

ASX ANNOUNCEMENT

21 July 2017

BRONSON GROUP LTD TO ACQUIRE PHARMACEUTICAL DEVELOPMENT COMPANY (PTY) LTD

Bronson Group Ltd (ASX:BGR) (**BGR** or the **Company**) is pleased to announce, that it has entered into a binding heads of agreement (**HOA**) in relation to the acquisition of all of the shares in Pharmaceutical Development Company (Pty) Ltd (**PDC**), a company incorporated in the Kingdom of Lesotho, in southern African (**Acquisition**). Completion of the Acquisition is subject to various conditions described below, including BGR shareholder approval.

Consideration for the Acquisition is a total of 204,975,000 fully paid, ordinary shares in BGR (**Shares**) and 40,000,000 options to acquire Shares (**Options**).

Overview on PDC

PDC is a private company registered and incorporated in accordance with the laws of the Kingdom of Lesotho (**Lesotho**), a country surrounded by the Republic of Africa.

PDC has obtained and will be operating a renewable 10 year licence (**Licence**) granted by the Government of Lesotho on 28 February 2017. The Licence authorises PDC to cultivate, manufacture, supply, research, hold and transit cannabis, cannabis plant and cannabis resin (**Product**) as well as import cannabinoid seed for medical, scientific or other lawful use (**Project**).

A key factor in considering the success of the Project is namely, that Lesotho has existing legislation in place that regulates the cultivation and transit of Product to and from Lesotho.

PDC's leadership team has extensive local and international market knowledge and has proved to be a trusted business partner in Africa. PDC has adopted a multi-disciplinary and multi-skilled professional structure that has core financial, management, commercial and legal expertise. PDC's management team has over 30 years' experience and is committed to the values of effective and professional management. PDC has access to leading markets in Africa and its strategic priority is to maintain transparent and collaborative relationships with its industry partners.

PDC's management team is led by its current sole director and a shareholder, David Manaway.

The Project is the first of its kind on the African continent with the added potential of exporting to various markets including Canada, Israel, Uruguay, Netherlands, Czech Republic, Australia, Croatia, Colombia, Brazil, Germany and Italy.

PDC is in a position to commence the Project immediately and Lesotho is in the process of compiling its quota application for submission to the International Narcotics Control Board.

PDC, with the assistance of funding from the Company, intends to build an initial 20,000 square foot greenhouse facility to grow medical grade cannabis. Thereafter (or in tandem), PDC intends to construct a GMP processing facility and analytical lab for extracting cannabis based active pharmaceutical ingredients (**APIs**).

PDC also intends to engage in research and development activities in Lesotho and in foreign jurisdictions with collaboration partners (including in Australia).

PDC's Licence operates pursuant to and in accordance with international regulatory requirements and local legislation. The Ministry of Health in Lesotho is the authority legally responsible and empowered to administer and issue permits and licences under the Drugs of Abuse Act of 2008. In addition, PDC has obtained Government and relevant Ministerial approval for permits that are granted to PDC for each consigned import of cannabinoid seed and/or export of Product.

PDC has been granted the Licence for an area of up to 20,000m² of greenhouse growing facilities, exclusive of further areas that may be allocated for peripheral buildings. The allocated site is in close proximity (about 5km) to the international airport of Lesotho.

The allocated site ensures:

- (a) secure transportation of Product: due to its close proximity to the Lesotho airport and police station;
- (b) crop integrity: as products of a different nature are not grown in the vicinity and the sizable greenhouse was considered for purposes of preventing cross pollination;
- (c) restricted access: due to the remote nature and minimal entrance ways of the site;
- (d) intruder resistant: due to the physical barriers and climb proof perimeter fencing to be built; and
- (e) rapid response to intrusion, theft or loss of Product: due to secured arrangements with emergency services, police and local government authorities.

The authorised description of the Product under the Licence is set out below:

- (a) leaves, resin, seedlings, tissue-culture of a plant type Cannabis;
- (b) cultivated flowerings of the plant, or in stages of production, for the purpose of smoking, vaporizing, extraction, edible, active pharmaceutical ingredient (API) and medicine production; and
- (c) parts of the plant which serve for extracting oil or hemp and/or any by-products.

The following activities are permitted for medical use and/or scientific and any other lawful use:

- (a) cultivation;
- (b) manufacture;
- (c) extract;
- (d) supply/distribution;
- (e) storage; and
- (f) export, import and transit within, into and outside of Lesotho.

PDC intends to generate income from:

- (a) sales of medical cannabis products both within Africa (once legalised) and internationally;
- (b) sales of active pharmaceutical ingredients (APIs) containing cannabis into jurisdictions where it is legal to import the APIs; and
- (c) research and development services as a result of collaborating with other third party companies that require access to cannabis or APIs.

PDC's growth strategy will focus on:

- (a) initially constructing a greenhouse facility at the Site;
- (b) followed by growing a first crop of cannabis for sales into legal medical cannabis regimes (most likely focused on Europe initially);
- (c) constructing a GMP processing facility and analytical lab for extracting cannabis based APIs;
- (d) engaging in research and development activities in Lesotho and in foreign jurisdictions with collaboration partners (including in Australia); and
- (e) exporting medical grade cannabis and APIs to legal jurisdictions (including Australia).

Heads of Agreement terms

Pursuant to HOA, the Company has the right to acquire 100% of the issued share capital in PDC. A summary of the material terms of the HOA are as follows:

1. Consideration

Subject to satisfaction or waiver of conditions to the Acquisition, at settlement of the Acquisition, the Company has agreed to issue to the PDC shareholders in aggregate 204,975,000 Shares and 40,000,000 Options in consideration of the Acquisition.

2. Conditions Precedent

Settlement of the Acquisition is subject to a number of conditions, including;

- (a) completion of due diligence by BGR on PDC's business, assets, operations, financial position, financial performance and any further matters relevant to PDC, in each case to the satisfaction of BGR;
- (b) completion of due diligence by PDC on BGR's business, assets, operations, financial position, financial performance and any further matters relevant to PDC, in each case to the satisfaction of PDC;
- (c) the financial accounts of PDC being audited according to International Financial Reporting Standards for the shorter period of three years and the date of incorporation of PDC and delivering those accounts to BGR;
- (d) BGR, PDC and/or the Shareholders obtaining all necessary shareholder and regulatory approvals required by the *Corporations Act 2001* (Cth) (**Corporations Act**), the ASX Listing Rules and any other law in relation to the matters set out in the HOA;
- (e) BGR preparing a prospectus and raising no less than A\$5,400,000 via an offer of BGR Shares at an issue price of A\$0.02 each (**Capital Raising**);
- (f) if required, each of the Shareholders waiving all pre-emptive and other rights over any of the PDC Shares conferred by the constituent documents of PDC, any shareholders' agreement relating to PDC or in any other way (if any); and
- (g) to the extent required by the ASX, BGR or the ASX Listing Rules, each Shareholder (and their controllers, to the extent required by ASX or the ASX Listing Rules) entering into a restriction agreement as required by ASX.

3. Settlement

Subject to the satisfaction (or waiver) of the conditions precedent, settlement will occur on that date which is five (5) business days or such other period as agreed between the parties, after satisfaction (or waiver) of the conditions precedent.

Change of Activities

As the proposed Acquisition constitutes a change in the nature and scale of the Company's activities, the Company will be required, pursuant to Listing Rule 11.1, to obtain approval from BGR's shareholders at a general meeting and re-comply with Chapters 1 and 2 of the Listing Rules. The indicative timetable to achieve this is set out below.

If the Acquisition is approved by BGR's shareholders, the Company's securities will continue to remain suspended from trading following the Company's General Meeting until the requirements of Chapters 1 and 2 of the Listing Rules have been satisfied.

Further information regarding the acquisition and the change of activities will be available in the notice of meeting convening the Company's General Meeting, to be dispatched to shareholders in due course.

Capital Raising

In accordance with the requirements of the Listing Rules and for the purpose of funding the costs of the Acquisition and the Company's future activities (among other things), the Company proposes to issue a prospectus to raise by a public offer, subject to shareholders' approval at the General Meeting, no less than A\$5,400,000 and up to a proposed maximum of \$7,000,000 via an offer of BGR Shares at an issue price of A\$0.02 each (**Capital Raising**). The Capital Raising will not be underwritten.

Control Issues

Following completion of the Acquisition and the Capital Raising, it is anticipated that no person will end up with voting power of 20% or more in the Company as a result.

Effect of the Re-compliance on the Company's consolidated total assets and total equity interests

The principal effect on the Company's consolidated statement of financial position of the Re-compliance will be:

- (a) current cash assets will increase by approximately \$5,400,000 less costs, comprising the net proceeds of the Capital Raising; and
- (b) total equity interests will increase by a corresponding amount.

Effect of the Re-compliance on the Company's revenue, expenditure and profit before tax

Had the Acquisition been completed during the 6 months ended on 31 December 2016, and based on audited financial statements of the Company for the 6 months ended on the 31 December 2016, there was no significant effect on the Company's revenue, expenditure and profit before tax.

Indicative Capital Structure

Set out below is the indicative capital structure of the Company following completion of the Acquisition and the Capital Raising, which is subject to change.

	Shares	Options
Current issued capital	49,971,877	45,000,000
Issue of the Consideration Shares and Consideration Options under the Acquisition	204,975,000	40,000,000 ²
Issue of Shares pursuant to the minimum subscription pursuant to the Capital Raising assuming an issue price of \$0.02 per Share ¹	270,000,000	Nil
Total estimate^{1,3,4}	524,946,877	85,000,000

Notes:

1. Assumes the minimum subscription is raised under the Capital Raising at an issue price of \$0.02 per Share.
2. 20,000,000 Options with an exercise price of \$0.04 and 20,000,000 Options with an exercise price of \$0.06 all expiring on or before 36 months from the date of issue.
3. In the event that the Company secures another acquisition (as noted below), the Capital Raising is likely to increase.
4. In the event that the Company proceeds with the raising of loan funds prior to completion of the Acquisition, the number of Shares on issue will increase when these loans are converted to shares in the Company.

Proposed Budget

The Company has current cash reserves of approximately \$130,000. In order to complete due diligence on PDC and pay for the associated costs attached to both the Acquisition and Capital Raising (including preparing a prospectus), the Company intends to raise up to an additional \$400,000 by way of convertible loan with the loan funds all converting to shares in the Company at an issue price of \$0.02 each (the same price that shares will be issued under the Capital Raising). The Company is required to seek shareholder approval in order to issue the shares on conversion of the loan.

The Company intends to apply the current cash reserves, the convertible loan funds and the minimum Capital Raising funds less any expenses, which when aggregated would give a total of approximately \$5,400,000 funds available, as follows over the next two years:

- (a) estimated cost of the Acquisition and Capital Raising;
- (b) design and construction of the greenhouse and extraction facility;
- (c) research and development costs; and
- (d) working capital and corporate administration.

Further information on the Acquisition will be provided in subsequent ASX announcements and in the notice of meeting document to be sent to shareholders in the coming weeks.

Corporate Advisor/Lead Manager

The Company has engaged EverBlu Capital Pty Ltd to act as lead manager/sponsoring broker of the Capital Raising.

Proposed Board change and change of name

Pursuant to the HOA, one nominee of PDC will be appointed as a non-executive director of the Company. That nominee will be David Manaway, whose biography is set out below:

Mr Manaway has over 10 years' experience in stakeholder and development management of numerous Governmental and private equity projects in Africa, South America and Europe. Mr Manaway provides world-class strategic and business analysis, and insights into corporate optimisation, as well as the executive management of project designs and business models. Mr Manaway has a seamless track record for his consultative skills for international and multi-business organisations and projects.

Career highlights include:

- Founding member of the Chuma Holdings consortium which, established a R860 million BEE transaction with Aquarius Platinum (listed on JSE, LSE and ASX) – this transaction has been voted several times as one of the best Black Empowerment deals to date.
- In 2008, becoming Chief Executive Officer and Chairman of the Board of Oxypite (Pty) Ltd and leading shareholders of Oxypite (Pty Ltd) in a buy-out of the company to Purple Capital Private Equity.
- Being appointed as Head of Business and Development & head of Purple Gaming Africa in 2010 and overseeing all group expansion development in Tanzania, Kenya, Ghana, Nigeria, Angola, DRC, Mozambique and South Africa.
- In 2014, being appointed to the board of Long Walk to Freedom Brand Limited.

In 2012, Mr Manaway founded Manaway Consulting, whereby he represents and consults to international companies in Africa.

Mr Manaway holds a Bachelor of Science-Business Administration from Clark Atlanta University, Atlanta, Georgia USA.

In addition, and in line with its proposed change in activities, the Company will be seeking shareholder approval to change its name (yet to be determined).

Indicative Timetable

Action	Target Dates
Dispatch of notice of General Meeting	31 August 2017
General Meeting of Shareholders	2 October 2017
Lodgement of prospectus with the ASIC for the Capital Raising	2 October 2017
Targeted Settlement of the Acquisition and Capital Raising and reinstatement to the Official List of the ASX	27 October 2017

The above timetable is indicative only and is subject to change without notice.

Key risks and dependencies

The key risks to successful transformation of the Company can be summarised as:

(a) Re-quotations of Shares on ASX

As part of the Company's change in nature and scale of activities, ASX will require the company to re-comply with Chapters 1 and 2 of the listing rules. It is anticipated that the Company's securities will remain suspended until completion of the Acquisition, the Capital Raising, re-compliance by the company with Chapters 1 and 2 of the listing rules and compliance with any further conditions ASX imposes on such reinstatement.

There is a risk that the Company will not be able to satisfy one or more of those requirements and that its securities will consequently remain suspended from official quotation.

(b) Liquidity Risk

On completion of the Acquisition, the Company proposes to issue the Consideration Shares to the PDC vendors. The company understands that ASX will treat some of these securities as restricted securities in accordance with Chapter 9 of the listing rules. This could be considered an increased liquidity risk as a large portion of issued capital may not be able to be traded freely for a period of time.

(c) Risks associated with operating in the Kingdom of Lesotho

PDC's Project is located in the Kingdom of Lesotho which is considered to be a developing country and as such subject to emerging legal and political systems compared with the system in place in Australia.

Possible sovereign risks include, without limitation, changes in the terms of legislation, changes to taxation rates and concessions and changes in the ability to enforce legal rights. Any of these factors may, in the future, adversely affect the financial performance of the Company and the market price of its shares.

No assurance can be given regarding future stability in these or any other country in which the Company may have an interest.

(d) Licences and Permits

PDC has been granted a 10 year renewable Licence to enable it to conduct its business, including the construction of a greenhouse and processing facility.

If PDC fails to comply with the conditions of the Licence granted or any other licence or permit that may be granted, they may be cancelled or revoked. If this occurs, PDC will be unable to continue to establish and conduct its business.

PDC have also obtained Government and relevant Ministerial approval for permits that are granted to PDC for each import and/or export of a consignment.

There is no assurance or guarantee that the Licence or permits will be renewed, or renewed on terms desirable to or expected by PDC and accordingly, if PDC does not receive all such licence

renewals on terms desirous to or expected by PDC, this will or is likely to have an adverse effect on PDC's existing and proposed activities and operations, financial performance and prospects.

(e) **Start-up Risk**

Potential investors should be aware that investing in a start-up enterprise and industry, such as PDC, should be considered highly speculative and involves several significant risks including under capitalisation and obstacles or delays in the implementation of the business plan or revenue generation coupled with existing and future legislative and regulatory risks.

The Company can make no representation that any of its research and development will be successful, that its internal development milestones will be achieved, or that products will be developed that are commercially exploitable.

There are many risks inherent in the development of biotechnology products particularly where the products are in the early stages of development. Projects can be delayed or fail to demonstrate any benefit, or research may cease to be viable for a range of scientific and commercial reasons.

(f) **Profitability Risk**

Anticipated or expected sales may not be achieved, and even if achieved, may not result in the Company being profitable. The ability of the Company to pay dividends will depend on PDC generating revenue and then deriving sufficient after-tax profits to be able to do so.

Some of PDC's competitors and potential competitors may have significantly more financial resources and marketing experience than PDC which may lead to reduced margins and loss of revenues or loss of market share. Further, revenues in the future may be reduced as the industry consolidates and seeks revenue accretion at the expense of profit margin.

(g) **Unforeseen expenditure risk**

Although the Company is not aware of any such additional expenditure requirements, if such expenditure is subsequently incurred, this may adversely affect the expenditure proposals of the Company.

(h) **Cannabis cultivation and processing systems**

There are numerous risks associated with the construction and use of cultivation and processing facilities to cultivate and process medicinal cannabis including plant diseases, capacity to source suitable cannabis varieties either domestically or from overseas, underestimating the costs and time to complete, the impact of local or foreign legislation and regulations and related changes, weather, underestimating the lighting/heating requirements and costs of installation, human error in the execution of the start-up engineering and construction, equipment failure, supplier delays and underestimating breakages and consumables, all of which are, where able, mitigated by project management and external professional advice.

Any adverse outcomes in respect of these matters will or may adversely affect PDC's proposed activities and operations, financial performance and prospects.

(i) **Counterparty risk**

PDC has executed and expects in the normal course of business to execute several commercial agreements and arrangements in the future with third parties that are or may be material to the financial performance and prospects of the business. There is a risk that the counterparties may not either execute these agreements or meet their obligations under those agreements and arrangements. Negative commercial consequences are likely to flow from the non-execution of these agreements and any non-observance of commercial obligations including the inability of PDC to execute its business plan.

The non-execution of or a breach of any of these agreements may result in a negative impact on the financial performance and prospects of PDC, and in certain cases, may prevent PDC from achieving its business objectives.

All agreements carry risks associated with the performance by the parties to them of their obligations as to payment of moneys, time and quality of work performed and potential revenue pressure on PDC through the non-observance or renegotiation of agreements.

(j) **Technology and innovation risks**

PDC's intended business activities include the need to be abreast of innovation and new growing techniques which can assist in both risk mitigation and cost reductions. Failure to invest in both innovation and new technology may significantly impact on the capacity of PDC to generate revenues or adequate revenues and compromise its existing market competitiveness.

(k) **Regulatory environment risks**

The Company is exposed to the risks posed by current and potential regulations and legislation that apply to the industries in which it proposes to operate. Changes in the regulatory environment in the Kingdom of Lesotho and other countries the Company may supply its products to may have adverse consequences for the Company.

(l) **Environment and regulatory risks**

While PDC intends to comply with applicable environmental laws and regulations, there are risks inherent in its activities which could subject PDC to extensive liability as well the potential revocation of the permits, approvals and licences required to conduct PDC's business.

Under the relevant laws in which PDC operates, PDC is required to obtain approvals, licences and permits from the relevant regulatory authorities from time to time including with respect to the importation of cannabis varieties, which may not be forthcoming or which may not be able to be obtained or maintained on acceptable terms.

Investors should be aware that PDC cannot guarantee that any requisite approvals, licences or permits will be obtained for PDC to carry out all its objectives. A failure to obtain any such approvals, licences or permits or the non-enactment of the relevant laws necessary for PDC to carry out all its objectives would mean that the ability of PDC to continue to establish and conduct its business may be prevented or limited or restricted either in part or absolutely.

Any production and supply of medicinal cannabis products will need to comply with all applicable laws and satisfy all the requirements of the applicable regulatory requirements.

(m) **Key personnel and management risks**

PDC relies on a few key employees, consultants and contractors. There is a risk that PDC may fail to attract, retain or develop key employees, consultants and contractors and this would have a negative effect upon the development of PDC and its operations. While PDC intends to put in place appropriate agreements with all its key employees and contractors which provide appropriate financial incentives to remain with PDC and help it to perform well, there can be no guarantee that those key employees and contractors will remain with PDC.

PDC's future revenue growth will also be dependent upon the retention and engagement of management personnel capable of managing and expanding operations beyond the present relationships.

(n) **Additional financing requirements risk**

PDC expects that the proceeds of the Offer will provide sufficient capital resources to enable the Company to achieve its initial business objectives. However, PDC can give no assurances that such objectives will in fact be met without additional future borrowings or further capital raisings and if such borrowings or capital raisings are required, that they can be obtained on terms favourable to the Company.

Any additional equity capital raisings to fund PDC will dilute the ownership of the existing Shareholders, assuming they do not participate in any subsequent capital raising. Any debt financing may involve restrictions and other covenants typical of such financing.

(o) **Competition risk**

Some of PDC's competitors and potential competitors may have significantly more financial resources. PDC is likely to need to obtain and maintain certain commercial advantages over its competitors to remain competitive, which may require significant financial resources. Whilst the Board and Management believe PDC currently has competitive advantages in respect to its supplier/collaborator relationships, these advantages may erode given the rapidly developing and evolving nature of the sector, changes in primary supplier and customer relationships and the need for additional capital to meet the market opportunities and demands.

There can be no assurance that PDC will have sufficient resources to support its product development and approval/ registration, marketing, sales, legal and customer relations efforts on a competitive basis, or that it will be able to make the technological advances necessary to remain competitive within the industry.

(p) **Agriculture/growing risk and oil yield**

Subject to compliance with all applicable laws and satisfying all applicable regulatory requirements, the growing of cannabis plants to produce medicinal cannabis is inherently reliant on a controlled environment supported by known growing precedents of cannabis varieties. Any interruption to the controlled environment including power failures, lighting failures, lack of water, breach of security protocols, pests or plant diseases or the introduction of new cannabis varieties with uncertain or unknown in-door growing history may materially impact on both the grow time and therefore the number of harvests or the cannabinoid oil yield generated from each harvest.

(q) **Product liability and brand risks**

As a manufacturer and supplier of products designed to be exposed to humans, the Company will face an inherent risk of exposure to product liability claims, regulatory action and litigation. Such claims, or a failure to successfully establish and maintain the Company's brand, may have an adverse effect on the business.

The key dependencies influencing the viability of the Acquisition are:

- (a) the Company's capacity to re-comply with Chapters 1 and 2 of the Listing Rules to enable re-admission to quotation of the Company's securities; and
- (b) raising sufficient funds to carry out its growth strategy and business objectives.

Accounts

The Company's pro forma statement of financial position as at 30 June 2017 for both the Company and PDC is set out in the Schedule.

Recent issues of PDC securities

PDC currently has 1,000 shares on issue none of which were issued in the previous 6 months.

Recent issues of the Company's securities

The Company conducted a placement of securities which were approved by shareholders at a general meeting on 15 May 2017, to Panorama Technology Services Pty Ltd to raise funds to be used towards the costs of recapitalisation, payments to creditors, corporate fees, reviewing new projects and working capital:

- (a) 37,500,000 ordinary fully paid shares at \$0.02 each share to raise \$750,000 were issued on 16 June 2017; and
- (b) 45,000,000 options at an issue price of \$0.00001 to raise \$450 (exercisable at \$0.02 and expiring on or before 14 July 2021) were issued on 14 July 2017.

ASX waivers

- (a) The Company intends to seek a waiver from Listing Rules 1.1 (Condition 11) and 2.1 (Condition 2) to enable it to issue securities at a price below the 20 cents stipulated in those rules.
- (b) The Company will seek a waiver of Listing Rule 9.1.3 to obtain “look-through” relief for PDC shareholders being issued Shares pursuant to the HOA.

Regulatory requirements generally

The Company notes that:

- (a) the Proposed Acquisition requires shareholder approval under the Listing Rules and therefore may not proceed if that approval is not forthcoming;
- (b) the Company is required to re-comply with ASX’s requirements for admission and quotation and therefore the Proposed Acquisition may not proceed if those requirements are not met;
- (c) ASX has an absolute discretion in deciding whether or not to re-admit the Company to the Official List and to quote its securities and therefore the Proposed Acquisition may not proceed if ASX exercises that discretion; and
- (d) investors should take account of these uncertainties in deciding whether or not to buy or sell the Company’s securities.

Furthermore, the Company

- (a) notes that ASX takes no responsibility for the contents of this announcement; and
- (b) confirms that it is in compliance with its continuous disclosure obligations under Listing Rule 3.1.

Other material transactions

BGR is also in advanced discussions with another potential business opportunities in the cannabis sector and expects to update the market in the coming weeks.

For more information about BGR visit the ASX company announcements platform.

Contact:

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Forward Looking Statement Assumptions

Some of the statements appearing in this announcement are in the nature of forward looking statements. You should be aware that such statements are only predictions and are based on assumptions of the Board of the Company concerning, among other things, the Acquisition and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to the industry in which the Company and PDC operate as well as general economic conditions, prevailing exchange rates and interest rates and conditions in the financial markets.

Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement. None of the Company or its officers or any person involved in the preparation of this announcement makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement, except to the extent required by law. You are cautioned not to place undue reliance on any forward looking statement. The forward looking statements in this announcement reflect the Company’s Board’s views held only as at the date of this announcement.

SCHEDULE – THE COMPANY AND PDC'S PRO FORMA BALANCE SHEETS

Bronson Group Limited (ASX:BGR) Proforma Balance Sheet

Note	BGR Group Audited 31.12.16	PDC Non Audited 30.06.17	Pro Forma Adjustments Minimum Raising	Pro Forma Adjustments Maximum Raising	Pro-Forma After Offer Min Raising	Pro-Forma After Offer Max Raising
Current Assets						
Cash and Cash Equivalents	1, 2 & 3	0	4,888	5,433,574	6,929,574	6,934,462
Trade and Other Receivables		0	0	35,868	35,868	35,868
Other Current Assets		0	0	0	0	0
TOTAL CURRENT ASSETS		0	4,888	5,469,442	6,965,442	6,970,330
NON-CURRENT ASSETS						
Plant and Equipment		0	0	0	0	0
Intangible Assets		0	0	0	0	0
TOTAL NON-CURRENT ASSETS		0	0	0	0	0
TOTAL ASSETS		0	4,888	5,469,442	6,965,442	6,970,330
CURRENT LIABILITIES						
Trade and Other Payables	2	1,986,686	0	-1,986,686	-1,986,686	0
Short-term provisions	2	75,769	0	-34,000	-34,000	41,769
Financial Liabilities	2	1,096,963	0	-1,096,963	-1,096,963	0
TOTAL CURRENT LIABILITIES		3,159,418	0	-3,117,649	-3,117,649	41,769
NON-CURRENT LIABILITIES						
Financial Liabilities		0	0	0	0	0
Other Liabilities		0	4,399	0	0	4,399
TOTAL NON-CURRENT LIABILITIES		0	4,399	0	4,399	4,399
TOTAL LIABILITIES		3,159,418	4,399	-3,117,649	-3,117,649	46,168
NET ASSETS		-3,159,418	489	2,351,793	10,083,091	6,924,162
EQUITY						
Issued Capital	1	11,988,070	489	10,639,500	12,239,500	24,228,059
Option Reserve	3	0	0	450	450	450
Retained Earnings		-15,147,488	0	0	0	-15,147,488
Current Year Earnings	4	0	0	-2,052,859	-2,156,859	-2,156,859
TOTAL EQUITY		-3,159,418	489	8,587,091	10,083,091	6,924,162

All PDC values have been converted on the basis of AUD 1 = Lesotho Loti 10.23

Notes Pro Forma Balance Sheet (Subsequent Events Post 31st December 2016)

- Consolidation of Share Structure on 1 for 30 Basis. Issue 37,500,000 Fully Paid Ordinary BGR Shares @ \$0.02.
- Issue 20,000,000 Fully Paid Ordinary BGR Shares by way of Convertible Note @ \$0.02.
- Issue 204,975,000 Fully Paid Ordinary Shares @ \$0.002 in BGR in consideration of acquisition of PDC Pty Ltd.
- Minimum Capital Raise (Issue 270,000,000 FPO Shares) and Maximum Capital Raise (Issue 350,000,000 FPO Shares) @ \$0.02 via a Prospectus offer of BGR shares.
- Deed of Company Arrangement (DOCA) expelled all Liabilities. Payment of \$250,000 to Creditors Trust Account.
- 45,000,000 Unlisted Options issued @ \$0.00001
- Acquisition of PDC, Cost of Capital Raise (6%) Fee on Raise, Prospectus and Legals.