC)		-	
LiveTiles (and its subsidiaries) (to be 100% owned)	14	-	33,750
		201	33,951
Less eliminated on consolidation		(201)	(33,951)
		-	-

	Note 2	**Unaudited Consolidated Modun 31 March 2015 $000's**	**Unaudited Consolidated Modun Pro-forma 31 March 2015 $000's**
Loans to existing Modun subsidiaries		6,470	6,470
Loans to LiveTiles	(b)	-	900
Share based payments	(d)	-	829
		6,470	8,199
Eliminated on consolidation		(6,470)	(8,199)
Total Investments		-	-

7. Trade and other payables

Trade and other payables		212	212
Payables of LiveTiles Group	14	-	1,924
Less: Repayment of Modun payables		-	(212)
		212	1,924

8. Convertible Notes owing by Live Tiles

Convertible notes owed by LiveTiles	14	-	900
Less: offset against Capital Raising subscriptions	(b)		(900)
		-	-

9. Employee entitlements

Annual leave- Modun	14	19	19
Annual leave- LiveTiles	14	-	48
		19	67

10. Issued Capital

1,774,139,534 shares as at 31 March 2015		302,879	302,879
Consolidation of capital	(a)		
35,482,791 post consolidated shares on issue		302,879	302,879
Reversal of Modun capital on reverse acquisition		-	(302,789)
13,217,867 shares on issue in LiveTiles		-	2,751
73,333,333 New Shares pursuant to the Prospectus	(b)	-	11,000
225,000,000 Consideration Shares to acquire LiveTiles using reverse acquisition accounting	-		5,322
35,000,000 Plan Shares	(d)	-	-
Issue of 1,000 shares	(f)	-	-
60,000,000 shares on conversion of convertible notes issued by LiveTiles	(h)	-	900
		302,789	19,973
Less: estimated share issue costs	(c)	-	(1,200)
Pro-forma		302,789	18,773

The number of Modun shares on issue after the Proposed Transaction is completed will be 374,817,124.

The Plan Shares have been treated on an akin to a share option (and valued at $829,000) in accordance with generally accepted accounting principles. If the owners of the shares pay the debts owing on the Loan Shares, the monies received (up to $5,250,000) will be disclosed under issued capital (with no further shares being issued).

In the event that the Company accepts the maximum oversubscriptions of $1,000,000, the number of shares on issue increases to 381,483,791, issued capital increases to $19,723,000 after allowing for additional capital raising costs of $50,000 and cash at bank increases by $950,000 to $13,042,000.

	Note 2	**Unaudited Consolidated Modun 31 March 2015 $000's**	**Unaudited Consolidated Modun Pro-forma 31 March 2015 $000's**
11. Share Based Payments/Premium Reserve			
Balance as at 31 March 2015		1,091	1,091
Less: Reversed on acquisition accounting		-	(1,091)
Reserves of LiveTiles		-	-
Issue of Plan Shares	(h)	-	829
		1,091	829

The number of post consolidated share options on issue as at 31 March 2015 are as follows:

- 7,000,000 unlisted share options, exercisable at 10 cents each, on or before 31 October 2017;
- 720,000 unlisted share options, exercisable at $2 each, on or before 31 December 2015;
- 720,000 unlisted share options, exercisable at $3 each, on or before 31 December 2015; and
- 640,000 unlisted share options, exercisable at $5 each, on or before 31 December 2015.

The post-consolidated Plan Shares that will be on issue will total 35,000,000 and vest as follows:

Tranche	**Time Vesting**	**Performance Vesting**
		(VWAP)
1	Second Anniversary	25 cents
2	Third Anniversary	35 cents
3	Fourth Anniversary	45 cents

The above figures for the Plan Shares accounts for 100% of the fair values as ascribed by us when preparing an independent expert's report for Modun in May 2015, however for actual accounting purposes, the total of the values will be accounted for over the estimated/actual vesting periods. The financial accounts for the year ended 30 June 2016 will disclose a lower figure and future years will account for the values.

For details on the Plan Shares and the Management Incentive Plan that will be outstanding, refer the Background Section of this report and section 8.7 of the Original Prospectus.

	Note 2	Unaudited Consolidated Modun 31 March 2015 $000's	Unaudited Consolidated Modun Pro-forma 31 March 2015 $000's
12. Accumulated losses			
Balance as at 31 March 2015		298,501	298,501
Less: Reversal on reverse acquisition	(b)	-	(298,501)
Add: Reconstruction/listing costs on acquisition	(b)(14)	-	1,653
Accumulated losses of LiveTiles Group	14	-	3,279
Plan Shares	(d)	-	829
Contingent fees paid	(g)	-	192
		298,501	5,953

13. Contingent Assets, Liabilities and Commitments

The Company has the following contingent liabilities and commitments that have not been accounted for in the pro-forma consolidated statement of financial position as at 31 March 2015.

The Mongolian Tax Authority ("The Authority") has conducted a tax review of the Company's wholly owned subsidiary, Modun Resources LLC ("Modun LLC"). Following the completion of the review, the Authority lodged a claim against Modun LLC for additional withholding tax to be paid as a result of the acquisition of the Nuurst Licence in 2011. The Group does not believe any additional withholding tax is required to be paid and is defending its position through the appeals and mediation process in place in Mongolia. The Group considers that it is probable that the judgement will be in its favour and have therefore not recognised a provision in relation to this claim. The potential undiscounted amount that Modun LLC could be required to be paid if there was an adverse judgement against Modun LLC is estimated to be approximately $360,000 (exclusive of legal costs and any penalty/interest applied). If the sale of Modun LLC (and the assignment of the inter-company debt) proceeds, the acquirer of Modun LLC will also take over the contingency.

The Executive Services Agreements of Rick Dalton and Daniel Rohr were terminated during the year ended 30 June 2014 and were replaced with new service agreements to reflect the part-time nature of their on-going responsibilities. The Company reached agreement with both executives that entitlements due to them as a result of the termination of their initial agreements of up to $100,925 for Rick Dalton and up to $94,365 for Daniel Rohr, which will be paid out of the proceeds of the sale or part sale of the Nuurst Project. No accrual has been made for these payments as they are contingent upon the sale or part sale of the Nuurst Project.

The Company has agreed to enter into service contracts with Mr Karl Redenbach and Mr Mathew Brown as noted in the Background Section 3 of this report and Sections 1.17 and 7 of the Original Prospectus. Six months' notice is required to terminate the contracts.

In addition, there are service contracts involving Mike Hill and Hugh Warner each at the rate of

$250,000 per annum, however on completion of the Acquisition of LiveTiles, Mr Hill will become a non- executive director and Hugh Warner will resign as a director. Under the service agreements with Messrs Hill and Warner and also the non-executive directors of Modun, Messrs Andrew Gray and Philip Kapp, only 50% of the fees were payable to each party as cash and the remaining 50% payable when the financial situation of the Company improved.

To 31 March 2015, the non accrued fees totalled $91,667 (all the fees due to Kapp were accrued to 31 March 2015) and we have allowed for the payment of such fees (and 50% of the fees to 31 July 2015) in preparing the pro-forma statement of financial position as noted in this report. The total amount involved is $191,667.

A Secretarial Agreement has been entered into with Whittens & McKeough Pty Ltd in relation to the provision of company secretarial services to be provided by Andrew Whitten at the rate of $3,000 per month plus GST. The non-executive directors who will remain on the Board of Modun post completion of the Acquisition are entitled to maximum director fees of $80,000 per annum.

Further details are outlined in section 1.17 of the Original Prospectus and the Material Contracts Section 7 of the Original Prospectus. In addition, the Company has entered into Indemnity Deeds with each Executive and Non-Executive Director.

LiveTiles has lease commitments as at US$692,347 as at 31 December 2014 (as at 31 March 2015 rental of premises commitments totalled approximately $406,840).

Based on discussions with the Directors and legal advisors, to our knowledge, the Company has no other material commitment or contingent liabilities not otherwise disclosed in this Investigating Accountant's Report (refer Background section 3 and Note 14) and in the Original and Supplementary Prospectuses.

Investors should read the Original and Supplementary Prospectuses for further possible contingencies and commitments. For details on proposed commitments pertaining to the expanded Modun Group, refer to the Use of Funds Section 1.8 of the Original Prospectus.

14. Summary of LiveTiles from the unaudited consolidated Statements of Financial Position as at 31 March 2015

	Note	**Unaudited Consolidated LiveTiles 31 March 2015 $000's**	**Adjusted Consolidated LiveTiles Pro-forma 31 March 2015 $000's**
Cash at bank		226	1,756
Receivables and prepayments		2,790	576
Plant and equipment		12	12
Total assets		3,028	2,344

Creditors and accruals (including related

parties)	4,626	1,924
Converting loans	-	900
Provisions- Employee liabilities	48	48
Total liabilities	4,674	2,872
Net Assets (Liabilities)	**(1,646)**	**(528)**
Equity		
Issued capital	2,001	2,751
Reserves	**-**	**-**
Accumulated losses	(3,647)	(3,279)
Net Equity (Deficiency)	**(1,646)**	**(528)**

We have adjusted the unaudited 31 March 2015 consolidated financial statements of LiveTiles as follows:

- The issue of further shares in LiveTiles to raise a gross $750,000;
- The collection of around a net $2.214 million from an research and development rebate relating to the 2013/2014 tax year less PAYG debt;
- Conversion of around $1.78 million owing to related parties but not accrued and treated as nil consideration;
- Repayment of part of the related party loans of around $2.214 million;
- Allowing for $1,272,000 of operating costs estimated to 30 June 2015 (excludes forecasted losses post 30 June 2015 and excludes a forecasted research and development rebate receipt expected to be received in October 2015or November 2015);
- The issue of $900,000 of convertible debt ("Notes") to raise a net $780,000 (after allowing for $120,000 of costs) and accruing for interest at 12% per annum for say $19,825 (to 30 September 2015). The interest is for the period 25 July 2015 to 30 September 2015 yet the final maturity date of the Notes is 31 December 2015. If there is a delay in conversion of the Notes post 30 September 2015, further interest will be incurred (maximum interest approximately $29,000). Further details on the Notes are outlined in the Supplementary Prospectus, including the ability for LiveTiles to issue a further $100,000 of Notes (and if issued and converted to Modun shares, would result in the increase of a further 666,667 shares in Modun).

	Modun 31 March 2015 $
The costs of the LiveTiles Acquisition from Modun's point of view as a parent entity <u>ignoring reverse acquisition accounting</u> is as follows:	
Shares issued (225,000,000 Consideration Shares at a deemed 15.0 cents each)	33,750,000
Total Acquisition costs	33,750,000

Using reverse acquisition accounting, the capital and reserves of Modun are eliminated on acquisition and the capital and reserves of LiveTiles are disclosed under consolidated equity. The total acquisition costs of $33,750,000 are only disclosed in the general ledger of Modun. The deemed value attributable to the Consideration Shares is $5,322,000 (rounded) and the net assets of Modun are disclosed at $3,669,000 (rounded) and thus the excess on acquisition approximates $1,653,000 (rounded) and this has been expensed as reconstruction/listing costs using reverse acquisition accounting. The final amount on acquisition of LiveTiles may well be different.

Recoverability of the investment in the subsidiary LiveTiles and recoverability of any future loans made to LiveTiles is dependent on the success of existing and future business of LiveTiles. The Company, in the absence of justifiable profits in the future by LiveTiles may need to impair the investment (including any loan funds).

The above figures (Modun and LiveTiles) exclude the lending of $500,000 by Modun to LiveTiles by way of a $500,000 Convertible Note post 31 March 2015. Assuming the Acquisition proceeds, the $500,000 debt between Modun and LiveTiles become intercompany debts that are eliminated on consolidation.

15. LiveTiles Consolidated Statement of Profit or Loss and other Comprehensive Income

	Year Ended 31 December 2014 (Audited) $000's	**Three Months Ended 31 March 2015 (Unaudited) $000's**
Revenue	43	11
Other Income		
Research and development grant income	2,942	-
Sundry income	-	5
Related party debt forgiven	3,125	-
Net foreign exchange gain	27	-
Interest income	1	-
Administration expenses	(1,460)	(677)
Employee benefit expenses	(2,238)	(943)
Consultancy costs	(1,084)	-
Finance costs	(102)	-
Operating profit (loss)	1,254	(1,604)
Net profit (loss) before income tax	1,254	(1,604)
Income Tax Expense	-	-
Net profit (loss) after income tax	1,254	(1,604)
Other Comprehensive Income		
Total comprehensive income for the year	-	-
(Loss) attributable to the members of the parent entity	1,254	(1,604)
Total Comprehensive Income attributable to the members of the parent entity	1,254	(1,604)

The above figures are not a guide as to future profitability that may be earned by the LiveTiles Group and actual results may be materially different.