



M8 SUSTAINABLE LIMITED
ACN 620 758 358

PROSPECTUS

For an offer of 97,500,000 Shares at an issue price of \$0.20 per Share to raise \$19,500,000 (**Offer**).

Lead Manager: Canaccord Genuity (Australia) Limited (AFSL 234666)

IMPORTANT INFORMATION

This is an important document that should be read in its entirety. If you do not understand it you should consult your professional advisers without delay. **The Securities offered by this Prospectus should be considered highly speculative.**



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CORPORATE DIRECTORY

Directors

Tomasz Rudas
Managing Director

Saithsiri Saksitthisereekul
Non-Executive Director

Damien Flugge
Non-Executive Director¹

Robert McKinnon
Proposed Non-Executive Chairman²

Richard Allen
Proposed Non-Executive Director²

Mark Puzey
Proposed Non-Executive Director²

Company Secretary

John Colli

Proposed ASX Code

M8S

Share Registry³

Computershare Investor Services Pty Ltd
Level 11
172 St Georges Terrace
PERTH WA 6000

Telephone: 1300 850 505 (Australia)
+61 3 9415 4000 (Overseas)

Registered Office

'4C Consulting Pty Ltd'
Unit 5
145 Walcott Street
MOUNT LAWLEY WA 6050

Principal Place of Business

Unit 1
48 Kelvin Road
MADDINGTON WA 6109

Telephone: + 61 8 6140 9521
Email: john.colli@m8sustainable.com.au
Website: www.m8sustainable.com.au

Lead Manager

Canaccord Genuity (Australia) Limited
Level 23, Exchange Plaza
2 The Esplanade
PERTH WA 6000

Auditor

Ernst & Young
11 Mounts Bay Road
PERTH WA 6000

Investigating Accountant

Ernst & Young Transaction Advisory Services
Limited
11 Mounts Bay Road
PERTH WA 6000

Solicitors

Steinepreis Paganin
Level 4, The Read Buildings
16 Milligan Street
PERTH WA 6000

¹ To resign upon ASX listing.

² To be appointed upon ASX listing.

³ This entity is included for information purposes only and has not been involved in the preparation of this Prospectus.

IMPORTANT NOTICE

This Prospectus is dated 30 October 2019 and was lodged with the ASIC on that date. The ASIC, the ASX and their respective officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Securities may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

It is important that you read this Prospectus in its entirety and seek professional advice where necessary. The Securities the subject of this Prospectus should be considered highly speculative.

(a) **Exposure Period**

This Prospectus will be circulated during the Exposure Period. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. You should be aware that this examination may result in the identification of deficiencies in this Prospectus and, in those circumstances, any application that has been received may need to be dealt with in accordance with section 724 of the Corporations Act. Applications for Securities under this Prospectus will not be processed by the Company until after the expiry of the Exposure Period. No preference will be conferred on applications lodged prior to the expiry of the Exposure Period.

(b) **Applicants outside Australia**

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. It is important that investors read this Prospectus in its entirety and seek professional advice where necessary.

No action has been taken to register or qualify the Securities or the Offer, or to otherwise permit a public offering of the Shares in any jurisdiction outside Australia. This Prospectus has been prepared for publication in Australia and may not be released or distributed in the United States of America.

(c) **Web Site – Electronic Prospectus**

A copy of this Prospectus can be downloaded from the website of the Company at www.m8sustainable.com.au under the tab, Investors - Investors News. If you are accessing the electronic version of this Prospectus for the purpose of making an investment in the Company, you must be an Australian resident and must only access this Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. You may obtain a hard copy of this Prospectus free of charge by contacting the Company Secretary by phone on + 61 8 6140 9521 during office hours or by email at john.colli@m8sustainable.com.au

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

(d) **Investment Advice**

This Prospectus does not provide investment advice and has been prepared without taking account of your financial objectives, financial situation or particular needs (including financial or taxation issues). You should seek professional investment advice before subscribing for Securities under this Prospectus.

(e) **Risks**

You should read this document in its entirety and, if in any doubt, consult your professional advisers before deciding whether to apply for Securities. There are risks associated with an investment in the Company. The Securities offered under this Prospectus carry no guarantee with respect to return on capital investment, payment of dividends or the future value of the Securities. Refer to Part D of Section 1 as well as Section 5 for details relating to some of the key risk factors that should be considered by prospective investors. There may be risk factors in addition to these that should be considered in light of your personal circumstances.

(f) **Website**

No document or information included on the Company's website is incorporated by reference into this Prospectus.

(g) **Financial Information**

The financial information in this Prospectus should be read in conjunction with the Independent Limited Assurance Report in Annexure A. Section 6 sets out in detail the financial information referred in to this Prospectus and the basis of preparation of that information.

Investors should be aware that certain financial data included in this Prospectus is 'non-IFRS financial information' under Regulatory Guide 230 Disclosing non-IFRS financial information, published by ASIC. We believe this non-IFRS information provides useful information to users in measuring the financial performance and condition of the Company. The non-IFRS measures do not have standardised meanings prescribed by Australian Accounting Standards and may not be comparable to similarly titled measures presented by other entities, nor should they be construed as an alternative to other financial measures determined in accordance with Australian Accounting Standards. Investors are cautioned not to place reliance on any non-IFRS financial information included in this Prospectus.

(h) **Independent Limited Assurance Report on Financial Information and financial services guide**

The provider of the Independent Limited Assurance Report on the Financial Information included in this Prospectus is required to provide Australian retail investors with a financial services guide in relation to its independent limited review under the Corporations Act. The Independent Limited Assurance Report and accompanying financial services guide are provided in Annexure A of this Prospectus.

(i) **Forward-looking statements**

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of our Company, the Directors and management.

We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

We have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

These forward looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section D of Section 1 and in Section 5.

(j) **Photographs and Diagrams**

Photographs used in this Prospectus which do not have descriptions are for illustration only and should not be interpreted to mean that any person shown endorses the Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale.

(k) **Enquiries**

If you are in any doubt as to how to deal with any of the matters raised in this Prospectus, you should consult with your broker or legal, financial or other professional adviser without delay. Should you have any questions about the Offer or how to accept the Offer please call the Company Secretary on +61 8 6140 9521.

(I) **Definitions**

Terms used in this Prospectus are defined in the Glossary in section 12.

CHAIRMAN'S LETTER

Dear Investor

On behalf of the Board of M8 Sustainable Limited (**Company** or **M8S**), it gives me great pleasure to invite you to become a Shareholder of the Company.

M8S is an integrated waste management business underpinned by a portfolio of waste management assets, focusing on opportunities in processing of solid waste products following collection, including resource recovery, recycling and disposal.

With waste generation growing at a rate of 7.8% per year, and with the Australian population currently only recycling 58% of all waste, the waste management sector has experienced significant structural change highlighted by higher regulatory imposts and a growing requirement to provide sustainable waste management solutions.

The waste management sector continues to display positive fundamentals, of increasing landfill levies and waste generation, improving resource recovery rates, industry consolidation and increasing demand for environmentally friendly, sophisticated recycling solutions.

M8S intends to position itself as a significant participant in the Western Australian waste market through a portfolio of facilities (currently one operational and one under construction with M8S also providing services at another facility) which are all strategically located to service the state's major population corridors.

M8S is developing a vertically integrated business model which will include acceptance and processing of waste, materials recovery, commoditisation and trade. Synergies will be delivered through the complementary downstream operations while aggregation and potential waste-to-energy expansion provide future growth prospects. The purpose of the Offer is to provide funds to implement the Company's business strategies (explained in Section 3).

M8S is led by a Board that brings significant expertise and experience in the waste management industry. The Company has a clear business plan to grow and expand its existing operations utilising the funds raised under the Offer.

This Prospectus is issued for the purpose of supporting an application to list the Company on the ASX. This Prospectus contains detailed information about the Company, its business and the Offer, as well as the risks of investing in the Company, and I encourage you to read it carefully. The Shares offered by this Prospectus should be considered highly speculative.

I look forward to you joining us as a Shareholder and sharing in what we believe are exciting times ahead for the Company. Before you make your investment decision, I urge you to read this Prospectus in its entirety and seek professional advice if required.

Yours sincerely,



Robert McKinnon
Proposed Non-Executive Chairman

INDICATIVE TIMETABLE¹

Lodgement of Prospectus with the ASIC	30 October 2019
Opening Date	7 November 2019
Closing Date	22 November 2019
Issue of Securities under the Offers	4 December 2019
Despatch of holding statements	6 December 2019
Expected date for quotation on the ASX	12 December 2019

Note:

1. The above dates are indicative only and may change without notice. The Exposure Period may be extended by the ASIC by no more than 7 days pursuant to Section 727(3) of the Corporations Act. The Company reserves the right to extend the Closing Date or close the Offer early without prior notice. The Company also reserves the right not to proceed with the Offers at any time before the issue of Securities to applicants.

KEY STATISTICS OF THE OFFERS

Offer Price	\$0.20
Shares to be issued under the Offer	97,500,000
Shares to be issued under the Loan Conversion Offer	48,717,949
Shares to be issued under the Flugge Offer	2,229,709
Number of Shares on issue following the Offers	233,229,835
Performance Rights to be issued under the Performance Rights Offer	10,000,000
Options to be issued under the Lead Manager Offer	20,000,000
Maximum amount to be raised under the Offer	\$19,500,000
Market capitalisation at the Offer price ¹	\$46,645,967

Note:

1. The market capitalisation is calculated based on the Offer price of \$0.20 per Share. There is no guarantee that the Shares will trade at the Offer price following Official Quotation.

1. INVESTMENT OVERVIEW

Item	Summary	Further information
A. Company		
Who is the issuer of this Prospectus?	M8 Sustainable Limited (ACN 620 758 358) (Company). The Company is an Australian unlisted public company, incorporated on 28 July 2017.	Section 3.1
Who is the Company?	<p>The Company is a recycling and waste management entity which currently:</p> <ul style="list-style-type: none"> (a) operates a waste recycling business on a leased site in Maddington, Western Australia (Maddington Facility); (b) plans to develop a waste landfill facility in Gingin, Western Australia on land owned by a wholly owned subsidiary (Gingin Facility); and (c) provides operation and maintenance (O&M) services to the Brockway waste compost and energy facility located in Shenton Park, Western Australia (Brockwaste Facility) via a long term contract. 	Section 3.1
The Maddington Facility	<p>The Maddington Facility is licensed by the Department of Water & Environmental Regulation of the Government of Western Australia (DWER) to accept up to 500,000 tonnes per annum of commercial and industrial (C&I) and construction and demolition (C&D) waste.</p> <p>The Company owns the fixed and mobile plant and equipment and holds the environmental licences and permits which comprise the Maddington Facility business and leases the land, office space and buildings upon which the business is operated.</p> <p>The Maddington Facility's C&I recycling plant was commissioned in early 2014 and is capable of processing up to 50 tonnes per hour of C&I and mixed C&D waste with between 50-90% diversion from landfill (depending on waste composition). Feed is sourced primarily from civil contractors, demolition companies and waste management companies. Recycled commodity streams include metals and civil construction products.</p> <p>C&D recycling is carried out at the Maddington Facility using external crushing contractors on an as required basis when</p>	Section 3.5

Item	Summary	Further information
	<p>stockpile sizes and product demand are of a sufficient magnitude. Materials produced from crushing of clean C&D include road base, drainage aggregates and clean sand.</p>	
The Gingin Facility	<p>The land upon which the Gingin Facility is proposed to be constructed is owned by the Company's wholly owned subsidiary, Fernview Environmental Pty Ltd (Fernview). The Gingin Facility is a permitted (but undeveloped) bioreactor landfill facility site which is approved to accept up to 150,000 tonnes per annum of Class II putrescible waste.</p> <p>Fernview has obtained planning and environmental approvals and a works approval, which allows for the commencement of construction.</p> <p>The facility, once constructed, will be licensed as a Category 64 Class II landfill capable of accepting putrescible waste for burial. The DWER licence required to operate the landfill is expected to be issued upon successful completion of the commissioning of the facility which evidences that it has been constructed in accordance with the works approval.</p> <p>The Company has also obtained approval from the Department of Sustainability, Environment, Water, Population and Communities for offsets to clear the native vegetation on the proposed landfill site.</p> <p>The Company anticipates that initial construction of the facility will commence in December 2019 (subject to completion of the Offer). The Gingin Facility will not become a source of revenue for the Company until construction is completed.</p>	Section 3.6
The Brockwaste Facility	<p>The Company also provides O&M services to the Brockwaste Facility in Shenton Park via a long term O&M contract.</p> <p>The Brockwaste Facility is owned by Star Shenton Energy Pty Ltd which is partly owned by the Company's present main funder and largest Shareholder, SBANG Sustainable Energies Ltd, a company incorporated in Thailand (SBANG) (40%) with the remaining 60% interest held by Star Universal Network plc, a company also incorporated in Thailand (Star Universal), a further substantial Shareholder of the Company (see details below).</p>	Section 3.7

Item	Summary	Further information
Who has funded the Company to date?	<p>The Company is currently primarily funded by SBANG which, to date, has provided secured debt and convertible note funding of approximately \$20,000,000, a portion of which has already been converted to equity (see below for further details).</p> <p>At the date of this Prospectus, the Company owes SBANG a total of \$13,120,538 of principal and interest under this funding. The Company and SBANG have agreed that the Company will use part of the funds raised under the Offer in part cash repayment of this amount. Please refer to Section 2.7 for further details.</p> <p>In July 2019, \$8,000,000 of the amount borrowed from SBANG was converted into 51,282,051 Shares via a debt to equity conversion. SBANG transferred 23,900,000 of these Shares to Star Universal, a company listed on the Stock Exchange of Thailand.</p> <p>The Company and SBANG have agreed to convert up to an additional \$7,600,000 borrowed by the Company into a maximum of 48,717,949 Shares to be issued simultaneously with the issue of the Shares under the Offer (under the Loan Conversion Offer).</p> <p>Further, the Company has previously issued 7,115,038 Shares to SBANG for nil consideration in satisfaction of promoter services provided by SBANG.</p> <p>SBANG has also agreed to provide the Company with a further conditional loan facility of up to \$4,000,000 from the date the Company is admitted to the Official List of ASX. It is not the Company's intention to use this facility in the short term. Refer to Section 9.5 for further details of this facility.</p>	Section 3.8
Who are SBANG and Star Universal?	<p>Established in 2005, SBANG specialises in the design, installation and commissioning of complete plant control systems for small biomass and waste-to-energy power plants. SBANG will be the largest Shareholder of the Company upon completion of the Offer, with an expected undiluted holding of up to 35.68% of the Company's Shares.</p> <p>Star Universal invests in waste management and energy related projects, with its principal interest being held in the Brockwaste Facility in which it holds a 60% interest (with SBANG holding the remaining 40% interest). Star Universal is also a</p>	

Item	Summary	Further information
	substantial Shareholder of the Company and will have an expected undiluted holding of up to 10.25% of the Company's Shares upon completion of the Offer.	
B. Business Model		
What is the Company's business model and how will it generate revenue?	<p>The Company's strategy is to maximise value from gate fees and resources recovery and recycling, operating complimentary waste businesses, thereby achieving vertical integration.</p> <p>For example, part of the anticipated waste input to the Gingin Facility (once constructed) is expected to originate from the Maddington and Brockwaste Facilities.</p> <p>The Company's revenue is expected to be generated from the following three main sources:</p> <ul style="list-style-type: none"> (a) providing a convenient and centralised disposal point for waste collected by small and large waste logistics companies. The Company will charge a gate fee for waste that is delivered to its Maddington and Gingin Facilities; (b) the sale of recyclable material produced from the Maddington Facility, including sand, road base, drainage aggregates and metals; and (c) the provision of O&M services in respect of the Brockwaste Facility. 	Section 3.3
What stage is the Company and its operations at?	<ul style="list-style-type: none"> (a) Initially, the Maddington Facility is expected to be the primary source of operations for the Company after recommencement of its operations occurred on 1 July 2019. The Company has been scaling up operations at the Maddington Facility as it continues to market its services to the waste sector. (b) The Company currently anticipates that initial construction of the Gingin Facility will commence in December 2019 (subject to completion of the Offer). The Gingin Facility will not become a source of revenue for the Company until construction is completed. (c) The O&M operations of the Company in operating the Brockwaste Facility are also 	Section 3

Item	Summary	Further information
	<p>expected to provide ongoing revenue for the Company.</p>	
<p>What is the Company's growth strategy?</p>	<p>The Company intends to execute the following growth strategy:</p> <ul style="list-style-type: none"> (a) offer a high quality recycling service in central locations close to major metropolitan arterial routes; (b) target long term contractual relationships with local Government authorities in close proximity to the Company's sites and large industrial clients both in the waste management sector and the construction sector; (c) enhance existing waste processing and disposal capabilities through investment into additional recycling infrastructure at the Maddington Facility; (d) potentially acquire complementary waste recycling assets and businesses in the long term to provide additional vertical integration opportunities for the Maddington and Gingin Facilities; (e) potentially expand into the operation of waste-to-energy infrastructure in the long term leveraging key competencies of the Company's major shareholder, SBANG; and (f) capture a significant share of the Perth metropolitan area C&D and C&I waste processing markets through strategies that maximise customer service and reliability. <p>The Directors consider that the Offer will provide the Company with the capital to execute its commercialisation strategy. Investors should note that, given the Company has only generated limited revenue to date, and the fact that it is currently loss making (refer to Section 6), the ability to achieve its objectives is high risk.</p>	<p>Sections 3.3.6 and 3.3.7</p>
<p>What are the key principles of the Company's business model?</p>	<p>The Company's proposed vertically integrated business model will be focused on the Western Australian waste management market. It is intended that the Company's business will operate on the following key principles:</p> <ul style="list-style-type: none"> (a) disposal of waste from the 	<p>Section 3.3</p>

Item	Summary	Further information
	<p>Brockwaste and Maddington Facilities will contribute to the Gingin Facility business;</p> <p>(b) organic waste captured at the Maddington Facility can be processed at the Brockwaste Facility; and</p> <p>(c) compost produced by the Brockwaste Facility can be refined and marketed via the Gingin Facility.</p>	
<p>What are the key dependencies of the Company's business model?</p>	<p>Key dependencies of the Company's business model include:</p> <p>(a) the successful increase in processing at the Maddington Facility through marketing activities aimed at ensuring a loyal customer base;</p> <p>(b) the successful development of, and commencement of operations at, the Gingin Facility;</p> <p>(c) retaining and recruiting key personnel skilled in the recycling and resource recovery sector;</p> <p>(d) access to capital to further develop the Company's facilities and execute its business model and growth strategy; and</p> <p>(e) sufficient demand for the recyclable material produced from the Maddington Facility.</p>	<p>Section 3.3</p>
<p>C. Key Advantages</p>		
<p>What are the key advantages of an investment in the Company?</p>	<p>The Directors are of the view that an investment in the Company provides the following non-exhaustive list of advantages:</p> <p>(a) access to permitted sites with environmental approvals in place, such as the Maddington Facility which is licensed to accept up to 500,000 tonnes per annum of waste;</p> <p>(b) strategically located waste processing sites close to main arterial routes and the city centre;</p> <p>(c) experienced and incentivised management and Board with a strong track record in the waste sector; and</p> <p>(d) ownership of a permitted and highly complementary landfill site at the Gingin Facility (to be constructed).</p>	

Item	Summary	Further information
D. Key Risks		
Limited History and Going Concern	<p>The Company has limited operating history and limited historical financial performance. Further, the Company has operated at a loss since its incorporation in July 2017. The Company incurred consolidated losses (after tax) of \$1,779,198 for the financial period from 27 July 2017 (date of incorporation) to 30 June 2018 and \$7,230,316 for the financial year ended 30 June 2019. Please refer to the financial information in Section 6 for further details. No assurance can be given that the Company will achieve commercial viability through the Maddington, Gingin and Brockwaste Facilities or otherwise. Until the Company is able to realise substantial value from its assets, it is likely to incur ongoing operating losses. Achievement of the Company's objectives will depend on the Board's ability to successfully implement its development and growth strategy. Depending on the Company's ability to generate income from its operations, the Company may require further financing in addition to amounts raised under the Offer.</p> <p>Further, the Directors determined that a material uncertainty exists that could cast significant doubt on the Company's ability to continue as a going concern, as described in Section 6.4. Notwithstanding this, the Directors believe that upon the successful completion of the Offer, the Company will have sufficient funds to continue as a going concern and to carry out its objectives as stated in this Prospectus.</p>	Sections 5.2(a) and 6
Activity in the waste management sector	<p>M8S operates in the waste management sector, focusing on the processing and disposal of waste in Western Australia. The continued performance and future growth of M8S is dependent on continued activity and expansion in the Western Australian waste management sector, and any new geographical markets in which M8S operates from time to time. Any prolonged period of low growth in the waste management industry would be likely to have an adverse effect on the business, financial condition and profitability of M8S.</p> <p>The Company's business model assumes that waste generation rates within the Western Australian market remain steady and there is not a significant reduction in economic</p>	Sections 3.3.5 and 5.2(b)

Item	Summary	Further information
	activity. In addition, M8S is reliant on the expectation that a focus on the waste management sector, both from a regulatory and community expectations standpoint, will lead to an increased emphasis on waste recycling.	
Increasing competition in the waste management sector	A number of entities currently compete with M8S in the Western Australian waste management sector. The market share of M8S's competitors may increase or decrease as a result of various factors. These competitive actions may reduce the prices M8S is able to charge for its services and products or reduce M8S's activity levels, both of which would negatively impact the financial performance of M8S.	Section 5.2(c)
Business operating risks	The performance of M8S may be subject to conditions beyond the control of management which may reduce sales of its services and/or increase costs of both current and future operations. One of the most significant operating risks is the unplanned shutdown of a recycling plant for an extended period of time, whether due to a fire, flood or otherwise. Other operating risks beyond the control of management include changes in legislative requirements, variation in timing of regulatory approvals, abnormal or severe weather conditions, natural disasters, unexpected maintenance or technical problems, new technology failures and industrial disruption.	Section 5.2(d)
Reliance on customers and customer concentration	The success of M8S's business and its ability to grow relies on its ability to retain existing client relationships and develop new ones. There is no guarantee that these relationships will continue beyond the terms of contracts or if they do continue, that these relationships will be successful. There is also potential that M8S will not receive payments for the provision of its services if a customer becomes insolvent or fails to provide payment in accordance with agreed terms.	Section 5.2(e)
Supplier arrangements	M8S has arrangements with a number of key suppliers to the business. Some arrangements with suppliers are not subject to fixed terms or a formal contract, meaning that if they were to come to an end at the instigation of a counterparty, there may be a time lag until M8S has entered into new arrangements with an alternative supplier.	Section 5.2(f)

Item	Summary	Further information
Environmental compliance costs and liabilities	<p>Waste management activities are subject to significant environmental and other regulation. Key legislation that M8S is required to comply with includes legislation relating to the environment and the protection of the environment such as the Environment Protection and Biodiversity Conservation Act 1999 (Cth), Environmental Protection Act 1986 (WA), Environmental Protection Regulations 1987 (WA) and the Environmental Protection (Clearing of Native Vegetation) Regulations 2004 (WA). Unforeseen environmental issues may affect any of the recycling facilities used by M8S and there is a risk that a recycling facility may be contaminated now or in the future.</p> <p>Although M8S has measures in place to minimise the risk of contamination and pollution, these may not always be effective. If even a small amount of a prohibited or hazardous material is processed at a plant and contaminates a stockpile of waste and/or product material, the entire stockpile or product material could be deemed to be contaminated waste.</p>	Section 5.2(g)
Capital costs and planned capital projects	<p>M8S's forecasts are based on the best available information at the time and on certain assumptions in relation to cost and timing of planned development or expansion of facilities, receipt of design and development approvals and regulatory approvals and the level of capital expenditure required to undertake planned development and maintain the assets. Any significant unforeseen increases in the capital costs or delays in receipt of approvals associated with M8S's operations may adversely impact M8S's future cash flow and profitability.</p>	Section 5.2(h)
Regulatory risks	<p>M8S may be exposed to changes in the regulatory conditions under which it operates in Western Australia. Such regulatory changes can include, for instance, changes in taxation laws and policies, transport legislation, accounting laws, policies, standards and practices, environmental laws and regulations that may impact upon the operations and processes of M8S, and employment laws and regulations, including laws and regulations relating to occupational health and safety. M8S's facilities have the benefit of approvals from Government</p>	Section 5.2(i)

Item	Summary	Further information
	<p>authorities. These approvals may contain ambiguous conditions that require legal interpretation. There is a risk that M8S may incorrectly interpret the conditions of any such approvals. This may cause M8S to be at risk of adverse regulatory action by a Government authority.</p> <p>Further, the ability of the Company to successfully carry out its business will depend on the ability to maintain and comply with such approvals. No guarantee can be given that such approvals will be maintained or granted, or if they are maintained or granted, that the Company will be in a position to comply with all conditions that are imposed. For example, the landfill planning approval for the Gingin Facility requires that the Facility must be substantially commenced by 20 January 2020. If this condition is not satisfied, the approval will lapse. Investors should note while the Company still currently expects to satisfy this deadline, it has applied for an extension to this deadline out of the abundance of caution. In addition, it is a condition of the environmental works approval that the Gingin Facility is completed by 12 February 2022. If this condition is not satisfied, there is no guarantee that an extension of the environmental works approval will be granted.</p> <p>Further, environmental and planning licences and permits are subject to periodic renewal. For example, the Maddington Facility DWER licence currently has an expiry date of 21 December 2023. There is no guarantee that current or future licences and permits for the Company's business operations will be approved.</p>	
Growth strategy and funding	<p>Part of M8S's growth strategy involves the ability to identify and acquire suitable business acquisitions and sites in the future. The success of this strategy will be dependent on a number of factors, including the availability of debt and equity funding and the suitability of the terms of such funding. Further, while the funds raised under the Offer are considered sufficient to meet the current objectives of M8S, additional funding may be required in the event costs exceed M8S's estimates, or if the current objectives are subject to change. M8S may seek to raise further funds through equity or debt</p>	Section 5.2(j)

Item	Summary	Further information
	<p>financing or other means.</p> <p>Failure to obtain sufficient financing for M8S's activities may result in delay and indefinite postponement of such activities or potential acquisitions. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing might not be favourable to M8S and might involve substantial dilution to M8S Shareholders.</p>	
Reliance on key personnel	<p>The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.</p>	Section 5.2(k)
Construction risk	<p>There is a risk that the development and construction of the Gingin Facility is not completed on schedule, or that the construction cost exceeds the budget, or that significant problems in constructing the facility arise. The Company will also depend on third party contractors in the construction and there is a risk that one or more of these third party contractors will not perform its contractual obligations properly or at all. Further, weather conditions are unpredictable and may also have a material adverse effect on construction of the Facility.</p>	Section 5.2(l)
Reliance on Brockwaste Facility Revenue	<p>The Company's revenues have primarily been generated from the O&M services it provides in respect of the Brockwaste Facility, prior to operations at the Maddington Facility recommencing. While the Company has recently recommenced operations at the Maddington Facility, the Company also intends to develop and operate the Gingin Facility to generate future revenues. Any delay or termination or breach of the Brockwaste Facility O&M contract or any unforeseen costs incurred in the performance of such contract which may not be recoverable may materially impact on the Company's performance.</p>	Section 6

Item	Summary	Further information
E. Directors and Key Management Personnel		
Who are the Directors?	<p>Upon the Company being admitted to the Official List, the Board will consist of:</p> <ul style="list-style-type: none"> (a) Robert McKinnon – <i>Non-Executive Chairman</i>; (b) Tomasz Rudas – <i>Managing Director</i>; (c) Saithsiri Saksitthisereekul – <i>Non-Executive Director</i>; (d) Richard Allen – <i>Non-Executive Director</i>; and (e) Mark Puzey – <i>Non-Executive Director</i>. <p>The profiles of each of the Directors are set out in Section 3.9.</p>	Sections 3.9 and 7.1
What are the significant interests of Directors in the Company?	Each Director's interest in the Company is set out in Section 7.2.	Section 7.2
What related party agreements are the Company a party to?	<p>The Company has entered into the following related party transactions:</p> <ul style="list-style-type: none"> (a) Employment Agreements with Tomasz Rudas and Damien Flugge; (b) Non-Executive Director Letters of Appointment with Messrs McKinnon, Saksitthisereekul, Allen and Puzey; (c) Consulting Agreements with Messrs McKinnon, Allen and Puzey; (d) Deeds of Indemnity, Insurance and Access with the Directors on standard terms; (e) Deed of Release with Kingsley Craig Flugge and Margaret Flugge; (f) Deed of Debt Conversion and Release and Loan Agreement with SBANG; and (g) the O&M Contract in respect of the Brockwaste Facility. 	Sections 7.3 and 9
F. Financial Information		
How has the Company been performing?	<p>The historical and pro forma historical financial information of the Company is set out in Section 6.</p> <p>The Company incurred consolidated losses (after tax) of \$1,779,198 for the financial period from 27 July 2017 (date of incorporation) to 30 June 2018 and \$7,230,316 for the financial year ended 30</p>	Section 6

Item	Summary	Further information
	June 2019. Please refer to the financial information in Section 6 for further details.	
What is the financial outlook for the Company?	<p>Given the current status of the Company, the Directors do not consider it appropriate to forecast future earnings.</p> <p>Any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection on a reasonable basis.</p>	Section 6
G. Offers		
What is being offered under the Offer?	<p>(a) The Offer is an offer of 97,500,000 Shares at an issue price of \$0.20 per Share to raise \$19,500,000 (before costs). The purpose of the Offer is to implement the business model and objectives of the Company as stated in Section B above; and</p> <p>(b) meet the requirements of the ASX and satisfy Chapters 1 and 2 of the ASX Listing Rules to seek the Company's admission to the Official List of ASX.</p> <p>The Board believes that on completion of the Offer, the Company will have sufficient working capital to achieve its objectives.</p>	Section 2
Is the Offer underwritten?	The Offer is not underwritten.	
Who is the lead manager to the Offer?	<p>The Company has appointed Canaccord Genuity (Australia) Limited (AFSL 234666) (Lead Manager) as lead manager to the Offer. Cannacord Genuity Patersons Ltd (a wholly owned subsidiary of the Lead Manager and formerly named Patersons Securities Limited) is a party to the Lead Manager Mandate summarised in Section 9.2. The Lead Manager (or its nominees) will receive the following fees in respect of the Offer:</p> <p>(a) a corporate advisory fee of \$200,000 upon completion of the Offer;</p> <p>(b) a lead management fee of 1% and a selling fee of 5% of the total amount raised under the Offer; and</p> <p>(c) 20,000,000 Options under the Lead Manager Offer on the terms and conditions set out in Section 10.4.</p>	Sections 9.2 and 10.4
What are the Secondary	The Prospectus also includes the following secondary offers:	Section 2

Item	Summary	Further information
Offers?	<p>(a) an offer of 48,717,949 Shares to SBANG upon conversion of an amount up to \$7,600,000 borrowed by the Company from SBANG (Loan Conversion Offer);</p> <p>(b) an offer of 2,229,709 Shares to former secured creditors of Aurigen Group Limited (Flugge Offer);</p> <p>(c) an offer of 10,000,000 Performance Rights to the Directors and management of the Company (Performance Rights Offer); and</p> <p>(d) an offer of 20,000,000 Options to the Lead Manager pursuant to the Lead Manager Mandate (Lead Manager Offer),</p> <p>together the Secondary Offers.</p> <p>Only specified parties will be entitled to participate in the Secondary Offers, all of whom will be approached directly by the Company.</p>	
What will the Company's capital structure look like after completion of the Offers?	Refer to Section 3.11 for the Company's expected capital structure following completion of the Offers.	Section 3.11
What are the terms of the Securities offered under the Offers?	<p>A summary of the material rights and liabilities attaching to;</p> <p>(a) the Shares offered under the Offer, Loan Conversion Offer and Flugge Offer is set out in Section 10.2;</p> <p>(b) the Performance Rights is set out in Section 10.3; and</p> <p>(c) the Lead Manager Options is set out in Section 10.4.</p>	Sections 10.2, 10.3 and 10.4
Will any Securities be subject to escrow?	<p>Subject to the Company complying with Chapters 1 and 2 of the ASX Listing Rules and completing the Offers, certain Securities on issue will be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of Official Quotation. It is currently estimated that 57,729,835 Shares, 20,000,000 Options and 10,000,000 Performance Rights will be subject to ASX imposed escrow.</p> <p>Further, subject to the Company obtaining relief from ASIC, SBANG and Star Universal have agreed to enter voluntary restriction</p>	Section 3.11.2

Item	Summary	Further information
	<p>agreements with the Company pursuant to which Shares held by them will be placed in voluntary escrow for a period of 12 months from the date the Company is admitted to the Official List of ASX.</p> <p>During the period in which these Securities are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of Shareholders to dispose of their Shares in a timely manner.</p>	
Will the Securities be quoted?	<p>Application for quotation of all Shares to be issued under the Offers will be made to ASX no later than 7 days after the date of this Prospectus.</p> <p>The Performance Rights and Lead Manager Options will not be quoted. However, the Shares issued upon conversion of those Securities will be quoted (subject to any ASX imposed escrow).</p>	Section 2.9
What are the key dates of the Offers?	The key dates of the Offers are set out in the indicative timetable situated after the Chairman's Letter on page 7 of this Prospectus.	
What is the minimum investment size under the Offer?	Applications under the Offer must be for a minimum of \$2,000 worth of Shares (10,000 Shares) and thereafter, in multiples of \$500 worth of Shares (2,500 Shares).	Section 2.8
Are there any conditions to the Offer?	No, other than raising the Minimum Subscription and ASX approval for quotation of the Shares, the Offer is unconditional.	
H. Use of funds		
How will the proceeds of the Offer be used?	<p>The proceeds of the Offer and the Company's existing cash reserves will be used for:</p> <ul style="list-style-type: none"> (a) implementing the Company's business objectives as set out in Part B of this Section 1; (b) part repayment of the loan and convertible note funding from SBANG and accrued interest; (c) development of the Gingin Facility; (d) expenses of the Offers; (e) administration costs; and (f) working capital, 	Section 2.7
Will the Company be adequately	The Directors are satisfied that on completion of the Offer, the Company will have sufficient working capital to carry out its	Section 2.7

Item	Summary	Further information
funded after completion of the Offer?	objectives as stated in this Prospectus.	
I. Additional information		
Is there any brokerage, commission or duty payable by applicants?	No brokerage, commission or duty is payable by applicants on the acquisition of Shares under the Offer.	Section 2.15
What are the tax implications of investing in Securities?	<p>Shareholders may be subject to Australian tax on dividends and possibly capital gains tax on a future disposal of Shares subscribed for under this Prospectus.</p> <p>The tax consequences of any investment in Shares will depend upon an investor's particular circumstances. Applicants should obtain their own tax advice prior to deciding whether to subscribe for Securities offered under this Prospectus.</p>	Section 2.15
What are the corporate governance principles and policies of the Company?	<p>To the extent applicable, in light of the Company's size and nature, the Company has adopted <i>The Corporate Governance Principles and Recommendations (3rd Edition)</i> as published by ASX Corporate Governance Council (Recommendations).</p> <p>The Company's main corporate governance policies and practices and the Company's compliance and departures from the Recommendations as at the date of this Prospectus are outlined in Section 8.</p> <p>In addition, the Company's full Corporate Governance Plan is available from the Company's website (www.m8sustainable.com.au).</p>	Section 8
Where can I find more information?	<p>(a) By speaking to your sharebroker, solicitor, accountant or other independent professional adviser;</p> <p>(b) by contacting the Company Secretary, on + 61 8 6140 9521; or</p> <p>(c) by contacting the Share Registry on 1300 850 505 (Australia) and +61 394154000 (Overseas).</p>	

This section is a summary only and not intended to provide full information for investors intending to apply for Securities offered pursuant to this Prospectus. This Prospectus should be read and considered in its entirety.

2. DETAILS OF THE OFFERS

2.1 The Offer

Pursuant to this Prospectus, the Company invites applications for 97,500,000 Shares at an issue price of \$0.20 per Share to raise \$19,500,000 (**Offer**).

The Shares offered under this Prospectus will rank equally with the existing Shares on issue. The rights attaching to the Shares are summarised in Section 10.2 of this Prospectus.

2.2 Loan Conversion Offer

The Loan Conversion Offer is an offer of up to 48,717,949 Shares to SBANG upon conversion of an amount of up to \$7,600,000 owing by the Company under the loan and convertible note funding provided by SBANG. The rights attaching to the Shares offered under the Loan Conversion Offer are summarised in Section 10.2 and a summary of the main terms of the Deed of Debt Conversion and Release is set out in Section 9.4.

Only SBANG may accept the Loan Conversion Offer. A personalised Application Form in relation to the Loan Conversion Offer will be issued to SBANG together with a copy of this Prospectus. A portion of the Shares issued under the Loan Conversion Offer are expected to be subject to escrow under the ASX Listing Rules.

2.3 Flugge Offer

The Flugge Offer is an offer of up to 2,229,709 Shares to Kingsley Craig Flugge and Margaret Flugge pursuant to the Deed of Release summarised in Section 9.6. The rights attaching to the Shares offered under the Flugge Offer are summarised in Section 10.2. Only Kingsley Craig Flugge and Margaret Flugge may accept the Flugge Offer. A personalised Application Form in relation to the Flugge Offer will be issued together with a copy of this Prospectus. All of the Shares issued under the Flugge Offer are expected to be subject to escrow under the ASX Listing Rules.

2.4 Performance Rights Offer

This Prospectus includes an offer of 10,000,000 Performance Rights to be issued to Directors and management of the Company. The terms and conditions of the Performance Rights are summarised at Section 10.3 of this Prospectus.

The Company will not apply for quotation of the Performance Rights. Only the relevant Company Directors and management may accept the Performance Rights Offer. A personalised Application Form in relation to the Performance Rights Offer will be issued to the relevant parties together with a copy of this Prospectus. All of the Performance Rights will be subject to escrow under the ASX Listing Rules.

2.5 Lead Manager Offer

The Company has appointed Canaccord Genuity (Australia) Limited (**Lead Manager**) as lead manager to the Offer. Cannacord Genuity Patersons Ltd (a wholly owned subsidiary of the Lead Manager and formerly named Patersons Securities Limited) is a party to the Lead Manager Mandate summarised in Section 9.2. The Lead Manager (or its nominees) will receive a corporate

advisory fee of \$200,000 on completion of the Offer and, a lead management fee of 1% and a selling fee of 5% of the total amount raised under the Offer.

The Prospectus also includes an offer of 20,000,000 Options to the Lead Manager (or its nominees), pursuant to the terms of the Lead Manager Mandate. The terms and conditions of the Lead Manager Options are summarised at Section 10.4 of this Prospectus.

The Company will not apply for quotation of the Lead Manager Options. Only the Lead Manager (or its nominees) may accept the Lead Manager Offer. A personalised Application Form in relation to the Lead Manager Offer will be issued to the Lead Manager together with a copy of this Prospectus. All of the Lead Manager Options will be subject to escrow under the ASX Listing Rules.

2.6 Minimum Subscription

The minimum amount which must be raised under this Prospectus is \$19,500,000 (**Minimum Subscription**). If the Minimum Subscription has not been raised within 4 months after the date of this Prospectus, the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

2.7 Use of Funds

The Company intends to apply funds raised from the Offer over the first two years following admission of the Company to the Official List of ASX as follows:

Funds available	Full Subscription (\$) (\$19,500,000)	Percentage of Funds (%)
Repayment of principal amount borrowed from SBANG	4,400,000	22.6%
Payment of interest on loan from SBANG ¹	1,222,805	6.3%
Development of the Gingin Facility ²	9,500,000	48.7%
Working Capital ³	2,526,190	12.9%
Expenses of the Offers ⁴	1,851,005	9.5%
Total	19,500,000	100%

Notes:

1. This is the amount of interest which will be payable to SBANG on 30 November 2019. The Company will be required to pay additional interest (at the rate of 10% per annum) in the event the Company is admitted to the Official List after 30 November 2019,
2. The construction budget for the Gingin Facility will be paid to a nominated successful constructor following a tender evaluation and contract award process. The contracted amount is currently expected be broken down as follows:
 - (a) preliminary work including the minimum expenses incurred to mobilise the site (i.e. delivery of relevant machinery and construction of site office and toilets) and commence construction works in order to meet the substantial commencement requirement of the Landfill Planning Approval by 20 January 2020. Such preliminary work is expected to take 3 to 4 weeks to complete;
 - (b) subsequent stages of development of the Gingin Facility include:
 - (i) Cell 1 Construction, including general earthworks, Cell Liner System, Leachate Collection System and Stormwater Drainage;
 - (ii) infrastructure including pavement, reinforced concrete and hardstand, prefabricated buildings, wastewater treatment, stormwater treatment, weighbridge and electrical services; and

(iii) commissioning and licensing.

The construction timeline for the Gingin Facility development will allow for a staged approach that preserves working capital in the event of a delay in the ramp-up in the operations of the Maddington Facility. See below for further details.

3. Working capital includes sufficient funds during the ramping up of operations at the Maddington Facility and the development of the Gingin Facility to meet:
 - (a) rent and outgoings on the Maddington Facility leases;
 - (b) internal project management costs for the duration of the construction of the Gingin Facility;
 - (c) insurances; and
 - (d) labour costs.
4. Refer to Section 10.9 for further details.

It is anticipated that the funds raised under the Offer will enable 18 months of full operations. It should be noted that the Company may not be fully self-funding through its own operational cash flow at the end of this period. Accordingly, the Company may require additional capital beyond this point, which will likely involve the use of additional debt or equity funding. It should also be noted that the Company's budgets will be subject to modification on an ongoing basis depending on the results obtained from the Company's initial operations following listing on ASX. This will involve an ongoing assessment of the Company's activities.

Investors should note that completion of the construction of the Gingin Facility is partly dependent on the financial success of the Maddington Facility which is currently not profitable. In the event the ramp-up of operations at the Maddington Facility does not result in the facility becoming profitable or breaking even, the Company may need to use a portion of the funds which are currently intended to be used for the construction of the Gingin Facility toward covering the losses of the Maddington Facility and toward additional expenditure required to increase revenues at the Maddington Facility. In such a scenario, the stages of development of the Gingin Facility subsequent to completion of the preliminary works described above would be delayed until such time as the Maddington Facility was operating sufficiently profitably to fund such development or the Company obtained additional funding.

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis. The use of further debt or equity funding will be considered by the Board where it is appropriate to accelerate the expansion of the Company's operations or capitalise on further opportunities.

The Directors consider that following completion of the Offer, the Company will have sufficient working capital to carry out its stated objectives. It should however be noted that an investment in the Company is speculative and investors are encouraged to read the risk factors outlined in Sections 1D and 5.

2.8 Applications

Applications for Shares under the Offer must be made using the Application Form. By completing an Application Form, each applicant under the Offer will be taken to have declared that all details and statements made are complete and accurate and that such applicant has personally received the Application Form together with a complete and unaltered copy of the Prospectus.

Applications for Shares must be for a minimum of 10,000 Shares and thereafter in multiples of 2,500 Shares and payment for the Shares must be made in full at the issue price of \$0.20 per Share.

If an Application Form is not completed correctly or if the accompanying payment is the wrong amount, the Company may, in its discretion, still treat the Application Form to be valid. The Company's decision to treat an application as valid, or how to construe, amend or complete it, will be final. The Company reserves the right to close the Offer early.

2.9 ASX listing

Application for Official Quotation by ASX of the Shares offered pursuant to this Prospectus will be made within 7 days after the date of this Prospectus. The Company will not apply for Official Quotation of the Performance Rights or Options offered under this Prospectus.

If the Shares are not admitted to Official Quotation by ASX before the expiration of 3 months after the date of issue of this Prospectus, or such period as varied by ASIC, the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares now offered for subscription.

2.10 Issue

Subject to the Minimum Subscription to the Offer being reached and ASX granting conditional approval for the Company to be admitted to the Official List, issue of Securities offered by this Prospectus will take place as soon as practicable after the Closing Date.

Pending the issue of the Shares or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each applicant waives the right to claim interest.

2.11 Allocation Policy

The Directors, in conjunction with the Lead Manager, will determine the recipients of the issued Shares under the Offer in their sole discretion. There is no guaranteed allocation of Shares under the Offer. The allocation of Shares by Directors and the Lead Manager will be influenced by the following factors:

- (a) the number of Shares applied for;
- (b) the overall level of demand for the Offer;
- (c) the desire for spread of investors, including institutional investors; and
- (d) the desire for an informed and active market for trading Shares following completion of the Offer.

The Directors reserve the right to reject any application or to allocate any applicant fewer Shares than the number applied for under the Offer. Where the number of Shares issued is less than the number applied for, or where no issue is made, surplus application monies will be refunded without any interest to the applicant as soon as practicable after the Closing Date. The Company's decision on the number of Shares to be allocated to an applicant will be final.

Each of the Secondary Offers is a personal offer to the relevant participants. As such, Securities offered under those Secondary Offers will be allocated and issued to those parties (or their respective nominees) only.

Holding statements for Securities issued to the issuer sponsored subregister and confirmation of issue for Clearing House Electronic Sub-register System (**CHES**) holders will be mailed to applicants being issued Securities pursuant to the Offers as soon as practicable after their issue.

2.12 Applicants outside Australia

This Prospectus does not, and is not intended to, constitute an offer in any place or jurisdiction, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

No action has been taken to register or qualify the Shares or otherwise permit a public offering of the Shares the subject of this Prospectus in any jurisdiction outside Australia. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

If you are outside Australia, it is your responsibility to obtain all necessary approvals for the issue of the Shares pursuant to this Prospectus. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by you that all relevant approvals have been obtained.

Where this Prospectus has been dispatched to persons in jurisdictions outside of Australia, in which the securities legislation or regulation requires registration or any analogous treatment, this Prospectus is provided for information purposes only. This Prospectus has not been and will not be registered under any such legislation or regulation or in any such jurisdiction.

The Offer does not and will not constitute an offer of Shares in the United States of America (**US**). Furthermore, no person ordinarily resident in the US is or will become permitted to submit an Application Form. If the Company believes that any applicant is ordinarily resident in the US, or is acting on behalf of a person or entity that is ordinarily a resident of the US, the Company will reject that applicant's application.

New Zealand

The Offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act and regulations made under that Act. In New Zealand, this is subpart 6 of Part 9 of

the Financial Markets Conduct Act 2013 and Part 9 of the Financial Markets Conduct Regulations 2014.

The Offer and the content of this Prospectus are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act and the regulations made under that Act set out how the Offer must be made.

There are differences in how financial products are regulated under Australian law. For example, the disclosure of fees for managed investment schemes is different under the Australian regime.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian financial products may differ from the rights, remedies, and compensation arrangements for New Zealand financial products.

Both the Australian and New Zealand financial markets regulators have enforcement responsibilities in relation to the Offer. If you need to make a complaint about the Offer, please contact the Financial Markets Authority, New Zealand (<http://www.fma.govt.nz>). The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian financial products is not the same as for New Zealand financial products.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

The Offer may involve a currency exchange risk. The currency for the financial products is not New Zealand dollars. The value of the financial products will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.

If you expect the financial products to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

If the financial products are able to be traded on a financial product market and you wish to trade the financial products through that market, you will have to make arrangements for a participant in that market to sell the financial products on your behalf. If the financial product market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the financial products and trading may differ from financial product markets that operate in New Zealand.

Singapore

This document and any other materials relating to the Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of Shares, may not be issued, circulated or distributed, nor may the Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the **SFA**), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of the Company's Shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) a "relevant person" (as defined in section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

Hong Kong

This Prospectus has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the **SFO**). No action has been taken in Hong Kong to authorise or register this Prospectus or to permit the distribution of this Prospectus or any documents issued in connection with it. Accordingly, the Shares offered have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO).

No advertisement, invitation or document relating to the Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this Prospectus have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the Offer. If you are in doubt about any contents of this Prospectus, you should obtain independent professional advice.

If you (or any person for whom you are acquiring the Shares) are in Hong Kong, you (and any such person) warrant by lodging an Application Form that you are a "professional investor" as defined under the Securities and Futures Ordinance of Hong Kong, Chapter 571 of the Laws of Hong Kong.

Thailand

This document is not intended to be an offer, sale or invitation for subscription or purchase of securities in Thailand. This document has not been registered as a prospectus with the Office of the Securities and Exchange Commission of Thailand. Accordingly, this document and any other documents and material in connection with the Offer, sale or invitation for subscription or purchase, of the Shares may not be circulated or distributed, nor may the Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to the public or any members of the public in Thailand.

2.13 Clearing House Electronic Sub-Register System (CHESS) and Issuer Sponsorship

The Company will apply to participate in CHESS, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company.

Electronic sub-registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with statements (similar to a bank account statement) that set out the number of Shares issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Securityholder Reference Number and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Electronic sub-registers also mean ownership of securities can be transferred without having to rely upon paper documentation. Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

2.14 Commissions payable

The Company reserves the right to pay a commission of up to 6% (exclusive of goods and services tax) of amounts subscribed through any licensed securities dealers or Australian financial services licensee in respect of any valid applications lodged and accepted by the Company and bearing the stamp of the licensed securities dealer or Australian financial services licensee. Payments will be subject to the receipt of a proper tax invoice from the licensed securities dealer or Australian financial services licensee. The Lead Manager will be responsible for paying all commissions that it and the Company agrees with any other licensed securities dealers or Australian financial services licensee from the fees paid by the Company to the Lead Manager under the Lead Manager Mandate.

2.15 Taxation

The acquisition and disposal of Securities will have tax consequences, which will differ depending on the individual financial affairs of each investor.

It is not possible to provide a comprehensive summary of the possible taxation positions of all potential applicants. As such, all potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Securities from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Securities under this Prospectus.

No brokerage, commission or duty is payable by applicants on the acquisition of Securities under the Offers.

2.16 Withdrawal of Offers

The Offers may be withdrawn at any time. In this event, the Company will return all application monies (without interest) in accordance with applicable laws.

3. COMPANY AND BUSINESS OVERVIEW

3.1 Summary

The Company is a recycling and waste management entity which currently operates a waste recycling business on leased premises in Maddington, Western Australia (**Maddington Facility**) and plans to develop a waste landfill facility on land it owns in Gingin, Western Australia (**Gingin Facility**). The Company was incorporated on 28 July 2017 for the purpose of acquiring both the business and assets which comprise the Maddington Facility business and the land upon which the Gingin Facility is to be constructed, operating the Maddington Facility, constructing and operating the Gingin Facility and developing an integrated waste management business.

The Company's strategy is to maximise value from gate fees and resources recovery and recycling, operating the following complimentary waste businesses, thereby achieving vertical integration.

- (a) The Maddington Facility is licensed by the Department of Water & Environmental Regulation of the Government of Western Australia (**DWER**) to accept up to 500,000 tonnes per annum of commercial and industrial (**C&I**) and construction and demolition (**C&D**) waste. The Company owns the fixed and mobile plant and equipment and holds the licences and permits which comprise the Maddington Facility business and leases the land, office space and buildings upon which the business is operated. The Company has been scaling up operations at the Maddington Facility since July 2019 as it continues to market its services to the waste sector. Further details are provided in Section 3.5.
- (b) The land upon which the Gingin Facility is proposed to be constructed is owned by the Company's wholly owned subsidiary, Fernview Environmental Pty Ltd (**Fernview**). The Gingin Facility is a permitted (but undeveloped) bioreactor landfill facility site which is approved to accept up to 150,000 tonnes per annum of Class II putrescible waste. The landfill has obtained planning and environmental approvals and a works approval, which allows for the commencement of construction. The Company intends to use part of the proceeds of the Offer to commence development of the Gingin Facility. Further details are summarised in Section 3.6.
- (c) The Company also provides Operation & Maintenance (**O&M**) services to the Brockway waste to compost and energy facility in Shenton Park, Western Australia (**Brockwaste Facility**) via a long term contract, the details of which are summarised in Section 9.3.

3.2 History

3.2.1 Previous operations – Aurigen

The Company's business and assets were acquired from the administrators of Aurigen Group Ltd (**Aurigen**), an entity which owned other assets and operations and which entered into voluntary administration in 2017. Directors Tomasz Rudas and Saithsiri Saksitthisereekul were also directors of Aurigen. See Section 3.9 of further details.

Upon listing, the Company will have a Board of Directors which will comprise of a majority of Directors who were not previously directors of Aurigen. The Company will also have a different major shareholder and provider of loan funding (being SBANG) than Aurigen.

3.2.2 Acquisition from Administrators

Fernview and Cityscore Pty Ltd (**Cityscore**) were formerly wholly owned subsidiaries of Aurigen. The Company acquired the entire issued share capital of Fernview from the administrators of Aurigen pursuant to a share purchase agreement in 2017. Fernview owns the land upon which the Company plans to develop the bioreactor landfill Gingin Facility and holds the requisite permits and approvals for such facility. The Company also acquired the Maddington Facility business, assets, permits and licenses from the administrators of Cityscore pursuant to a business sale agreement in 2017.

3.3 Business Model

3.3.1 Overview

The Company believes it has identified a potential opportunity to process, recover, commoditise and sell waste derived products, using a vertical integration approach.

It is anticipated that this 'one-stop-shop' business model will result in an integrated business, from acceptance and processing waste through materials recovery to commoditisation. For example, part of the anticipated waste input to the Gingin Facility (once constructed) is expected to originate from the Maddington and Brockwaste Facilities.

3.3.2 Company Operations

The Company's business model is based on a foundation consisting of three sites:

- (a) Maddington Facility – C&I and C&D recycling facility;
- (b) Gingin Facility – proposed and, as yet, undeveloped landfill facility; and
- (c) Brockwaste Facility – Municipal Solid Waste (**MSW**) organic waste recycling facility for which the Company provides O&M services.

It is intended that the Maddington and Brockwaste Facilities will collect a variety of waste streams from the waste management market and process these into a variety of recyclable materials. Further detail on the facilities can be found in Section 5, 3.6 and 3.7. The M8S business model and the integration of each facility's operation are outlined in figure 1 below.

3.3.3 Business Ecosystem

The Board anticipates that the Company's proposed vertically integrated business model will be focused on the Western Australian waste management market. It is intended that the Company's business ecosystem will operate on the following basis:

- (a) disposal of waste from the Brockwaste and Maddington Facilities will contribute significantly to the Gingin Facility business;

- (b) organic waste captured at the Maddington Facility can be processed at the Brockwaste Facility; and
- (c) compost produced by the Brockwaste Facility can be refined and marketed via the Gingin Facility.

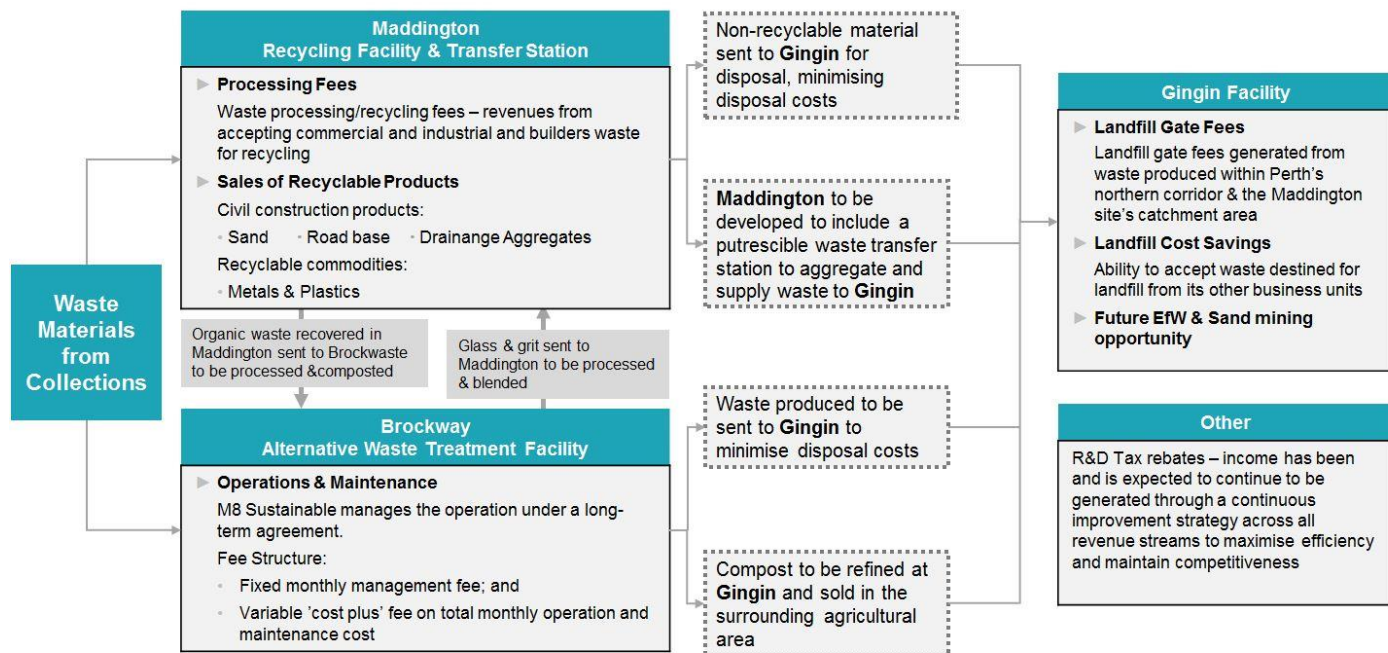


Figure 1: M8S Business Ecosystem

3.3.4 Revenue

The Maddington Facility is expected to be the primary source of operations for the Company after recommencement of its operations occurred on 1 July 2019. The Company has been scaling up operations at the Maddington Facility as it continues to market its services to the waste sector. Key sources of revenue are anticipated to be:

- (a) levying a gate fee for waste that is delivered to the Maddington Facility by small and large waste logistics companies; and
- (b) the sale of recycled road base, drainage aggregates and metals.

The Company anticipates that initial construction of the Gingin Facility will commence in December 2019 (subject to completion of the Offer). The Gingin Facility will not become a source of revenue for the Company until construction is completed.

The O&M services provided by the Company to the Brockwaste Facility are also expected to provide ongoing operating revenue for the Company. To date, the Company's revenues have primarily been generated from the Brockwaste Facility.

3.3.5 Assumptions and Risks

The Company's business model assumes that waste generation rates within the Western Australian market remain steady and there is not a significant reduction in economic activity. In addition, M8S is reliant on the expectation that a focus on the waste management sector, both from a regulatory and community

expectations standpoint, will lead to an increased emphasis on waste recycling, including:

- (a) increasing landfill levies for waste to landfill;
- (b) mandated use of recycled road base and other civil products in Main Roads Western Australian (**MRWA**) projects;
- (c) enforcement actions against illegal dumping sites; and
- (d) prevention of stockpiling of unprocessed C&D waste.

A more comprehensive review of the state of the industry and current market is set out in Section 4. A major challenge for the Company moving forward is to rebuild the customer base of the previous owner of the Maddington Facility business, as well as developing new customers for the Gingin Facility when it becomes operational.

3.3.6 Growth Strategy – Short to Medium Term

The short to medium term growth strategy of the Company will focus on the development of the Gingin Facility and increasing volumes of waste processed at the Maddington Facility.

The Maddington Facility will target C&I as well as C&D waste from waste management clients by:

- (a) offering a high quality service in a central location close to major metropolitan arterial routes;
- (b) targeting long term contractual relationships with;
 - (i) local government authorities in close proximity to the site; and
 - (ii) large industrial clients in the waste management sector as well as the construction sector;
- (c) expanding services offered at the Maddington Facility to include provision of diversified civil construction products in addition to those recycled by the Facility such as builders' sand and gravels;
- (d) capitalising on the trend for increased outsourcing of specialised waste management and recycling by waste management companies and government authorities; and
- (e) ensuring high levels of quality assurance and certification of civil construction products produced at the site for supply into road construction projects.

3.3.7 Growth Strategy - Long Term

The Company's proposed long-term growth strategy includes diversifying its recycling services by:

- (a) enhancing existing waste processing and disposal capabilities through investment into additional recycling infrastructure to take advantage of the 500,000 tonnes per annum environmental licence at the Maddington Facility, in order to;

- (i) increase the capacity of the site to process maximum waste volumes;
 - (ii) reduce the unit cost of processing the waste;
 - (iii) increase recycling rates; and
 - (iv) increase the range of recyclable products recovered from the incoming waste streams;
- (b) the potential acquisition of complementary waste recycling assets and businesses to provide additional vertical integration opportunities for the Maddington and Gingin Facilities; and
 - (c) the potential expansion into the operation of waste-to-energy infrastructure by leveraging key competencies of the Company's major Shareholder, SBANG.

3.3.8 Customer Offering

The Company aims to capture a significant share of the Perth metropolitan area C&D and C&I waste processing markets through strategies that maximise customer service. Key Company customer service offerings are expected to include:

- (a) a central waste disposal point that is close to major arterial routes;
- (b) the provision of complementary skip bin storage for regular customers at the Maddington Facility;
- (c) a weighbridge weighing and data capture system;
- (d) a recycling facility for maximum resource recovery; and
- (e) site management procedures allowing for fast waste drop-off and turn-around with minimum wait times for customers.

3.4 Regulatory Regime

The operations of the Company require what is commonly understood as planning approvals under the following legislation:

- (a) *Planning and Development Act 2005 (WA)*;
- (b) *Planning and Development (Local Planning Scheme) Regulations 2015 (WA)*;
- (c) *Shire of Gingin Local Planning Scheme No. 9*; and
- (d) *City of Gosnells Town Planning Scheme No. 6*.

The operations of the Company also require what is commonly understood as environmental approvals under the following legislation:

- (a) *Environment Protection and Biodiversity Conservation Act 1999 (Cth)*;
- (b) *Environment Protection Act 1986 (WA)*;
- (c) *Environment Protection Regulations 1987 (WA)*; and

- (d) *Environment Protection (Clearing of Native Vegetation) Regulations 2004 (WA).*

Refer to Section 3.5 below for details of the approvals held by the Company in respect of the Maddington Facility and to Section 3.6 below for details of the approvals held by the Company in respect of the Gingin Facility.

3.5 Maddington Facility

The Maddington Facility is an operational C&I and C&D recycling facility which is licensed by the Department of Water and Environmental Regulation of the Government of Western Australia (**DWER**) under the Environmental Protection Act 1986 (WA) to accept up to 500,000 tonnes per annum of C&I and C&D waste. The DWER licence has an expiry date of 21 December 2023 and is able to be extended upon application to the DWER provided its terms have been complied with.

The Company owns the fixed and mobile plant and equipment and holds the licences and permits which comprise the Maddington Facility business. The Company leases the land, office space and buildings upon which the business is operated pursuant to three separate commercial lease agreements. Refer to Section 9.1 for a summary of the material terms of these leases.



Figure 2: Maddington Facility

The business operations and objectives of the Maddington Facility are based on the following:

- (a) sourcing and processing of C&D and C&I waste for recovery of sellable commodities; and
- (b) diverting as much waste as it is economically possible away from landfill.

However, there will always be a portion of residue materials requiring landfill disposal. Upon completion of the Gingin Facility, it is intended that such waste

materials will be sent to the Gingin Facility thus further enhancing the synergy of the group operations.

3.5.2 C&I Recycling Plant

The C&I Recycling Plant was commissioned in early 2014 and is capable of processing up to 50 tonnes per hour of C&I and mixed C&D waste with between 50-90% diversion from landfill (depending on waste composition). Feed is sourced primarily from civil contractors, demolition companies and waste management companies. Recycled commodity streams include metals and civil construction products.



Figure 3: C&I Recycling Plant

3.5.3 C&D Crushing and Civil Products Sales

C&D crushing is performed using external contractors based on stockpile sizes and product demand. Materials produced from the crushing of clean C&D include road base, drainage aggregates and clean sand.

It is intended that the Maddington Facility will service a large number of diverse customers, including the public (weighing service), skip bin operators, demolition contractors, civil contractors and bobcat operators.

It is intended that the Maddington Facility will be further developed to include a putrescible waste transfer station to aggregate and supply waste to the Gingin Facility.

3.6 Gingin Facility

The Gingin Facility is a permitted (but undeveloped) bioreactor landfill facility site located in the Shire of Gingin, Western Australia and approximately 130 kms from the Maddington Facility. Once constructed, it will be one of only two landfills positioned to service the Perth northern corridor, the other being Tamala Park in Mindarie.

The site, which is owned by the Company's wholly owned subsidiary Fernview, covers 682 hectares of land, of which 189.14 hectares are intended to be set aside for Carnaby Black Cockatoo conservation with 42.5 hectares proposed to be utilised for development as a landfill.

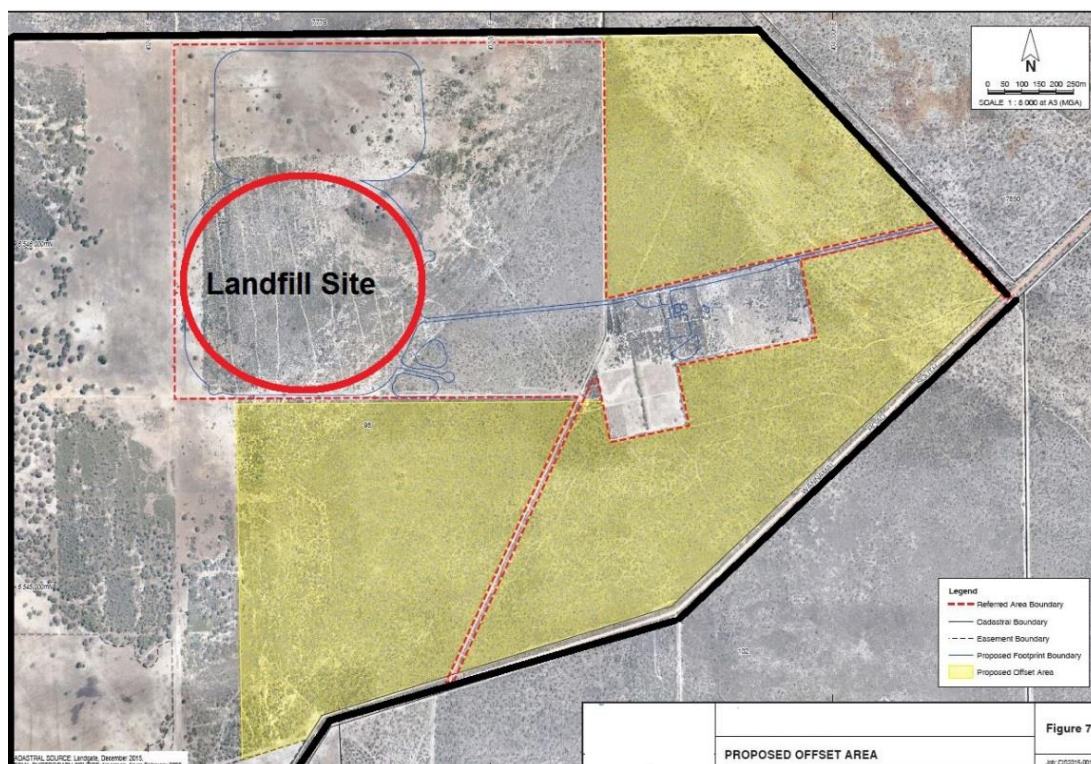


Figure 4: Gingin Facility Site

The Gingin Facility is approved to accept 150,000 tonnes per annum of Class II putrescible waste using a bioreactor landfill. The Company has obtained the planning and environmental approvals and works approvals set out below. The Gingin Facility will be licensed as a Category 64 Class II landfill capable of accepting putrescible waste for burial.

The Gingin Facility is the subject of the following current approvals:

- (a) Landfill Planning Approval under the Shire of Gingin Local Planning Scheme No. 9 pursuant to which development of the Gingin Facility must be substantially commenced by 20 January 2020 (investors should note while the Company still currently expects to satisfy this deadline, it has applied for an extension to this deadline out of the abundance of caution);
- (b) Ministerial Statement No. 1073 for approval of the implementation of the Gingin Facility pursuant to the Environmental Protection Authority under Part IV of the Environmental Protection Act, pursuant to which development of the Gingin Facility must be substantially commenced by 13 June 2022;
- (c) DWER Works Approval Number W6083/2017/1 for construction of the Gingin Facility under Part V of the Environmental Protection Act pursuant to which construction of the Gingin Facility must be completed by 12 February 2022; and
- (d) approval under the Environment Protection and Biodiversity Conservation Act 1999 (Cth) for the removal of Banksia woodland.

The Gingin Facility also requires the following outstanding approvals:

- (a) a licence under Part V of the Environmental Protection Act once the construction of the Gingin Facility is completed and prior to its operation commencing;
- (b) a clearing permit if any further clearing in addition to that described above is required; and
- (c) a building permit from the Shire of Gingin.

As at the date of this Prospectus, the Company has completed the detail design for the landfill and has sought preliminary costings from experienced contractors for the construction of the landfill.

The development of a landfill facility is considered highly complementary to operations at the Company's Maddington and Brockwaste Facilities. It is intended that future access to the landfill site will minimise the disposal cost of waste generated from the Maddington Facility. It is also expected that going forward, waste from the Maddington and Brockwaste Facilities operations will contribute to the annual 150,000 tonnes per annum capacity of the Gingin Facility.

It is intended that the Gingin Facility will generate revenue through a gate fee charged to third parties which will include the State Government landfill levy.

The Company intends to use part of the proceeds of the Offer to develop the Gingin Facility.

3.7 Brockwaste Facility

The Company also provides operation & maintenance (**O&M**) services (pursuant to a contract with no operational performance guarantees and serviced on a simple "cost plus" basis for the provision of labour) to the Brockwaste Facility in Shenton Park, Western Australia via a long-term O&M contract. The Brockwaste Facility is owned by Star Shenton Energy Pty Ltd which is 40% owned by SBANG and 60% owned by Star Universal who are both substantial Shareholders of the Company. Please refer to Section 9.3 for a summary of the material terms of the O&M contract.

3.8 Company Funding

The Company is currently primarily funded by SBANG which, to date, has provided secured debt and convertible note funding of approximately \$20,000,000, a portion of which has already been converted to equity.

Established in 2005, SBANG specialises in the design, installation and commissioning of complete plant control systems for small biomass and waste-to-energy power plants as well as providing engineering, procurement and construction services and operations and maintenance services. SBANG has multiple operations in South East Asia including biomass power plants and water to energy plants in Thailand and Laos. SBANG was founded by Saithsiri Saksitthisereekul, a Director of the Company.

As at the date of this Prospectus, the Company owes SBANG a total of \$13,120,538 of principal and interest under this funding. The Company and SBANG have agreed that the Company will use part of the funds raised by the

Company under the Offer in part cash repayment of this amount. Please refer to Section 2.7 for further details.

In July 2019, \$8,000,000 of the amount borrowed from SBANG was converted into 51,282,051 Shares via a debt to equity conversion. SBANG transferred 23,900,000 of these Shares to Star Universal, a company listed on the Stock Exchange of Thailand. Star Universal invests in waste management and energy related projects, with its principal interest being held in the Brockwaste Facility in which it has a 60% interest (with SBANG holding the remaining 40%).

SBANG has further agreed to convert an additional amount of \$7,600,000 borrowed from SBANG into an additional 48,717,949 Shares to be issued simultaneously with the issue of the Shares under the Offer. Refer to Section 9.4 for a summary of the material terms of the Deed of Debt Conversion and Release. Further, the Company has previously issued 7,115,038 Shares to SBANG for nil consideration in satisfaction of promoter services provided by SBANG. SBANG will be the largest Shareholder of the Company upon completion of the Offers, with an expected undiluted holding of 35.68% of the Company's Shares.

SBANG has also agreed to make available a further conditional loan facility to the Company of up to \$4,000,000 upon the Company's admission to the Official List of ASX. Refer to Section 9.5 for a summary of the material terms of this loan agreement.

3.9 Directors and Key Personnel

Robert McKinnon FCPA, FGIA, MAICD
Proposed Non-Executive Chairman

Mr McKinnon has 40 years' experience in finance and general management positions in the light manufacturing and industrial sectors in Australia, New Zealand and Canada. He is the former managing director of Austal Ships and Fleetwood Corporation Limited and spent 28 years with Capral Aluminium (formerly Alcan Australia) in various financial and senior executive positions.

Mr McKinnon currently serves as non-executive chairman of IAS Group and non-executive director of Peet Limited. Mr McKinnon was also previously a non-executive director of Bankwest until November 2012, chairman of the Esperance Port Authority until September 2014, non-executive director of Programmed Maintenance Services Limited until October 2017 and Tox Free Solutions Limited until May 2018.

The Board considers that Mr McKinnon will be an independent Director.

Tomasz Rudas BSc (Hons), MBA
Managing Director

Mr Rudas has over 20 years of professional experience in the waste management industry during which he has gained extensive experience in many facets of waste management operations and business activities. His experience gained from working in the private sector for both small and large waste management organisations, as well as the local government in Perth, has given Mr Rudas a perspective of the commercial dynamics and opportunities in the waste management market.

He was also the founder and managing director of a public waste technology company AnaeCo Limited which under his leadership raised over \$100 million in equity and infrastructure funding and was successfully listed on the ASX in 2007.

Mr Rudas was the Winner of the 2009 Ernst & Young Entrepreneur of the Year – Western Division in the Cleantech Category, Mr Rudas' comprehensive professional profile is available on the LinkedIn website.

Investors should be aware that Mr Rudas was previously a director of Aurigen, an entity which previously owned the business and assets of the Company and which entered into voluntary administration in August 2017. The proposed Directors have considered the above circumstances surrounding Mr Rudas's involvement in Aurigen and are of the view that this involvement does not negatively impact on his appointment and contribution as a Director of the Company.

The Board does not consider that Mr Rudas is an independent Director.

Saithsiri Saksitthisereekul MBA

Non-Executive Director

Mr Saksitthisereekul holds an Executive Master of Business Administration from the National Institute of Development Administration (NIDA), has 11 years in the renewable energy sector and is the CEO of SBANG Sustainable Energies Limited. SBANG is an integrated renewable energy company based in Thailand, its core business is to build, own and or operate waste-to-energy and biomass power plants in Thailand.

Investors should be aware that Mr Saksitthisereekul was also previously a director of Aurigen. The proposed Directors have considered the above circumstances surrounding Mr Saksitthisereekul's involvement in Aurigen and are of the view that this involvement does not negatively impact on his appointment and contribution as a Director of the Company.

The Board does not consider that Mr Saksitthisereekul is an independent Director.

Mark Puzey BCom, FCA, FAICD

Proposed Non-Executive Director

Mr Puzey is a Chartered Accountant with over 30 years of experience with a broad base of financial skills in a variety of industries having spent 33 years with KPMG, including 18 years as a partner. Mr Puzey's role at KPMG included risk advisory, IT advisory, internal and external audit, management consulting experience in Australia, Asia and London (to 2016).

He is currently a non-executive director of Gold Corporation and was formerly an independent non-executive director of Patersons Securities Limited.

The Board does not consider that Mr Puzey will be an independent Director.

Richard Allen BEng (Civil), MAICD

Proposed Non-Executive Director

Mr Allen has held a wide range of senior business roles and has more than 30 years' experience as both executive and non-executive director in the listed and private sectors in Australia, Asia and the Middle East. Mr Allen has extensive experience in the international offshore marine oil and gas industries, having spent over 20 years working locally and internationally with Baroid Drilling Fluids Inc (acquired by Halliburton). Mr Allen was the founder of Renewable Heat & Power Limited and its wholly owned subsidiary Plantation Energy Australia Pty Ltd which is one of the largest producers of biomass fuel pellets in the southern hemisphere. Biomass fuel pellets are used as carbon neutral fuel in coal fired

and purpose-built power stations owned and operated by some of the largest utilities in Europe and Asia.

Mr Allen has served as the managing director of Tox Free Solutions Limited from listing until 2004 and then as a non-executive director from 2005 until May 2018 and as a non-executive chairman of Mobilarm Limited until March 2012, and currently as director of Renewable Heat & Power Limited.

The Board considers that Mr Allen will be an independent Director.

Senior Management

Vijay Joshi BCom, CA, MIPA, AFA, AFAIM
Chief Financial Officer

Mr Joshi is a chartered accountant with over 38 years of experience gained from a mix of financial control and project management roles in Australia and overseas across industries as diverse as steel production, large scale horticulture production, nationwide distribution of industrial products and waste management.

Mr Joshi has led numerous projects which have delivered significant shareholder value through the development, implementation and management of the financial systems, cost controls and modern reporting methods. His career includes appointments such as Group Commercial Leader for Coventry Group Ltd in Australia (ASX:CYG), UNDP-ATMS Project in Africa and Kalyani Group in India.

Ryszard Rudas BEng (Mech), MEngSc
Projects Director

Mr Rudas has over 40 years of professional engineering and managerial experience at a senior level, working both overseas and in Australia and managing projects from advanced engineering design, technology development and R&D stage to a complete cycle of procurement, construction, commissioning, operation and maintenance.

His main areas of expertise and experience include management of turnkey contracts, particularly in the fields of materials handling and waste processing. He was involved in drafting, negotiating and managing EPCM, EPC, O&M, waste supply and waste processing contracts and fulfilled various roles ranging from Project Manager, Contract Superintendent to Project Director.

Mr Rudas is a registered adjudicator under the *Construction Contracts Act 2004*.

3.10 Dividend Policy

Refer to Section 6.9 for details of the Company's dividend policy.

3.11 Capital Structure

The capital structure of the Company following completion of the Offers is summarised below:

Shares

	Full Subscription
	Number
Shares currently on issue ¹	84,782,177
Shares to be issued to SBANG pursuant to Loan Conversion Offer ²	48,717,949
Shares to be issued under the Flugge Offer ³	2,229,709
Shares to be issued pursuant to the Offer	97,500,000
Total Shares on completion of the Offer	233,229,835

Notes:

1. Issued to promoters in consideration for their involvement in the Company's acquisition of Fernview and the Maddington Facility business and to SBANG in satisfaction of \$8,000,000 in debt owed by the Company.
2. To be issued to SBANG in satisfaction of \$7,600,000 in debt owed by the Company. Refer to Sections 2.2, 3.8 and 9.4 for further details.
3. To be issued to Kingsley Craig Flugge and Margaret Flugge pursuant to the Deed of Release. Refer to Sections 2.3 and 9.6 for further details.

Options

	Full Subscription
	Number
Options currently on issue	nil
Options to be issued to the Lead Manager (or its nominees) ¹	20,000,000
Total Options on completion of the Offers	20,000,000

Notes:

1. Exercisable at \$0.25 each on or before the third anniversary of issue.

Performance Rights

	Full Subscription
	Number
Performance Rights currently on issue	nil
Performance Rights to be issued to Directors and Company management ¹	10,000,000
Total Performance Rights on completion of the Offers	10,000,000

Notes:

1. Refer to Section 10.3 for the terms and conditions of the Performance Rights.

The Company will announce to the ASX full details (quantity and duration) of the Shares, Performance Rights and Options required to be held in escrow prior to the Shares commencing to trade on ASX. Refer to Section 3.11.2 below for further details.

3.11.1 Substantial Shareholders

Those Shareholders holding 5% or more of the Shares on issue both as at the date of this Prospectus and on completion of the Offers are set out in the respective tables below.

As at the date of the Prospectus

Shareholder	Shares	Performance Rights	% (undiluted)
SBANG	34,497,089	nil	40.69%
Star Universal	23,900,000	nil	28.19%
Kingsley Craig Flugge & Margaret Flugge as trustees for the Flugge Superannuation Fund	8,351,526	nil	9.85%
Summerset Global Ltd	5,010,008	nil	5.91%

On completion of the Offers (assuming no existing substantial Shareholder subscribes and receives additional Shares pursuant to the Offers)

Shareholder	Shares	Performance Rights	% (undiluted)
SBANG	83,215,038	nil	35.68%
Star Universal	23,900,000	nil	10.25%

The Company will announce to the ASX details of its top-20 Shareholders (following completion of the Offers) prior to the Shares commencing to trade on ASX.

3.11.2 Restricted Securities

Subject to the Company being admitted to the Official List, certain Securities on issue prior to the Offers will be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of Official Quotation. No Shares issued under the Offer will be subject to escrow under the ASX Listing Rules.

During the period in which these Securities are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of Shareholders to dispose of their Shares in a timely manner. It is currently estimated that 57,729,835 Shares, 20,000,000 Options and 10,000,000 Performance Rights will be subject to ASX imposed escrow for a period of 24 months from the date of admission to the Official List as follows:

- (a) 26,385,088 Shares held by Directors and promoters of the Company;
- (b) 2,229,709 Shares to be issued under the Flugge Offer;
- (c) 23,857,038 Shares held by SBANG;
- (d) 5,258,000 Shares held by Star Universal;
- (e) 20,000,000 Options to be issued to the Lead Manager; and

- (f) 10,000,000 Performance Rights to be issued to Directors and management of the Company.

Further, subject to the Company obtaining relief from ASIC for the purposes of the takeover provisions in Chapter 6 of the Corporations Act, SBANG and Star Universal have agreed to enter voluntary restriction agreements with the Company pursuant to which 59,358,000 Shares held by SBANG and 18,642,000 Shares held by Star Universal will be placed in voluntary escrow for a period of 12 months from the date the Company is admitted to the Official List of ASX. It will be a term of these voluntary restriction agreements that the holder will be entitled to transfer or sell their Shares to a third party on the condition that such third party enters a voluntary restriction agreement on similar terms for the remainder of the original applicable period of voluntary escrow for such Shares.

The Company will announce to the ASX full details (quantity and duration) of the Shares, Options and Performance Rights to be held in escrow prior to the Shares commencing trading on ASX.

4. INDUSTRY OVERVIEW

4.1 National Waste Generation Trends

In 2016-17, Australia generated 67 million tonnes of waste, equivalent to 2.7 tonnes per capita of which 20.4 million tonnes was C&I and 20.3 million tonnes was C&D.

Waste generation and recycling trends over the 11 year period to 2016-17 can be summarised as follows:

- (a) waste generation increased by 3.9 million tonnes, a 6% increase;
- (b) recycling of C&D waste grew by 3.4 million tonnes to 13.6 million tonnes, a 33% increase;
- (c) recycling of C&I grew by 2.7m tonnes to 11.8 million tonnes, a 30% increase; and
- (d) of the 67 million tonnes of waste generated in 2016-17, 27 million tonnes were sent to landfill i.e. 40% of all waste generated was landfilled.

4.2 Western Australian Waste Generation Trends

Over recent years, Western Australia has experienced a fall in the amount of waste going to landfill due to increases in the landfill levy for both C&D and C&I waste. This has seen 3.6 million tonnes sent to landfill in 2014-15 reduce to 2.3 million tonnes sent to landfill in 2016-17 (refer to Figure 1 below).

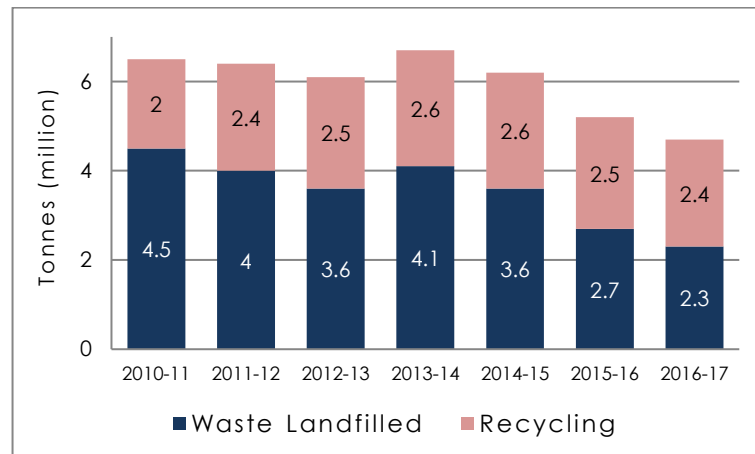


Figure 1: WA Disposal and Recycling Activity⁴

The significant rise in landfill levies which commenced from January 2015 and have continued to June 2019 (see Figure 2 below), especially on inert waste (comprising mainly C&D and a portion of C&I waste), has led to the drop in waste sent to landfill noted above without a commensurate increase in recycling activity (in fact, recycling volumes have dropped in this timeframe).

⁴ Waste Authority Website: www.wasteauthority.wa.gov.au/programs/data/recycling-activity-review/

Period	Putrescible Rate/tonne	Approx. inert rate per tonne	Inert Rate/m ³
To 31 December 2014	\$28	\$8	\$12
1 January 2015 to 30 June 2016	\$55	\$40	\$60
1 July 2016 to 30 June 2017	\$60	\$50	\$60
1 July 2017 to 30 June 2018	\$65	\$60	\$90
1 July 2018 to 30 June 2019	\$70	\$70	\$105
1 July 2019 onwards	\$70	\$70	\$105

Figure 2: WA Landfill Levy Rates⁵

4.3 Western Australian Waste Management Sector

Waste management in Western Australia can be broken down into the following three main segments:

- (a) Municipal Solid Waste (**MSW**) is derived from waste collected from residential properties via verge collection and can also include bulk waste collection;

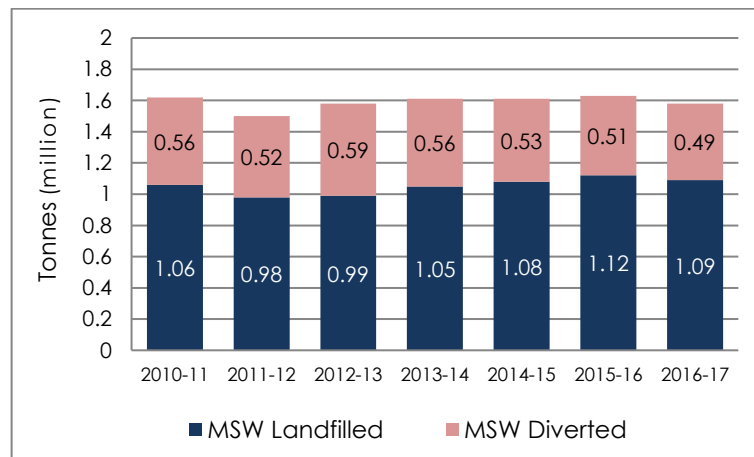


Figure 3: Annual MSW Landfill and Recycling⁶

- (b) Construction and Demolition (**C&D**) waste is produced by construction or demolition of residential and commercial buildings, as well as civil infrastructure projects and home renovations;

⁵ Department of Water and Environmental Regulation (**DWER**) webpage: <https://www.der.wa.gov.au/about-us/media-statements/112-landfill-levy-rates-to-rise-from-january-2015>

⁶ Waste Authority Website: www.wasteauthority.wa.gov.au/media/files/documents/RAWA_FS2.pdf

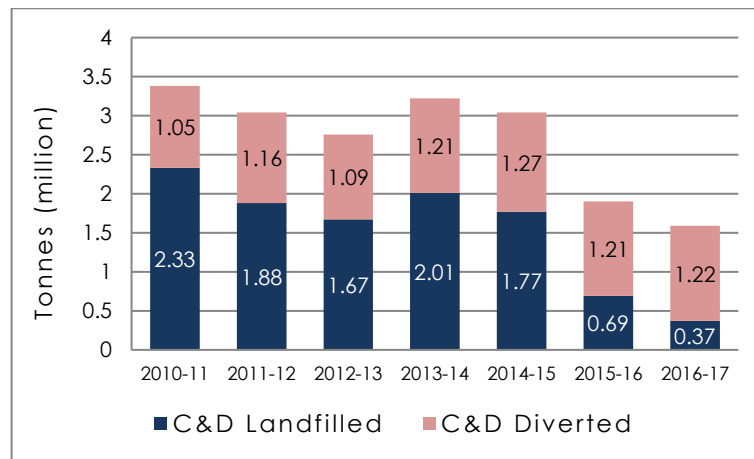


Figure 4: Annual C&D Landfill & Recycling ⁷

(c) Commercial and Industrial (**C&I**) waste produced by commercial businesses, government facilities and industrial operations.

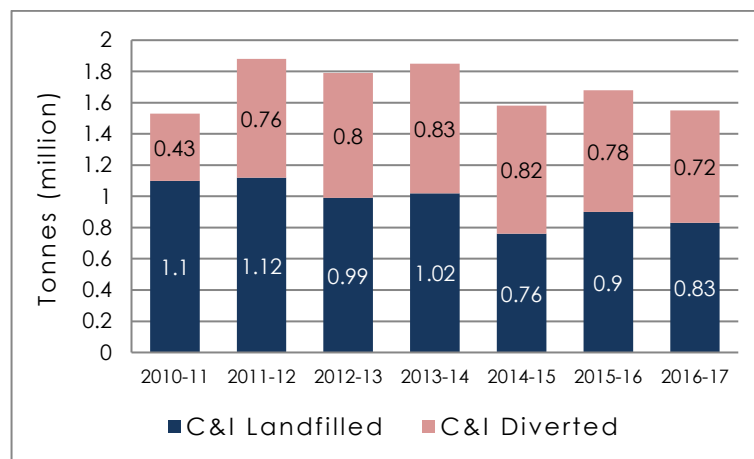


Figure 5: Annual C&I Landfill & Recycling ⁸

The Company currently operates only in the Western Australian waste management market and through its operations has exposure to the three waste segments mentioned above.

4.4 Western Australian Trends in Recycling and Disposal

In 2016-17, total waste generation in Western Australia was 4.7 million tonnes, with reported recycling of 2.4 million tonnes and the balance sent to landfills.⁹ The Perth metropolitan area typically generates 60% of the waste generated in WA, with a 1.6 tonne per capita waste generation rate.¹⁰

C&I recycling has fallen from a high of 52% in 2014-15 to 46% in 2016-17.¹¹ This has been matched by a drop in MSW recycling in the Perth Metropolitan region from

⁷ Waste Authority Website: www.wasteauthority.wa.gov.au/media/files/documents/RAWA_FS2.pdf

⁸ Waste Authority Website: www.wasteauthority.wa.gov.au/media/files/documents/RAWA_FS2.pdf

⁹ Waste Authority Website: http://www.wasteauthority.wa.gov.au/media/files/documents/Recycling_Activity_in_Western_Australia_2016-17.pdf.

¹⁰ Waste Authority Website: http://www.wasteauthority.wa.gov.au/media/files/documents/Recycling_Activity_in_Western_Australia_2016-17.pdf.

¹¹ Waste Authority Website: http://www.wasteauthority.wa.gov.au/media/files/documents/Recycling_Activity_in_Western_Australia_2016-17.pdf.

a high of 45% in 2012-13 to 33% in 2016-17, which is well below the 2015 and 2020 Waste Strategy Targets shown in the table below.¹²

The exception has been C&D waste which has risen from 38% in 2013-14 to 77% in 2016-17,¹³ and which is above the 2020 Waste Strategy Targets shown in the table below.¹⁴ The Board believes that the falling rates of C&I and MSW recycling present potential opportunities for the Company to promote its operations to customers in order to assist in achieving State Government recycling targets.

Sector	Waste Strategy Targets		2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
	2015	2020							
MSW (Perth metropolitan region)	50%	65%	39%	39%	45%	41%	40%	35%	33%
C&I (WA)	55%	70%	28%	41%	45%	45%	52%	46%	46%
C&D (WA)	60%	75%	31%	38%	39%	38%	42%	64%	77%
Statewide diversion			31%	38%	40%	39%	42%	48%	51%

Figure 6: Diversion Rates by Segment¹⁵

The Recycling Activity in Western Australia 2016-17 report also notes that the increase in apparent C&D diversion rate is a result of a drop in the amount of C&D waste landfilled rather than an increase in the amount of C&D diverted. The report also states:

*“Anecdotal Evidence also suggested that the waste levy increase was resulting in a significant increase in the stockpiling of unprocessed C&D materials in the Perth metropolitan region”.*¹⁶

Going forward, this potentially presents an opportunity for the Company as regulatory authorities look to encourage the reduction of stockpiling.

4.5 Waste Management Drivers

Drivers of demand for waste management services include:

- (a) population growth;
- (b) economic activity;
- (c) availability of waste management infrastructure; and
- (d) environmental regulations.

¹² Waste Authority Website, “Executive Summary Section”:
www.wasteauthority.wa.gov.au/media/files/documents/Recycling_Activity_in_Western_Australia_2016-17.pdf.

¹³ Waste Authority Website:
www.wasteauthority.wa.gov.au/media/files/documents/Recycling_Activity_in_Western_Australia_2016-17.pdf

¹⁴ Waste Authority Website:
www.wasteauthority.wa.gov.au/media/files/documents/Recycling_Activity_in_Western_Australia_2016-17.pdf

¹⁵ Waste Authority website:
http://www.wasteauthority.wa.gov.au/media/files/documents/Recycling_Activity_in_Western_Australia_2016-17.pdf

¹⁶ Waste Authority Website:
https://www.wasteauthority.wa.gov.au/media/files/documents/Recycling_Activity_in_Western_Australia_2016-17.pdf

4.5.1 Population Growth

The population of Western Australia is projected to increase by 25% from 2.6 million in 2019 to approximately 3.3 million by 2031. With per capita waste generation at 1.6 tonne per annum, this would result in an additional 1 million tonnes of waste generated annually in the Perth metropolitan area by 2031.

The Gingin Facility is being constructed to service Perth's northern corridor and includes the City of Wanneroo which is the largest growing local government area in Western Australia.

4.5.2 Economic Activity

The Maddington Facility primarily services the C&D and C&I waste segments. These segments are primarily driven by activity in the construction sector, through residential, commercial and civil infrastructure projects. Western Australia has experienced a significant drop off in economic activity in the construction sectors over the last few years; however expenditure in the construction sector overall is forecast to increase over the next several years led by residential building construction growing from \$6.2 billion annually in 2017-18 to \$6.8 billion in 2021-22.

In addition, public sector investment in major transport infrastructure will be a key source of activity with \$4 billion allocated to the Perth METRONET project and on-going work on the \$1.2 billion North-Link project currently under way. This has the potential to be an important source of demand for the civil construction products generated by the processing of C&D waste into recycled road base material.

4.5.3 Perth Waste Infrastructure

A significant portion of Perth's waste infrastructure involves the collection of waste directly from waste generators. This involves fleets of collection vehicles including hook-bin, skip-bin, rear-load, side-load and front load collection vehicles, semi-trailers and various other trucks.

The Company is not involved in the logistics of waste collection as it has strategically focused on the downstream segments of waste management. It is anticipated that the Company will provide recycling and disposal options to a variety of private and local government customers that currently already provide logistics solutions, but due to the relatively high barriers, including the regulatory environment around planning and permitting recycling sites, to entry have no means to dispose of the waste once they have collected it. The Company therefore does not compete with its customer base in the collection of waste.

The major waste disposal and recycling facilities in the Perth metropolitan area include:

- (a) landfills (putrescible);
- (b) Alternative Waste Treatment (**AWT**) facilities – the only operational AWT facilities are mechanical biological treatments for the production of compost and/or biogas;
- (c) construction and demolition (**C&D**) material processors;

- (d) Materials Recovery Facilities (**MRFs**) – ‘clean’ (processing mixed, source separated recyclable material); and
- (e) transfer stations (putrescible, inert, or mixed inert/recyclable) and drop-off facilities.

Putrescible Landfill Facilities

Facility	Location	Owned/Managed By	Metro Area Position
Tamala Park	Mindarie	MRC ¹	North
Red Hill Landfill	Gidgegannup	EMRC ²	East
Henderson Waste	Henderson	City of Cockburn	South
Millar Road Landfill	Baldivis	City of Rockingham	South
Armadale Landfill	Brookdale	City of Armadale	South
North Bannister	North Bannister	Suez	South
Banksia Road Landfill	Crooked Brook	Cleanaway	South
Gingin Landfill	Cullalla	M8 Sustainable	North

1. Mindarie Regional Council
2. Eastern Metropolitan Regional Council

Alternative Waste Treatment Facilities

Landfill	Location	Managed By	Metro Area Position
BioVision ARRT (Compost)	Mindarie	MRC	North
RRRC (Composting)	Canning Vale	SMRC ³	South
Brockwaste Facility	Shenton Park	M8 Sustainable	West

3. Southern Metropolitan Regional Council

Major C&D and C&I Recycling Facilities

Facility	Location (suburb)	Metro Area Position
Brajkovich	Neerabup	North
Terra Verde Recycling	Neerabup	North
Instant Waste Management	Bayswater	North
Resource Recovery Solutions	Bayswater	North/East
Capital Recycling	Postans	South
Eco Resources	Hop Valley	South
Forrestdale Recycling	Forrestdale	South
Waste Stream Management	Kwinana	South
Capital Recycling	Welshpool	South/East
WA Recycling	Hazelmere	East
M8 Sustainable Limited	Maddington	South/East

The above table is not an exhaustive list of C&D and C&I recycling sites in the Perth metropolitan area as there are several small operations, and in some cases the listed site is only licensed to accept or will only accept clean C&D waste.

4.5.4 Environmental Policy

The WA Government develops and implements policy on waste management through a statutory body called the Waste Authority which comprises five members appointed by the Governor on the recommendation of the Minister for Environment. The Waste Authority vision for WA as set out in its Waste Avoidance Resource Recovery Strategy 2030 (**Waste Strategy 2030**) is:

“Western Australia will become a sustainable, low-waste, circular economy in which human health and the environment are protected from the impacts of waste.”¹⁷

The Waste Strategy 2030 was developed to provide Western Australia with a long-term strategy for continuous improvement of waste management benchmarked against best practice. It includes targets for recycling (resource recovery) and diversion of waste from landfill. The Waste Authority is looking to drive government policy based on targets set out in the Waste Strategy 2030 as shown in the figure below:

RECOVERY TARGETS		
<ul style="list-style-type: none"> • 2025 – Increase material recovery to 70% • 2025 – All local government in the Perth and Peel region provide consistent three bin kerbside collection systems that include separation of FOGO from other waste categories • 2030 – Increase material recovery to 75% • From 2020 – Recover energy only from residual waste 		
Waste Generators		Waste Managers
Community	Government & Industry	Waste Industry
<ul style="list-style-type: none"> • 2020 – Increase MSW material recovery to 65% in the Perth and Peel regions, 50% in major regional centres • 2025 – Increase MSW material recovery to 67% in the Perth and Peel regions, 55% in major regional centres • 2025 – Increase MSW material recovery to 70% in the Perth and Peel regions, 60% in major regional centres 	<ul style="list-style-type: none"> • C&I sector – Increase material recovery to 70% by 2020, 75% by 2025 and 80% by 2030 • C&D sector – Increase material recovery to 75% by 2020, 75% by 2025 and 80% by 2030 	<ul style="list-style-type: none"> • 2030 – All waste facilities adopt resource recovery better practice

Figure 7: WA Waste Authority Target (FOGO means Food Organics Garden Organics)¹⁸

In addition to the strategies designed to support the waste management industry, on 15 November 2018, Environment Minister Hon Stephen Dawson MLC and Transport Minister Hon Rita Saffioti MLA announced the Roads to Reuse (**RtR**) pilot program to allow Main Roads Western Australia (**MRWA**) to use recycled materials in road construction.

¹⁷

https://www.wasteauthority.wa.gov.au/media/files/documents/Waste_Avoidance_and_Resource_Recovery_Strategy_2030!!1.pdf

¹⁸Waste Authority:

www.wasteauthority.wa.gov.au/media/files/documents/Waste_Avoidance_and_Resource_Recovery_Strategy_2030!!1.pdf

MRWA will work with the Department of Water and Environmental Regulation (**DWER**) and the Waste Authority to use recycled C&D material as part of the Kwinana Freeway Northbound Widening Project from Russell Road to Roe Highway. It is anticipated that the adoption of recycled C&D road base could provide a potential long-term benefit to the Company as it is focused on producing recycled road base to specifications suitable for use in MRWA projects.

Furthermore, as Western Australia moves towards meeting targets set up by state government agencies such as the Waste Authority, it should provide potential opportunities for operators of recycling businesses, such as the Company, to work with the state and local governments to deliver targeted outcomes over the next decade. It is anticipated this will be further enhanced as state and local government bodies continue to implement and expand policies that impact waste generators, such as landfill levies to incentivise the recycling of waste through facilities such as the Maddington Facility.

4.6 Barriers to Entry

There are barriers to entry in the Western Australian waste management sector, which include:

- (a) capital intensity of operations;
- (b) efficiency and quality of operations; and
- (c) regulatory requirements, leading to relatively long lead times for new landfill and recycling infrastructure environmental and development approvals.

4.6.1 Capital Intensity of Operations

Recycling and landfill operations are capital intensive and involve fixed recycling plant infrastructure as well as mobile equipment and crushing and screening plant. Landfill cell construction, given the significant regulatory requirements to ensure protection of the environment incur significant engineering, design and construction costs. The capital intensive nature of recycling and landfill activities generally prevents smaller operators from achieving scale.

4.6.2 Efficiency and Quality of Operations

Efficiency and the quality of outcomes from the processing of waste drive the economics of waste management, primarily through the quantum of fees that can be charged to waste generators. Recyclers typically receive mixed loads of waste from customers, which they then separate into sorted loads of specific materials for either sale or disposal.

Therefore, the level of sorting and the cost of separating material are key factors in the economics of recycling facilities. In general, operators that have sorting facilities, such as the Company, are able to sort through higher volumes of waste in less time and at lower costs compared to smaller operators. Importantly, these companies can also reduce the volume of waste that will end up being disposed to landfill whilst maximising the quality, and thus the price, of the saleable end-products.

The Company is focused on sorting C&D and C&I to maximise recovery of saleable end products such as metals and civil construction material by utilising its recycling plant located at its Maddington Facility.

4.6.3 Regulatory Requirements

There are complex regulations for the Western Australian waste management sector. Operators of recycling facilities require a DWER Licence and local government planning approval (including existing use rights) for each site. There is significant cost and time risk associated with obtaining such approvals (especially for landfill facilities) and success is not guaranteed. Refer to Section 3.4 for further details of the regulatory requirements relating to the Company.

5. RISK FACTORS

5.1 Introduction

The Securities offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below and in Section 1 - the Investment Overview, together with information contained elsewhere in this Prospectus, before deciding whether to apply for Securities and to consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

There are specific risks which relate directly to the Company and its business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this section and in the Investment Overview, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

5.2 Company specific

(a) Limited History and Going Concern

The Company has limited operating history and limited historical financial performance. Further, the Company has operated at a loss since its incorporation. The Company incurred consolidated losses (after tax) of \$1,779,198 for the financial period from 27 July 2017 (date of incorporation) to 30 June 2018 and \$7,230,316 for the financial year ended 30 June 2019. Please refer to the financial information in Section 6 for further details.

No assurance can be given that the Company will achieve profitability nor derive acceptable returns through the Maddington, Gingin and Brockwaste Facilities or otherwise. Until the Company is able to realise substantial value from its assets, it is likely to incur ongoing operating losses. Achievement of the Company's objectives will depend on the Board's ability to successfully implement its development and growth strategy. There can be no assurance that the Company will be successful in implementing its strategy or that the Company will be able to anticipate or meet the needs of the market generally. If the Company is unable to implement its business strategy there may be adverse effects on its results of operations or financial condition. Depending on the Company's ability to generate income from its operations, the Company may require further financing in addition to amounts raised under the Offer.

Further, the Directors determined that a material uncertainty exists that could cast significant doubt on the Company's ability to continue as a going concern, as described in Section 6.4. Notwithstanding this, the Directors believe that upon the successful completion of the Offer, the Company will have sufficient funds to continue as a going concern and to carry out its objectives as stated in this Prospectus. In the event that the Offer is not completed, there is significant uncertainty as to whether the Company can continue as a going concern which is likely to have a material adverse effect on the Company's activities.

(b) **Activity in the waste management sector and geographical concentration**

M8S operates in the waste management sector, focusing on the collection and recycling of waste in Western Australia.

The continued performance and future growth of M8S is dependent on continued activity and expansion in the Western Australian waste management sector, and any new geographical markets in which M8S operates from time to time. The level of activity in the waste management sector may vary and be affected by prevailing or predicted economic activity. There can be no assurance that the current levels of activity in the waste management sector will be maintained in the future or that customers of M8S (including those in the construction sector – see below) will not reduce their activities, capital expenditure and requirements for waste management services in the future. Any prolonged period of low growth in the waste management industry would be likely to have an adverse effect on the business, financial condition and profitability of M8S. As M8S is located in Western Australia, it may be impacted by any decline in activity in the Western Australia waste management industry more so than a company that had a diversified geographical presence.

(c) **Increasing competition in the waste management sector**

A number of entities currently compete with M8S in the Western Australian waste management sector, and new competitors may enter the sector in the future. The market share of M8S's competitors may increase or decrease as a result of various factors such as securing major new contracts, developing new technologies, adopting pricing strategies specifically designed to gain market share and the emergence of disruptors or disruptive behaviours. These competitive actions may reduce the prices M8S is able to charge for its services and products or reduce M8S's activity levels, both of which would negatively impact the financial performance of M8S.

(d) **Business operating risks**

The performance of M8S may be subject to conditions beyond the control of management, and these conditions may reduce sales of its services and/or increase costs of both current and future operations.

M8S believes that one of the most significant operating risks is the unplanned shutdown of the Maddington Facility for an extended period of time, whether due to a fire, flood or otherwise.

Other operating risks beyond the control of management include, but are not limited to changes in legislative requirements, variation in timing of regulatory approvals, abnormal or severe weather or climatic conditions, natural disasters, unexpected maintenance or technical problems, new technology failures and industrial disruption.

These circumstances may adversely affect M8S's reputation, profitability and growth.

(e) **Reliance on customers and customer concentration**

The success of M8S's business and its ability to grow relies on its ability to retain existing client relationships and develop new ones. This is particularly relevant to M8S's revenue with its contracted clients. There is no guarantee that these relationships will continue beyond the terms of contracts or if they do continue, that these relationships will be successful.

If M8S's clients amend or terminate their agreements with M8S, this may have an adverse effect on the financial performance and/or financial position of M8S. There is also potential that M8S will not receive payments for the provision of its services if a customer becomes insolvent or fails to provide payment in accordance with its agreement with M8S.

(f) **Supplier arrangements**

M8S has arrangements with a number of key suppliers to the business. Some arrangements with suppliers are not subject to fixed terms or are not the subject of a formal contract, meaning that if they were to come to an end at the instigation of a counterparty, there may be a time lag until M8S has entered into new arrangements with an alternative supplier. An inability to secure ongoing supply of required goods and services at prices assumed within production targets could also potentially impact the results of M8S's operations.

(g) **Environmental compliance costs and liabilities**

Waste management activities are subject to significant environmental and other regulation. Key legislation that M8S is required to comply with includes legislation relating to the environment and the protection of the environment such as the *Environment Protection and Biodiversity Conservation Act 1999* (Cth), *Environmental Protection Act 1986* (WA), *Environmental Protection Regulations 1987* (WA) and the *Environmental Protection (Clearing of Native Vegetation) Regulations 2004* (WA).

These regulations impact M8S both from a site planning/development perspective and also at an operational level, seeking to minimise the impact of waste management activities on human health, the environment (including in relation to minimising the risk of hazardous materials and contamination, dust or other environmental impacts) and public transport infrastructure (such as roads).

Unforeseen environmental issues may affect any of the recycling facilities used by M8S and there is a risk that a recycling facility may be contaminated now or in the future.

Although M8S does have measures in place to minimise the risk of contamination and pollution, this may not always be effective. For example, stockpiles of waste at recycling facilities may unintentionally become contaminated with prohibited or hazardous materials which were not detected at the time of entry to M8S's facilities. If even a small amount of a prohibited or hazardous material is processed at a plant and contaminates a stockpile of waste and/or product material, the entire stockpile or product material could be deemed to be contaminated waste. There is also a risk that contaminated material originating from a M8S recycling facility is transferred to the land of a customer or otherwise causes or contributes to a pollution incident.

In these and other circumstances, environmental authorities may take regulatory action against M8S. Regulatory action may require M8S to pay a fine and/or remediate any contamination and may require M8S to undertake such remediation at its own cost. M8S may be liable to remedy recycling facilities affected by environmental issues even in circumstances where M8S is not responsible for causing the environmental liability. The cost of such fine and/or remediation could be substantial. If M8S is not able to remediate the recycling facility properly, this may adversely impact M8S's financial performance.

In addition, environmental laws impose penalties for environmental damage and contamination. If a person is exposed to a hazardous substance at a recycling facility used by M8S or in a product material supplied by M8S, they may make a personal injury claim against M8S. Such a claim could be for an amount that is greater than the value of the contaminated property.

An environmental issue may also result in interruptions to the operations of a recycling facility. Any lost income caused by such an interruption to operations may not be recoverable.

(h) Capital costs and planned capital projects

M8S's forecasts are based on the best available information at the time, and certain assumptions in relation to cost and timing of planned development or expansion of facilities, receipt of design and development approvals and regulatory approvals, and the level of capital expenditure required to undertake planned development and maintain the assets. Any significant unforeseen increases in the capital costs or delays in receipt of approvals associated with M8S's operations may adversely impact M8S's future cash flow and profitability.

For example, any of these events could have a material adverse impact on M8S's earnings, expenses, profitability and financial position if construction of the Gingin Facility cannot be substantially commenced before 20 January 2020 deadline (or any extended deadline) under the works approval for the facility.

(i) Regulatory risks

M8S may be exposed to changes in the regulatory conditions under which it operates in Western Australia. Such regulatory changes can include, for instance, changes in taxation laws and policies, transport legislation, accounting laws, policies, standards and practices, environmental laws and regulations that may impact upon the operations and processes of M8S, and employment laws and regulations, including laws and regulations relating to occupational health and safety. Any changes required to be made to the business model of M8S as a result of any legislative or regulatory changes may result in a material loss of revenue for M8S and to the extent that fixed costs cannot be reduced and/or costs cannot be passed onto customers, could adversely impact the financial performance of M8S.

M8S's facilities have the benefit of approvals from Government authorities. These approvals may contain ambiguous conditions that require legal interpretation. There is a risk that M8S may incorrectly interpret the conditions of any such approvals. This may cause M8S to be at risk of adverse regulatory action by a Government authority which may result in

a material adverse impact on M8S's forecasted earnings, expenses and profitability.

(j) **Growth strategy and funding**

Part of M8S's strategic plan involves the ability to identify and acquire suitable business acquisitions and sites in the future. In particular, the success of M8S's acquisition strategy will be dependent on a number of factors, including:

- (i) the availability of suitable business acquisitions or sites at an acceptable price to M8S, including geographic expansion nationally and into Asia;
- (ii) leveraging the key competencies of the Company's major shareholder, SBANG;
- (iii) M8S's competitors bidding for any target acquisitions;
- (iv) securing long term contractual relationships with local government authorities in close proximity to the facilities and large industrial clients both in the waste management sector as well as the construction sector;
- (v) the availability of debt and equity funding and the suitability of the terms of funding; and
- (vi) due diligence issues.

There is no assurance that M8S will secure any acquisitions to drive future growth. While M8S intends that its historic and future acquisitions will improve its competitiveness and profitability, M8S cannot be certain that they will meet its operational or strategic expectations.

Acquisitions involve special risks, including accounting, regulatory, compliance, information technology and human resource issues that could arise in connection with, or as a result of, the acquisition of the acquired business, the potential assumption of unanticipated liabilities and contingencies, and difficulties in integrating acquired businesses. There are integration risks, including challenges in implementing a consistent culture across the business, the loss of key personnel, higher than anticipated integration costs, delays in achieving integration and the realisation of lower than anticipated cost synergies. In addition, the success of a geographic expansion by M8S could be adversely affected if M8S is unable to adapt to the local operating and regulatory environment.

Further, if the performance of an acquired business varies from that in M8S's projections or assumptions, or estimates about future profitability of an acquired business change, the estimated fair value of an acquired business could change materially and could result in an impairment of goodwill and other acquisition-related intangible assets recorded on M8S's statement of financial position.

The performance and profitability of M8S will also be affected by its business mix and end market exposures, including its exposure to C&D, C&I and other end markets as well as its exposure to different geographic markets.

(k) **Reliance on key personnel**

The responsibility of overseeing day-to-day operations and the strategic management of M8S is currently concentrated amongst a number of key employees. While it is not currently anticipated, one or any number of these key employees may cease employment with M8S, the loss of any such key employees of M8S could have the potential to have a detrimental impact on M8S until the skills that are lost are adequately replaced.

(l) **Construction risk**

The Company has obtained planning and environmental approvals and a works approval which allows for the commencement of construction of the first landfill cell and associated infrastructure on the Gingin Facility. There is a risk that the development and construction of the Facility is not completed on schedule, or that the construction cost exceeds the budget, or that significant problems in constructing the Facility arise. The Company will also depend on third party contractors to undertake construction, equipment supply, installation, commissioning and operation. There is a risk that one or more of these third party contractors will not perform its contractual obligations properly or at all. Weather conditions are unpredictable and may also have a material adverse effect on construction of the Facility, including on the delivery of supplies, equipment and fuel.

(m) **Occupational health and safety**

M8S is exposed to risks associated with the occupational health and safety of its employees. These risks include hazardous material exposure for staff, fire caused by welding or other activities and occurrences in recycling facilities, injuries associated with the servicing and operation of machinery, accidents around mobile plant, dust exposure and electrical hazards.

Injuries to employees may result in significant lost time for the employee and costs and impacts on the M8S business beyond what is covered under workers compensation schemes.

M8S has taken steps in order to increase the safety of, and mitigate the risk of workplace injuries occurring to, staff.

(n) **Information technology**

M8S is dependent on technology for the delivery of various services made available to customers, including core technologies such as its phone systems, its computer servers, its back-end processing systems, its website, weigh bridge related systems and its other information technology systems.

M8S has invested in the development of management information and information technology systems designed to maximise the efficiency of M8S's operations. Should these systems not be adequately maintained, secured or updated or if M8S's disaster recovery plans do not adequately address an event that occurs, this may negatively impact on M8S's performance. Any damage to, or failure of, M8S's key systems can result in disruptions in M8S's ability to provide services. This in turn can reduce M8S's ability to generate revenue, impact customer service levels and

damage the M8S brand. This could adversely affect M8S's ability to generate new business and cause it to suffer financial loss.

Key systems developed by M8S have been developed on licenced software and the licence costs may increase. Licences may be terminated or not renewed and certain technology suppliers of M8S have early termination rights which, if exercised, requires M8S to pay a fee to the supplier. The suppliers may be subject to events, such as insolvency or technical failures, leading to temporary or permanent loss of services and systems. If any of these events occur, this may adversely affect M8S's financial performance.

(o) **Potential data breaches**

Through the ordinary course of business, M8S collects a wide range of personal and financial data from customers using its website through the secure transmission of confidential information over public networks. This includes information such as personal contact details as well as payment information and credit card details.

M8S has a number of mechanisms in place that form a control network to prevent potential data security breaches. Among others, these include firewalls, encryption of consumer data, a privacy policy, and policies to restrict access to data to authorised employees. However, there is no guarantee that the measures taken by M8S will be sufficient to detect or prevent breaches.

Advancements in computing capabilities and cryptography (or other similar developments) may lead to a compromise or even breach of the technology platform used by M8S to protect confidential information. Third parties may attempt to penetrate the M8S network security and misappropriate consumer information.

If successful, any data breaches or M8S's failure to protect confidential information could result in loss of information integrity, breaches of M8S's obligations under applicable privacy laws (which will result in heavy penalties for serious and repeated breaches) or contracts and website and system outages, each of which may potentially have a material adverse impact on M8S's reputation as well as M8S's level of sales revenue and profitability.

(p) **Commodity prices**

M8S collects and processes recyclable materials such as metals and cardboard for sale to third parties. M8S's results of operations may be affected by changing prices or market requirements for recyclable materials and fluctuations in the cost of tipping.

The resale and purchase prices of, and market demand for, recyclable materials as well as the cost of tipping fluctuate due to changes in economic conditions and numerous other factors beyond M8S's control. These fluctuations may adversely affect M8S's financial condition, results of operations, cash flows and the ability to dispose of recyclable materials at forecasted rates. If M8S is unable to pass on any increases in the cost of tipping to its customers, this may also adversely affect its financial performance.

(q) **Weather conditions**

M8S's operating results may be adversely affected by weather conditions. In general, the volume of waste collected by M8S customers decreases during periods of heavy and sustained rainfall, which in turn has an adverse impact on the volume passed on to M8S for recycling and processing. In addition, greater precipitation increases the weight of collected waste, resulting in higher disposal costs. As a consequence of these factors, management anticipates operating income to be generally lower during periods of heavy and sustained rainfall.

(r) **Insurance**

M8S has in place various insurances for its current business undertakings. However, M8S's insurance arrangements may not be available, attract prohibitive premium costs, or may not adequately protect M8S, against liability for all losses, including, but not limited to environmental losses, property damage, public liability or losses arising from business interruption, flood, war, riots and civil commotion. Any losses incurred due to uninsured risks, or a loss in excess of the insured amounts could lead to a loss of some of the capital invested by M8S, and could adversely affect the financial performance of M8S. Additionally, if M8S is unable to maintain sufficient insurance cover in the future, M8S's financial performance may be adversely affected.

Increases in insurance premiums as a result of insurance claims, global events or otherwise, may also adversely affect M8S's financial performance. Insurance of all risks associated with the Company's business may not always be available and where available the costs may be prohibitive.

(s) **Leases**

M8S currently leases the land, office space and buildings upon which the Maddington Facility business is operated from a third party. M8S may also lease or licence additional properties from third parties in the future. Failure of a third party lessor or licensor to discharge its obligations as agreed with M8S or vice versa, or failure by M8S to exercise remaining options or renew any leases or licences when they are due to expire, could adversely affect M8S's operations and financial performance.

(t) **Litigation or disputes**

M8S may, from time to time, be involved in legal proceedings or disputes with a variety of parties, including, but not limited to, employees, major shareholders, former employees, members of the communities around its facilities, Government agencies or regulators, end-consumers, customers, vendors or suppliers arising in the ordinary course of business or otherwise. The outcome of litigation or a dispute cannot be predicted with certainty, and adverse litigation outcomes could adversely affect M8S's business, reputation, financial condition and results of operations.

5.3 General risks

(a) **Economic**

General economic conditions, introduction of tax reform, commercial lending practices by the banking sector, new legislation, movements in

interest and inflation rates and currency exchange rates may have an adverse effect on the Company, as well as on its ability to fund its operations.

(b) **Market conditions**

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) introduction of tax reform or other new legislation;
- (iii) interest rates and inflation rates;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital;
- (vi) global events; and
- (vii) terrorism or other hostilities.

The market price of securities can rise and fall and may be subject to varied and unpredictable influences on the market for equities in general. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

Applicants should be aware that there are risks associated with any securities investment. Securities listed on the stock market experience extreme price and volume fluctuations that have often been unrelated to the operating performance of such companies. These factors may materially affect the market price of the Shares regardless of the Company's performance.

(c) **Taxation**

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.

(d) **Government policy changes**

Adverse changes in government policies or legislation may affect the activities of the Company.

5.4 Investment speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus.

Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

Potential investors should consider that investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

6. FINANCIAL INFORMATION

6.1 Introduction

The financial information set out in this Section 6 contains:

- the historical financial information for the Company comprising the:
 - historical consolidated statements of profit or loss and other comprehensive income for the period 28 July 2017 (date of incorporation) to 30 June 2018 and the financial year ended 30 June 2019;
 - historical consolidated statements of cash flows for the period 28 July 2017 (date of incorporation) to 30 June 2018 and the financial year ended 30 June 2019; and
 - historical consolidated statement of financial position as at 30 June 2019 (Historical Statement of Financial Position);
- the historical financial information for Fernview comprising the:
 - historical statements of profit or loss and other comprehensive income for the period 28 February 2017 (date of incorporation) to 30 June 2017 and the financial year ended 30 June 2018; and
 - historical statements of cash flows for the period 28 February 2017 (date of incorporation) to 30 June 2017 and the financial year ended 30 June 2018.

(Together the **Historical Financial Information**).

- The pro forma historical financial information for the Company comprising the pro forma historical consolidated statement of financial position as at 30 June 2019.

(the **Pro Forma Historical Statement of Financial Position or Pro Forma Historical Financial Information**).

The Historical Financial Information and the Pro Forma Historical Financial Information together form the **Financial Information**.

The Financial Information, as defined above, has been reviewed in accordance with the Australian Standard on Assurance Engagements ASAE 3450 Assurance Engagements involving Fundraising and/or Prospective Financial Information, by Ernst & Young Transaction Advisory Services Limited whose Independent Limited Assurance Report is contained in Annexure A. Investors should note the scope and limitations of the report.

Also summarised in Section 6 are:

- the basis of preparation and presentation of the Financial Information and explanation of certain non-IFRS financial measures (Section 6.2 and 6.3);
- a description of the pro forma adjustments to the Historical Statement of Financial Position and reconciliation between the Historical Statement of

Financial Position to the Pro Forma Historical Statement of Financial Position (Sections 6.6.5 and 6.6.6);

- dividend policy (Section 6.9); and
- commentary on the liquidity of and the sources of capital available to the Company (Section 6.10).

The information set out in this Section should be read together with:

- management's discussion and analysis of the Financial Information set out in Section 6.7;
- the significant accounting policies set out in Section 6.8;
- the risk factors described in Sections 1D and 5; and
- the other information contained in this Prospectus.

All amounts disclosed in this Section are presented in Australian dollars, unless otherwise noted.

Investors should be aware that past performance is not an indication of future performance.

6.2 Basis of preparation and presentation of the Financial Information

The Financial Information included in this Prospectus is intended to present potential investors with information to assist them in understanding the underlying historical financial performance, cash flows and financial position of the Company and its controlled entity, Fernview.

The Directors of the Company are responsible for the preparation and presentation of the Financial Information.

The Historical Financial Information has been prepared in accordance with the recognition and measurement principles contained in Australian Accounting Standards (**AAS**) issued by the Australian Accounting Standards Board (**AASB**).

The Pro Forma Historical Financial Information has been prepared in accordance with the recognition and measurement principles contained in AAS other than that it includes adjustments that have been prepared in a manner consistent with AAS that reflect the impact of certain transactions as if they occurred as at 30 June 2019.

Due to its nature, the Pro Forma Historical Financial Information does not represent the Company's actual or prospective financial position.

The Financial Information is presented in an abbreviated form and does not contain all of the disclosures, statements or comparative information required by AAS applicable to financial reports prepared in accordance with the Corporations Act.

The significant accounting policies of the Company relevant to the Financial Information are set out in Section 6.8 of this Prospectus. The accounting policies of the Company have been consistently applied throughout the periods presented, except for the new Accounting Standards and Interpretations adopted for the first time from 1 July 2018, such as AASB 15 *Revenue from*

Contracts with Customers and *AASB 9 Financial Instruments*. Refer to Section 6.5 for further detail and Section 6.8 for a summary of the accounting policies.

6.2.1 Preparation of Historical and Pro Forma Historical Financial Information

6.2.1.1 Significant Acquisitions

On 13 April 2018, the Company acquired 100% of the equity of Fernview and the assets and liabilities of the Maddington Facility in an interrelated transaction which was accounted for as a business combination in accordance with *AASB 3 Business Combinations*. The consolidated group comprises the Company and its wholly owned subsidiary Fernview (the **Group**).

The Financial Information presented in Section 6.6 does not include the historical financial information for the Maddington Facility prior to the acquisition date of 13 April 2018. The Directors have determined that the historical financial information of the Maddington Facility prior to the acquisition date is not relevant to an informed assessment of the Group's financial performance or prospects.

The financial results for Fernview and the Maddington Facility for the period since the acquisition date to 30 June 2019 are included within the consolidated financial information of the Company.

6.2.1.2 Preparation of Financial Information

The Historical Financial Information of the Company for the period 28 July 2017 (date of incorporation) to 30 June 2018 has been derived from its restated and reissued consolidated general purpose financial report for this period which was audited by Ernst & Young in accordance with Australian Auditing Standards. Ernst & Young issued an unqualified audit opinion, which contained a material uncertainty related to going concern, on this consolidated financial report.

The Historical Financial Information of the Company for the year ended 30 June 2019 has been derived from its consolidated general purpose financial report for this period which was audited by Ernst & Young in accordance with Australian Auditing Standards. Ernst & Young issued an unqualified audit opinion, which contained a material uncertainty related to going concern, on this consolidated financial report.

The Historical Financial Information of Fernview for the period 28 February 2017 (date of incorporation) to 30 June 2017 and for the financial year ended 30 June 2018 has been derived from its general purpose financial reports for the respective periods which were audited by Ernst & Young in accordance with Australian Auditing Standards. Ernst & Young issued unqualified audit opinions, which contained a material uncertainty related to going concern, on these financial reports.

The above-mentioned general purpose financial reports have been lodged with ASIC and can be downloaded from their website (www.asic.gov.au) for a fee.

The Pro Forma Historical Financial Information has been prepared solely for the purpose of this Prospectus and has been derived from the historical consolidated statement of financial position of the Company

as at 30 June 2019 adjusted for the effects of the pro forma adjustments described in Section 6.6.6 of this Prospectus.

6.3 Non IFRS financial measures

The Company uses certain measures to manage and report on its business that are not recognised under AAS or International Financial Reporting Standards (**IFRS**). These measures are collectively referred to as non-IFRS financial measures. These non-IFRS financial measures do not have a prescribed definition under AAS or IFRS and therefore may not be directly comparable to similarly titled measures presented by other entities. These should not be construed as an indication of, or an alternative to, corresponding financial measures determined in accordance with AAS or IFRS. Although we believe these non-IFRS financial measures provide useful information for measuring the financial performance and condition of the business, investors are cautioned not to place undue reliance on any non-IFRS financial measures included in the Prospectus.

In the disclosures in this Prospectus, the Company uses the following non-IFRS financial measure:

- **Working capital:** which means total current assets less total current liabilities, excluding borrowings;
- **Operating revenue:** which means total revenue including sales revenue, interest and other income (including any gains on disposal of fixed assets, and foreign exchange gains etc); and
- **EBITDA:** which means earnings (or losses) before interest, income tax, depreciation and amortisation (**EBITDA**). Management uses EBITDA to evaluate the operating performance of the business. EBITDA can be useful to help understand the cash generation potential of the business.

6.4 Going concern

The Company has experienced recurring historical losses since its incorporation on 28 July 2017 and incurred a historical net loss after tax of \$7,230,316 and net operating cash outflows of \$3,151,607 for the year ended 30 June 2019. At 30 June 2019, the Company had historical net current liabilities of \$21,165,528 and a historical shareholders' deficit of \$6,242,083. Included in current liabilities is borrowings (including accrued interest) of \$20,040,641 from SBANG as at 30 June 2019.

The Financial Information has been prepared on a going concern basis, which assumes the continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business.

In assessing the Company's ability to continue as a going concern, the Directors have considered relevant facts including:

- \$8,000,000 of the outstanding debt to SBANG was converted to 51,282,051 Shares on 10 July 2019;
- drawdowns of \$1,749,000 under the SBANG convertible note facility of \$6,000,000 have occurred subsequent to 30 June 2019 but before the date of this Prospectus;

- principal repayments of \$31,000 and interest repayments of \$1,076,667 on the Company's borrowings to SBANG have occurred subsequent to 30 June 2019 but before the date of this Prospectus;
- SBANG continues to support the Group in meeting its funding requirements. SBANG provided a new \$4,000,000 loan facility on 3 September 2019. The loan will be interest bearing at 10% p.a. and has a two year term. Any drawdowns on the loan will be subject to shareholder approval. This new loan facility is undrawn at the date of this Prospectus and is available once the Company is admitted to the Official List of ASX;
- SBANG has committed to convert the outstanding balance of the SBANG loan of \$6,000,000 plus a further \$1,600,000 of the outstanding convertible note, into 48,717,949 Shares upon the Company's admission to the Official List of ASX.
- the remaining SBANG existing borrowings of \$4,400,000 representing the balance of the convertible notes (excluding any amount due under the loan facility provided on 3 September 2019), interest of \$1,789,641 accrued to 30 June 2019, less payments of interest of \$1,076,667, plus interest accrued from 1 July 2019 up to the date of settlement, estimated to be \$509,831, is required to be repaid using the proceeds of the Offer upon completion of the Offer.

The ability of the Company to undertake its planned development of the Gingin Facility and to meet its working capital requirements so as to settle its liabilities as and when they fall due is dependent upon its ability to raise sufficient capital from the Offer contemplated in this Prospectus and the appropriate operating performance of the Maddington Facility. The Directors of the Company believe that the funds raised from the Offer, together with the appropriate operating performance of the Maddington Facility, will be sufficient to allow for the planned development of the Gingin Facility and to provide the necessary working capital beyond the next 12 months.

Should the Offer not proceed, the Company will utilise existing funds and available debt facilities to support the ongoing funding requirements of the business until it is able to restructure its funding and raise additional funds. Under this scenario, the Company will curtail its future expansion plans and tailor the business to meet ongoing trading requirements. The Directors have several strategies to employ to achieve this outcome including delaying the development of the Gingin Facility until sufficient new funding is raised from continuing operations or other external sources. The Directors believe that this alternative strategy is achievable and are therefore satisfied there are reasonable grounds to conclude the Company can continue as a going concern.

Should the Company be unable to raise sufficient capital under this Prospectus or raise funds from other sources, or from the appropriate operating performance of the Maddington Facility, there is a material uncertainty whether the Company and Fernview will be able to continue as going concerns and therefore whether they will be able to meet their commitments as and when they become due and payable and realise their assets and discharge their liabilities in the normal course of business and at the amounts stated in the historical consolidated statement of financial position.

The historical consolidated statement of financial position does not include any adjustments relating to the recoverability and classification of recorded asset

amounts nor to the amounts and classification of liabilities that may be necessary should the Company or Fernview not continue as going concerns.

6.5 Changes in Accounting Standards

6.5.1 New and amended Australian Accounting Standards and Interpretations

The Group applied for the first time, AASB 15 *Revenue from Contracts with Customers* (**AASB 15**) and AASB 9 *Financial Instruments* (**AASB 9**) from 1 July 2018.

6.5.1.1 AASB 15

The Group adopted AASB 15 using the modified retrospective method of adoption with the date of initial application being 1 July 2018.

AASB 15 supersedes AASB 118 *Revenue* and related interpretations. The new standard establishes a five-step model to account for revenue arising from contracts with its customers. Under AASB 15, revenue is recognised at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to the customer.

Adopting AASB 15 did not have a material impact on the amount and timing of revenue recognition and had no impact at the date of initial application. AASB 15 would not, if applied in the comparative period, have had any material impact to the comparative financial period presented. The accounting policy for revenue from contracts with customers effective from 1 July 2018 is disclosed at Section 6.8.2.2.

6.5.1.2 AASB 9

The Group applied AASB 9 retrospectively with the initial application date being 1 July 2018. The Group elected not to restate comparative information which is reported under AASB 139 *Financial Instruments: Recognition and Measurement* (**AASB 139**).

AASB 9 replaces parts of AASB 139 and brings together three aspects of accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

AASB 9 introduced new classification and measurement models for financial assets. A financial asset is measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and are solely payments of principal and interest (**SPPI**). All other financial instrument assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for trading) in other comprehensive income.

Impairment requirements use an 'expected credit loss' (**ECL**) model to recognise an allowance. Impairment is measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted.

The change in classification of certain financial assets on adoption of AASB 9 did not result in any measurement adjustments as at 1 July 2018.

In addition, no adjustment was required for any additional loss allowance under AASB 9's ECL model. AASB 9 would not, if applied in the comparative period, have had any material impact to the measurement of financial information in the comparative financial period presented.

The accounting policy for trade and other receivables effective 1 July 2018 is disclosed at Section 6.8.8.2.

6.5.2 New and amended Australian Accounting Standards and Interpretations issued but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Group. Based on the assessments completed to date, AASB 16 Leases (**AASB 16**) is expected to have an impact on the Group.

6.5.2.1 AASB 16

AASB 16 became effective for the Group on 1 July 2019 and replaces the current accounting requirements applicable to leases in AASB 117 Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as either operating leases or finance leases.

The main changes introduced by AASB 16 are as follows:

- recognition of the right-to-use asset and liability for all leases (excluding short term leases with less than 12 months of tenure and leases relating to low value assets);
- depreciating the right-to-use assets in line with AASB 116 Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;
- inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
- application of practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and
- additional disclosure requirements.

The Group will adopt AASB 16 using the modified retrospective method, recognising right of use assets equivalent to the lease liability at transition. The Group will elect to use the exemptions allowed for lease contracts for which the lease terms end within 12 months as of the date of initial application and lease contracts for which the underlying asset is of low value. The timing of recognition of costs will be brought forward as a result of higher interest expense in the earlier years of the leases.

Based on the current assessment, right of use assets and lease liabilities with a value of between \$7,400,000 - \$7,700,000 will be recognised at 1 July 2019. As a result of the timing of recognition of interest and depreciation compared to the lease payments, an additional expense

estimated to be approximately \$200,000 - \$300,000 will be recognised for the year ending 30 June 2020.

6.6 Historical and Pro Forma Historical Financial Information

6.6.1 Historical consolidated statements of profit or loss and other comprehensive income for the Company

The table below presents the historical consolidated statements of profit or loss and other comprehensive income of the Company for the period from 28 July 2017 (date of incorporation) to 30 June 2018 and the financial year ended 30 June 2019.

	28 July 2017 (date of incorporation) to 30 June 2018	Year ended 30 June 2019
	Restated	
	\$	\$
Revenue	1,804,577	683,466
Bargain purchase gain on business combination	1,863,312	-
Other income	9,962	397,500
Total income	3,677,851	1,080,966
Employee benefits, salaries and wages	(2,807,003)	(2,000,153)
Rent expense	(540,080)	(1,240,913)
Depreciation of property, plant and equipment	(109,015)	(535,943)
Finance costs	(668,486)	(1,569,376)
Bad debts written-off	(281,213)	-
Insurance costs	(132,247)	(70,335)
Professional fees	(261,160)	(304,409)
Acquisition transaction costs	(520,666)	-
Maddington Facility repairs and maintenance	-	(259,040)
Loss on settlement of loan	-	(707,442)
Share based payments	-	(1,230,717)
Other expenses	(189,289)	(407,440)
Loss before income tax	(1,831,308)	(7,244,802)
Income tax benefit	52,110	14,486
Loss after tax	(1,779,198)	(7,230,316)
Other comprehensive income	-	-
Total comprehensive loss for the period attributable to the equity holders	(1,779,198)	(7,230,316)

6.6.2 Historical consolidated statements of cash flows for the Company

The table below presents the historical consolidated statements of cash flows of the Company for the period from 28 July 2017 (date of incorporation) to 30 June 2018 and for the financial year ended 30 June 2019.

	28 July 2017 (date of incorporation) to 30 June 2018	Year ended 30 June 2019
	Restated	
	\$	\$
Cash flows from operating activities		
Loss before income tax	(1,779,198)	(7,230,316)
<i>Adjustment for:</i>		
<i>Non-cash items</i>		
Depreciation of property, plant and equipment	109,015	535,943
Loss on disposal of property, plant and equipment	8,497	8,625
Interest expense	668,487	1,672,971
Non-cash director benefits	150,000	-
Bad debts written-off	233,344	-
Share based payment expense	233,751	1,230,717
Bargain purchase gain on business combination	(1,863,312)	-
Trade receivable settled against loan payable	(1,689,603)	(655,913)
Loss on settlement of loan	-	707,442
<i>Changes in assets and liabilities</i>		
Increase in prepayments	(42,150)	(146,035)
Increase in receivables	-	(4,082)
Increase in trade payable and other payables	960,983	417,887
Increase in provisions	690,294	325,641
Increase/ (decrease) in deferred tax liabilities	(52,110)	(14,487)
Net cash used in operating activities	(2,372,002)	(3,151,607)
Cash flows from investing activities		
Net cash paid for business combination	(1,177,460)	-
Advances to Fernview prior to gaining control of the entity	(6,442,273)	-
Proceeds from repayment of non cash advance	615,624	-
Purchase of property, plant and equipment	(312,789)	(1,697,757)
Proceeds from sale of fixed assets	24,292	75,000
Net cash used in investing activities	(7,292,606)	(1,604,757)
Cash flows from financing activities		
Proceeds from issue of shares	125	-

	28 July 2017 (date of incorporation) to 30 June 2018	Year ended 30 June 2019
Proceeds from term loans	1,022,107	113,636
Proceeds from related company loan	4,979,762	561,137
Proceeds from SBANG Sustainable Energies Ltd loan	8,655,000	8,940,000
Repayment of term loans	(151,555)	(1,012,130)
Repayment of amount due to related company	(4,178,479)	(1,156,325)
Repayment of SBANG Sustainable Energies Ltd loan	(500,000)	(2,474,000)
Repayment of loan from shareholder	-	(100,000)
Interest paid	(89,781)	(147,518)
Net cash generated from financing activities	9,737,179	4,724,800
Net increase in cash and cash equivalents	72,571	(31,564)
Cash and cash equivalents at the beginning of the period	-	72,571
Cash and cash equivalents at the end of the financial period	72,571	41,007

6.6.3 Historical statements of profit or loss and other comprehensive income for Fernview

The table below presents the historical statements of profit or loss and other comprehensive income of Fernview for the period 28 February 2017 (date of incorporation) to 30 June 2017 and for the financial year ended 30 June 2018.

	28 February 2017 (date of incorporation) to 30 June 2017	Year ended 30 June 2018
	\$	\$
Other income	-	-
Total income	-	-
Finance costs	(265,453)	(1,128,760)
Break fee on cancellation of facility	-	(484,560)
Bad debts written-off	(635,635)	(257,948)
Professional fees	(91,074)	(49,985)
Other expenses	(2,341)	(16,634)
Loss before income tax	(994,503)	(1,937,887)
Income tax expense	-	-
Loss after tax	(994,503)	(1,937,887)
Other comprehensive income	-	-
Total comprehensive loss for the period attributable to the equity holders	(994,503)	(1,937,887)

6.6.4 Historical statements of cash flows for Fernview

The table below presents the historical statements of cash flows of Fernview for the period 28 February 2017 (date of incorporation) to 30 June 2017 and for the financial year ended 30 June 2018.

	28 February 2017 (date of incorporation) to 30 June 2017	Year ended 30 June 2018
	\$	\$
Cash flows from operating activities		
Loss before income tax	(994,503)	(1,937,887)
Adjustment for:		
Non-cash items		
Finance cost	265,453	1,128,760
Break fee on cancellation of facility	-	484,560
Non-cash settlement of operating expenses	37,410	61,240
Bad debts written off	635,635	257,948
Changes in assets and liabilities:		
Increase/ (decrease) in trade and other receivables	(13,907)	13,907
(Increase)/ decrease in trade and other payables	69,912	(58,640)
Net cash used in operating activities	-	(50,112)
Cash flow from investing activities		
Purchase of property, plant and equipment	-	(17,765)
Net cash used in investing activities	-	(17,765)
Cash flows from financing activities		
Proceeds from issue of shares	100	-
Proceeds from M8 Sustainable Limited loan	-	4,953,058
Repayment of Remagen Lending 2016-12 Pty Ltd loan	-	(3,244,370)
Repayment of M8 Sustainable Limited loan	-	(1,568,919)
Net cash generated from financing activities	100	139,769
Net increase in cash and cash equivalents	100	71,892
Cash and cash equivalents at the beginning of the period	-	100
Cash and cash equivalents at the end of the financial period	100	71,992

6.6.5 Historical and Pro Forma Historical Statements of Financial Position

The table below presents the Historical and Pro Forma Historical Statements of Financial Position for the Company as at 30 June 2019.

	Historical	Issue of Promoter Shares	Performance Rights	Flugge Offer	SBANG Drawdown	SBANG Conversion Phase 1	SBANG Conversion Phase 2	SBANG Repayment	Impact of the Offer	Pro Forma Historical
	\$	\$	\$			\$	\$	\$	\$	\$
CURRENT ASSETS										
Cash and cash equivalents	41,007	-	-	-	1,749,000	-	-	(6,189,641)	17,599,460	13,199,826
Trade and other receivables	1,737,320	-	-	-	-	-	-	-	-	1,737,320
Prepayments	201,883	-	-	-	-	-	-	-	-	201,883
Total Current Assets	1,980,210	-	-	-	1,749,000	-	-	(6,189,641)	17,599,460	15,139,029
NON-CURRENT ASSETS										
Amount due from related party	-	-	-	-	-	-	-	-	-	-
Property, plant and equipment	15,616,375	-	-	-	-	-	-	-	-	15,616,375
Total Non-current Assets	15,616,375	-	-	-	-	-	-	-	-	15,616,375
TOTAL ASSETS	17,596,585	-	-	-	1,749,000			(6,189,641)	17,599,460	30,755,404
CURRENT LIABILITIES										
Trade and other payables	1,579,636	-	-	-	-	-	-	-	-	1,579,636
Provisions	1,015,935	-	-	-	-	-	-	-	-	1,015,935
Borrowings	20,550,167	-	-	(435,124)	1,749,000	(8,000,000)	(7,600,000)	(6,189,641)	-	74,402
Total Current Liabilities	23,145,738	-	-	(435,124)	1,749,000	(8,000,000)	(7,600,000)	(6,189,641)	-	2,669,973
NON-CURRENT LIABILITIES										

	Historical	Issue of Promoter Shares	Performance Rights	Flugge Offer	SBANG Drawdown	SBANG Conversion Phase 1	SBANG Conversion Phase 2	SBANG Repayment	Impact of the Offer	Pro Forma Historical
Borrowings	20,089	-	-	-	-	-	-	-	-	20,089
Deferred tax liabilities	672,841	-	-	-	-	-	-	-	(522,649)	150,192
Total Non-current Liabilities	692,930	-	-	-	-	-	-	-	(522,649)	170,281
TOTAL LIABILITIES	23,838,668	-	-	(435,124)	1,749,000	(8,000,000)	(7,600,000)	(6,189,641)	(522,649)	2,840,254
NET ASSETS/ (LIABILITIES)	(6,242,083)	-	-	435,124	-	8,000,000	7,600,000	-	18,122,109	27,915,150
EQUITY (SHAREHOLDERS' DEFICIT)										
Issued capital	2,345,438	2,802,687	-	445,942	-	8,000,000	10,063,590	-	18,333,707	41,991,364
Share based payments reserve	421,993	-	1,200,000	-	-	-	-	-	1,412,000	3,033,993
Accumulated losses	(9,009,514)	(2,802,687)	(1,200,000)	(10,818)	-	-	(2,463,590)	-	(1,623,598)	(17,110,207)
TOTAL EQUITY/ (SHAREHOLDERS' DEFICIT)	(6,242,083)	-	-	435,124	-	8,000,000	7,600,000	-	18,122,109	27,915,150

Note:

This table should be read in conjunction with Section 6.4 – Going Concern and Section 6.6.6 – Pro Forma Adjustments.

6.6.6 Pro Forma Adjustments

The following pro forma adjustments have been included in the Pro Forma Historical Financial Information:

1. The issue of 17,965,945 promoter Shares during the period from 1 July 2019 to 24 October 2019. The promoter Shares were valued at their estimated fair value at the date they were issued which was 15.6 cents per Share. As there are no vesting conditions attached to these Shares, the cost of the award was recognised in full at the grant date.
2. The issue of 10,000,000 Performance Rights to Directors and management of the Company, under the Performance Rights Offer on terms and conditions as set out in Section 10.3. As the award is not dependent on future service:
 - the conditions attached to the award are treated as non-vesting conditions and as such are taken into account when determining the grant date and fair value of the Performance Rights; and
 - the cost of the award is recognised immediately as an expense.

For the purposes of the pro forma adjustments the Performance Rights have been valued based on an underlying Share price of 20 cents per share as follows: -

Class of Performance Right	Number of Performance Rights	Conditions	Estimated Fair value per Performance Right (\$/Right)	Estimated Total cost (\$)
Class A	1,666,667	Operating revenue of \$20m in the first 12 months following issue	0.11	183,333
Class B	1,666,667	Operating revenue of \$40m in the period between 12 months following issue and 24 months following issue	0.11	183,333
Class C	1,666,667	EBITDA of \$5m in the first 12 months following issue	0.11	183,333
Class D	1,666,667	EBITDA of \$12.5m in the period between 12 months following issue and 24 months following issue	0.13	216,667
Class E	1,666,667	Maddington Facility operating at an annual rate of 210,000 tonnes and/or M ³ in the first 12 months following issue	0.11	183,333
Class F	1,666,665	The Gingin Facility being fully licenced and operational within 24 months following issue	0.15	250,000
Total	10,000,000			1,200,000

3. A total of 2,229,709 Shares issued to Kingsley Craig Flugge and Margaret Flugge (**Flugge Offer**) as set out in Section 2.3, in settlement of a loan payable (including accrued interest) of \$435,124 to Flugge Superannuation Fund as at 30 June 2019. The Flugge Offer, which the

recipients have committed to exercise, results in a net loss of \$10,818 to the Group representing interest accrued up to the settlement date and a gain/loss on settlement.

4. The drawdown by the Group of \$1,749,000 under the SBANG convertible note facility of \$6,000,000 subsequent to 30 June 2019 but before the date of the Offer (SBANG Drawdown). Under the original terms of the convertible note facility, the notes convert into Shares based on a conversion price of 25 cents per Share upon completion of the Offering. These terms were modified by deed between the parties and are set out in the Loan Conversion Offer described at Section 2.2.
5. The conversion of \$8,000,000, being part of the SBANG loan facility, into 51,282,051 Shares at 15.6 cents per Share which occurred on 10 July 2019 (SBANG Loan Conversion Phase 1).
6. Concurrent with the Offer, SBANG has committed to convert the outstanding balance of the SBANG loan principal of \$6,000,000 plus a further \$1,600,000 of the outstanding convertible note, into 48,717,949 Shares under the Deed of Debt Conversion and Release set out in Section 9.4 and the Loan Conversion Offer on the terms and conditions set out in Section 2.2 (SBANG Loan Conversion Phase 2). The modification of the terms of the SBANG convertible note results in a loss to the Group estimated to be \$771,282, being the value of the incremental number of Shares to be issued on settlement of the convertible note valued at 20 cents per Share. The conversion of the SBANG loan results in a loss of \$1,692,308 to the Group, being the difference between the estimated fair value of the Shares to be issued at 20 cents per Share and the carrying value of the loan.
7. The remaining balance of the SBANG borrowings of \$6,189,641, representing the remaining convertible note outstanding and accrued interest to 30 June 2019, is to be repaid on completion of the Offer under the Deed of Debt Conversion and Release as set out in Section 9.4. The actual repayment will include interest accrued to the date of settlement, which has not been included in the pro forma adjustment, estimated to be \$509,831.
8. The proforma adjustments relating to the impact of the Offer comprises:
 - (i) The total share capital raised of \$19,500,000 (97,500,000 Shares).
 - (ii) Transaction costs of the Offer of \$3,312,540 (before tax), which comprises:
 - a. corporate advisory fee to the Lead Manager of \$200,000;
 - b. Lead Manager fees of 1% of the total amount raised under the Offer (excluding GST) being \$195,000;
 - c. selling fees equal to 5% of the total amount raised under the Offer (excluding GST) being \$975,000;
 - d. legal fees of \$400,000 (of which \$124,944 was paid as at 30 June 2019 and was expensed as professional fees within the historical consolidated statement of profit or loss and other comprehensive income of the Company),

financial due diligence and investigating accountant's fees of \$130,000 and other administrative listing costs of \$125,484 as disclosed in Section 10.9; and

- e. the issue of 20,000,000 Options to the Lead Manager (or its nominees) under the Lead Manager Offer on the terms and conditions set out in Section 10.4. The Options were valued at \$0.0706 per Option. The impact on the Share based payments reserve is \$1,412,000.

Of the total cost of \$3,312,540, \$1,384,783 before tax (\$1,166,293 net of tax) is considered to be transaction costs directly attributable to the issue of Shares and as such is deducted from issued capital. The balance of \$1,927,757 before tax (\$1,623,598 net of tax) is recognised as an expense. A deferred tax asset of \$522,649, based on the corporate tax rate of 27.5%, is recognised on deductible transaction costs. The deferred tax asset has been offset against the historical deferred tax liability balance at 30 June 2019.

6.6.7 Cash and cash equivalents

	Section	\$
Historical cash and cash equivalents as at 30 June 2019		41,007
Add: SBANG Drawdown	6.6.6(4)	1,749,000
Less: repayment of SBANG borrowings	6.6.6(7)	(6,189,641)
Add: proceeds from Offer	6.6.6(8)(i)	19,500,000
Less: transaction costs	6.6.6(8)(ii)	(1,900,540)
Pro forma historical cash and cash equivalents as at 30 June 2019		13,199,826

Cash settled transaction costs represent items (a) to (d) at Section 6.6.6 (8)(ii).

6.6.8 Borrowings - Current

	Section	\$
Historical borrowings as at 30 June 2019 (current)		20,550,167
Add: SBANG drawdown	6.6.6(4)	1,749,000
Less: settlement of loan under the Flugge Offer	6.6.6(3)	(435,124)
Less: SBANG Loan Conversion Phase 1	6.6.6(5)	(8,000,000)
Less: SBANG Loan Conversion Phase 2	6.6.6(6)	(7,600,000)
Less: repayment of SBANG borrowings	6.6.6(7)	(6,189,641)
Pro forma historical borrowings as at 30 June 2019 (current)		74,402

Total pro-forma historical borrowings of \$94,491 (comprising \$74,402 pro-forma historical current borrowings and \$20,089 pro-forma historical non-current borrowings) represent term and shareholder borrowings (excluding SBANG loans) which are not contractually required to be repaid by the Company on completion of the Offer and therefore have not been included as pro forma adjustments. The Company has settled a \$50,000 shareholder loan subsequent to 30 June 2019 and prior to the Offer and the residual borrowings of \$44,491 is expected to be repaid from the Company's working capital upon its admission to the Official List of ASX, to achieve a debt free position.

6.6.9 Issued capital

	Section	Number
Historical issued capital as at 30 June 2019		15,534,181
Add: issue of shares under the Offer	6.6.6(8)(i)	97,500,000
Add: issue of promoter shares	6.6.6(1)	17,965,945
Add: issue of shares under the Flugge Offer	6.6.6(3)	2,229,709
Add: issue of shares SBANG Loan Conversion Phase 1	6.6.6(5)	51,282,051
Add: issue of shares SBANG Loan Conversion Phase 2	6.6.6(6)	48,717,949
Pro forma historical issued capital as at 30 June 2019		233,229,835

	Section	\$
Historical issued capital as at 30 June 2019		2,345,438
Add: issue of promoter shares	6.6.6(1)	2,802,687
Add: issue of shares under the Flugge Offer	6.6.6(3)	445,942
Add: issue of shares SBANG Loan Conversion Phase 1	6.6.6(5)	8,000,000
Add: issue of shares SBANG Loan Conversion Phase 2	6.6.6(6)	10,063,590
Add: issue of shares under the Offer	6.6.6(8)(i)	19,500,000
Less: transaction costs	6.6.6(8)(ii)	(1,166,293)
Pro forma historical issued capital as at 30 June 2019		41,991,364

6.6.10 Share-based payments reserve

	Section	\$
Historical share-based payments reserve as at 30 June 2019		421,993
Add: issue of 10,000,000 Performance Rights	6.6.6(2)	1,200,000
Add: issue 20,000,000 of Options to Lead Manager	6.6.6(8)(ii)	1,412,000
Pro forma historical share-based payments reserve as at 30 June 2019		3,033,993

The table below summarises the key assumptions used in the valuation of the Lead Manager Options which were valued by an independent third party:

	Options Assumptions
Assumed Grant date	30 August 2019
Life of options	3 years
Share Price	\$0.20
Exercise price	\$0.25
Expected Volatility	60% to 70%
Risk free rate	0.92%
Dividend yield	0%
Early exercise factor	2.5
Fair value per security	\$0.0706

6.6.11 Accumulated losses

	Section	\$
Historical accumulated losses as at 30 June 2019		(9,009,514)
Less: issue of promoter shares	6.6.6(1)	(2,802,687)
Less: issue of Performance Rights	6.6.6(2)	(1,200,000)
Less: loss on Flugge Offer	6.6.6(3)	(10,818)
Less: loss on SBANG Conversion Phase 2	6.6.6(6)	(2,463,590)
Less: transaction costs	6.6.6(8)(ii)	(1,623,598)
Pro forma historical accumulated losses as at 30 June 2019		(17,110,207)

6.6.12 Subsequent events

Bonus incentives

Under employment contracts with three key management personnel dated 1 September 2017, these parties had a bonus incentive whereby, on the listing of the Company on the ASX or other recognised stock exchange, the key management personnel would be entitled to an individual bonus of:

- bonus shares equalling 0.5% of the Company's issued capital at the time that the Company becomes listed and a payment equivalent to the employee's tax liability; and
- cash bonus equivalent to 0.5% of the total capital raised by the Company before listing on the ASX.

The expense recognised for the year ended 30 June 2019 includes a component for the bonus shares based on their intrinsic value as at 30 June 2019. A total of 2,509,233 shares were expected to vest on listing and were valued at 15.6 cents per right based upon their intrinsic value as at 30 June 2019.

The bonus incentives were dependent upon employment through to entitlement.

The bonus shares and cash bonus clauses were rescinded by all three key management personnel on 4 and 13 September 2019. The bonus shares will not be issued and the cash bonus will not be payable upon the Company's ASX listing. As the Company used the intrinsic value method to account for these awards, a reversal of the cumulative share-based payment expense associated with the bonus shares of \$343,993 will be recognised through profit and loss on the cancellation date. The provision for the cash bonus of \$423,136 will be reversed on the cancellation date.

Under the same employment contracts, 3 key management personnel are also entitled to an executive cash bonus and to participate in an executive share scheme as follows:

- a discretionary executive cash bonus equivalent of up to 50% of the employee's base salary may be earned based on an appraisal of individual and Company performance with the first milestone being the Company's ASX listing; and

- the participation in an executive share scheme whereby each eligible employee will receive up to 1,000,000 shares each year with the first year's milestone being the Company's ASX listing, subject to Shareholder approval and to Directors' discretion (representing an equity settled share-based payment) and a payment equivalent to the employee's tax liability (representing a cash settled share based payment).

The Board of Directors of the Company, subsequent to its listing on the ASX, will determine the performance and vesting conditions of the executive cash bonus and executive share scheme. As at 30 June 2019 the Company did not provide for these bonus incentives because the terms and conditions of the awards had not yet been determined.

Director indemnities

The Company provided indemnities to the Directors in respect of the Australian Tax Office penalty notices for unpaid superannuation guarantee payments for companies within the Aurigen group from which the Company acquired the Maddington Facility and Fernview. These indemnities were terminated by the Company on 19 September 2019 without payment. From the termination date, the Company's liability of \$492,314 relating to the indemnity will be reversed through profit and loss.

6.7 Management Discussion and Analysis of the Financial Information

6.7.1 General factors affecting the operating results of the Group

Below is a discussion of the main factors which affected the Group's operations and relative financial performance for the period 28 July 2017 (date of incorporation) to 30 June 2018 and the financial year ended 30 June 2019. The Group expects that these factors may continue to affect its operating results in the future. The discussion of these general factors is intended to provide a summary only and does not detail all factors that affected the Group's historical operating and financial performance, nor everything which may affect the Group's operations and financial performance in the future. The information in this Section should be read in conjunction with the risk factors set out in Sections 1D and 5 and the other information contained in this Prospectus.

Financial Performance

The following factors are relevant in explaining the financial performance of the Company for the historical period 28 July 2017 to 30 June 2018 and the financial year ended 30 June 2019:

- No significant operating revenue was generated by the Maddington Facility because it was not fully reopened until 1 July 2019;
- Revenue predominantly represents the Operations and Maintenance Service fee charged to a related party (Star Shenton Energy Pty Ltd) for the management of the Brockwaste Facility;
- The bargain purchase gain on business combination in the period from 28 July 2017 to 30 June 2018 relates to the acquisition detailed at Section 6.2.1.1;

- Other income of \$397,500 for the financial year ended 30 June 2019 represents insurance proceeds which the Company received relating to damaged or stolen property at its Maddington Facility;
- Employee benefits, salaries and wages for the financial year ended 30 June 2019 has decreased compared to the prior period primarily due to the initial recognition of the expense relating to the Director indemnities described at section 6.6.12 being recognised in the period from 28 July 2017 to 30 June 2018;
- Rent expense for the financial year ended 30 June 2019 has increased compared to the prior period due to rent being incurred at the Company's Maddington leased properties for the full year, compared to part of the year in the prior period;
- Depreciation of property, plant and equipment for the financial year ended 30 June 2019 has increased compared to the prior period due to the full year impact of the depreciation on the Company's assets acquired on 13 April 2018;
- Finance costs for the financial year ended 30 June 2019 has increased compared to the prior period primarily due to an increase in principal amounts drawn down on the Company's borrowing facilities from SBANG;
- Bad debts written-off in the period from 28 July 2017 to 30 June 2018 relates to amounts not collectible from third parties as at 30 June 2018;
- Acquisition transaction costs of \$520,666 in the period from 28 July 2017 to 30 June 2018 relates to the acquisition detailed at Section 6.2.1.1;
- Loss on settlement of loan of \$707,442 in the year ended 30 June 2019 relates to the non-cash loss on the issue of 8,351,526 fully paid ordinary shares to Flugge Superannuation Fund, with a total value of \$1,302,838 in settlement of the Company's obligation to the related party associated with the business combination. The difference between the liability recognised at 30 June 2018 of \$595,396 and the fair value of the shares of \$1,302,838 was recognised as a loss; and
- Share based payments expense in the year ended 30 June 2019 totalling \$1,230,717, includes a cost of \$1,042,475 relating to the issuance of Promoter shares between 3 May 2019 and 30 June 2019. The promoter Shares were valued at their estimated fair value at the date they were issued which was 15.6 cents per Share. As there were no vesting conditions attached to these Shares, the cost of the award was recognised in full at the grant date.

Cash Flows

The following factors are relevant in explaining the cash flows of the Company for the historical period 28 July 2017 to 30 June 2018 and the financial year ended 30 June 2019:

Non-cash items

- Interest expense represents interest accrued and not settled in cash. Interest expense for the financial year ended 30 June 2019 has increased compared to the prior period primarily due to an increase in

principal amounts drawn down on the Company's borrowing facilities from SBANG;

- Share based payments expense in the year ended 30 June 2019 totalling \$1,230,717, includes a cost of \$1,042,475 relating to the issuance of Promoter shares between 3 May 2019 and 30 June 2019. The promoter Shares were valued at their estimated fair value at the date they were issued which was 15.6 cents per Share. The shares are issued for nil consideration;
- The bargain purchase gain on business combination of \$1,863,312 in the period 28 July 2017 to 30 June 2018 relates to the acquisition detailed at Section 6.2.1.1;
- Trade receivables settled against loan payable represents non-cash settlements of the Company's loan payable to Star Shenton Energy Pty Ltd offset by income earned from Star Shenton Energy Pty Ltd during the periods; and
- Loss on settlement of loan of \$707,442 in the year ended 30 June 2019 relates to the non-cash loss on the issue of 8,351,526 fully paid ordinary shares to Flugge Superannuation Fund, with a total value of \$1,302,838 in settlement of the Company's obligation to the related party associated with the business combination. The difference between the liability recognised at 30 June 2018 of \$595,396 and the fair value of the shares of \$1,302,838 was recognised as a loss.

Investing activities

- Net cash paid for business combination of \$1,177,460 in the period 28 July 2017 to 30 June 2018 relates to the acquisition detailed at Section 6.2.1.1;
- Advances to and on behalf of Fernview prior to gaining control of the entity of \$6,442,273 in the period 28 July 2017 to 30 June 2018 relate to cash payments made to extinguish Fernview's secured debt facility from Remagen Lending 2016-12 Pty Ltd prior to the acquisition detailed at Section 6.2.1.1;
- Proceeds from repayment of non-cash advance during the period 28 July 2017 to 30 June 2018 relates to cash receipts from Star Shenton Energy Pty Ltd in settlement of amounts previously advanced to Star Shenton Energy Pty Ltd via the Company's other loan facilities; and
- Purchases of property, plant and equipment during the financial year ended 30 June 2019 primarily relate to expenditure on leasehold improvements at the Company's Maddington Facility.

Financing activities

- Movements in cash inflows and outflows for financing activities have fluctuated between the periods presented, due to the Company's working capital requirements.

6.8 Accounting policies

The significant accounting policies of the Company and Fernview (together, the Group) are as follows:

6.8.1 Business Combinations

The Group applies the acquisition method in accounting for business combinations. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest (**NCI**) in the acquiree. Acquisition costs are expensed as incurred.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for NCI over the fair value of the identifiable net assets acquired and liabilities assumed. If the fair value of the identifiable net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses, if any.

6.8.2 Revenue

6.8.2.1 Revenue policy applied prior to 1 July 2018 (prior to the adoption of AASB 15)

Revenue is measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Revenue from the rendering of a service is recognised over time as the services are performed.

6.8.2.2 Revenue policy applied from 1 July 2018 (following the adoption of AASB 15)

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods and services before transferring them to the customer.

Operational and maintenance services

The Group's contract for rendering of operation and maintenance services to a related party involve various activities. These activities tend to be substantially the same with the same pattern of transfer to the customer. These services are taken to be one performance obligation satisfied over the contract period.

The performance obligation is fulfilled over time as services are consumed as provided. Customers are typically invoiced monthly for a fixed management fee plus a service charge calculated as 10% of operational costs. For these contracts, the transaction price is considered to be variable consideration.

Variable consideration

If the consideration in the contract includes a variable amount, the Group estimates the amount of the consideration to which it is entitled in exchange for transferring the goods and services to the customer. The variable consideration is estimated and constrained until it is highly probable that a significant reversal of the cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. The Group applies the variable consideration allocation exception to allocate variable consideration to distinct services in the services contract.

Maddington facility gate fee revenue

The Group collects gate fees from customers when the waste is received at its Maddington facility. The Group recognises revenue at the point in time when the waste is received and accepted.

6.8.3 Leases

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense in profit and loss on a straight-line basis over the lease term.

Contingent rentals are recognised as an expense in the financial year in which they are incurred.

6.8.4 Employee benefits

Wages, salaries and other short-term benefits

Liabilities for wages and salaries, including non-monetary benefits, accumulating sick leave and other short-term benefits expected to be settled wholly within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

Superannuation

Contributions made by the Group to employee superannuation funds, which are defined contribution plans, are charged as an expense when incurred.

6.8.5 Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The Group is not consolidated for tax purposes.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Tax consolidation

The Group implemented a tax consolidation on 13 April 2018.

The parent company and subsidiary continue to account for their own current and deferred tax amounts. The Group has applied the Group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the Company also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from the subsidiary.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group.

6.8.6 Good and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the

taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

6.8.7 Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position includes cash on hand, deposits held at call with banks that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. For the purposes of the Statement of Cash Flows, cash and cash equivalents are as described above.

6.8.8 Trade and other receivables

6.8.8.1 Trade and other receivables policy applied prior to 1 July 2018 (prior to the adoption of AASB 9)

Trade receivables are initially recognised at original invoice amount. Other receivables are initially measured at fair value. Subsequent to initial recognition trade and other receivables are carried at amortised cost less an allowance for any uncollectible amounts.

Collectability of trade receivables is reviewed on an ongoing basis. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that the Group will not be able to collect the receivable. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

6.8.8.2 Trade and other receivables policy applied after 1 July 2018 (after the adoption of AASB 9)

Trade receivables that do not contain a significant financing component are measured at the transaction price determined in accordance with the revenue policy. Other receivables are initially measured at its fair value plus, in the case of receivables not at fair value through profit or loss, transaction costs.

Receivables at amortised cost

The Group measures receivables at amortised cost where the objective is to hold the financial asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Receivables at amortised cost are subsequently measured using the effective interest (**EIR**) method and are subject to impairment. Gains and losses are recognised in profit or loss when the receivable is derecognised, modified or impaired.

Impairment

The Group recognises an allowance for ECLs for trade receivables and other receivable not held at fair value through profit or loss. ECLs are based on the difference between the contracted cash flows due in accordance with the contract and all the cash flows the Group expects to receive, discounted at an approximation of the original effective interest rate.

For trade receivables, the Group applies a simplified approach in calculating expected credit losses and recognises a loss allowance based on lifetime expected credit losses at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other receivables, ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures where there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of default (a lifetime ECL).

The Group considers a receivable to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full. A receivable is written off when there is no reasonable expectation of recovering the contractual cash flows.

6.8.9 Property, plant and equipment

Property, plant and equipment is stated at cost less any accumulated depreciation and impairment. In the event the carrying amount of an asset is greater than its estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present.

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during financial period in which they are incurred.

Depreciation

The depreciable amount of fixed assets is depreciated on a straight-line (**SL**) basis over their useful lives to the Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of the lease term and the useful life of the asset. The following depreciation rates were applied during the financial period:

- Mobile plant 20% SL
- Fixed plant 6% SL

- Office equipment 25% SL
- Motor vehicles 20% SL

The residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise.

6.8.10 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of the quarter which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade payables and other payables are carried at amortised cost and due to their short-term nature they are not discounted.

6.8.11 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs.

6.8.12 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

6.8.13 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of the time to prepare for their intended use or sale are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Capitalisation of borrowing costs is suspended during periods where there is no active development of a qualifying asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

6.8.14 Contributed equity

Ordinary shares are classified as equity. Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related

income tax benefit. Distributions on ordinary shares are recognised as a liability in the period in which they are declared.

6.8.15 Share-based payments

Equity settled transactions

Where employees are granted share-based payments, the cost of equity-settled transactions is determined at the grant date. Where the fair value of the equity instruments granted cannot be reliably estimated, the Group measures the equity instruments at their intrinsic value, initially at the grant date and subsequently at the end of each reporting period and at the date of final settlement, with any change in intrinsic value recognised in profit and loss.

The amount recognised as an expense during the vesting period is based on the number of equity instruments expected to vest. The Group revises that estimate if subsequent information indicates that the number of rights expected to vest differs from the previous estimate. On vesting date, the Group revises the estimate to the number of rights that ultimately vest. After the vesting date, the Group reverses the amount recognised if the rights are subsequently forfeited, or lapse.

Cash settled transactions

A liability is recognised for the fair value of cash-settled transactions. The fair value is measured initially and at each reporting date up to and including the settlement date, with changes in fair value recognised in employee benefits expense. The fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The fair value is determined using an appropriate valuation model.

6.8.16 Convertible notes

Convertible notes are separated into liability and equity components based on the terms of the contract. On issuance of the convertible notes, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption. Where relevant, the remainder of the proceeds is allocated to the conversion option that is recognised and included in equity. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not remeasured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the convertible note based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

6.9 Dividend policy

The payment of a dividend, if any, is at the discretion of the Directors and will be a function of a number of factors (many of which are outside the control of the Directors). These include the general business environment, the operating results, cash flows and the financial condition of the Company, future funding requirements, capital management initiatives, taxation considerations (including the level of franking credits available), any contractual, legal or regulatory restrictions on the payment of dividends and any other factors the Directors may consider relevant.

The Company has no current intention of declaring or paying dividends in the short to medium term, as it is the Directors' intention to reinvest cash earnings back into the Company to further develop the business. The Directors will review this policy as appropriate. In making a decision concerning dividends, the Directors will take into account the Company's earnings for the period, future capital requirements and other relevant factors such as the Company's outlook.

The Company intends to frank future dividends to the maximum extent possible, having regard to the level of the Company's available franking credits at the time of the future dividend payment. The extent to which a dividend can be franked will depend upon the Company's franking account balance and the Company's level of distributable profits. The Company's franking account balance will depend on the amount of Australian income tax the Company pays.

No assurances can be given by any person, including the Directors, about the payment of any dividend and the level of franking credits on any such dividend.

6.10 Liquidity and the sources of capital available to the Company

As at the date of the Prospectus, assuming the Company is able to raise sufficient capital as contemplated under this Prospectus, the Company's working capital will be sufficient for the Company to continue as a going concern as set out in Section 6.4. The proceeds of the Offer will provide the Company with sufficient working capital to undertake planned activities for a period of at least 18 months.

The Directors consider that there is sufficient flexibility in the construction time line and budget of Gingin Facility development to allow for a staged approach that preserves sufficient working capital in the event of a delay in the ramp-up of the Maddington Facility.

Following completion of the Offer, the Company will have a minimum working capital balance of \$1,500,000 and access to a \$4,000,000 loan facility from SBANG, on which any drawdowns are subject to shareholder approval. This loan facility is available once the Company is admitted to the Official List of ASX. The Directors believe that the Company has sufficient working capital to carry out its stated business objectives as set out in Part B of Section 1.

7. BOARD, MANAGEMENT AND INTERESTS

7.1 Directors and Key Personnel

Upon the Company's admission to the Official List, the Board of the Company will consist of:

- (a) **Robert McKinnon** – Non-Executive Chairman;
- (b) **Tomasz Rudas** – *Managing Director*;
- (c) **Saithsiri Saksitthisereekul** – *Non-Executive Director*
- (d) **Richard Allen** – *Non-Executive Director*; and
- (e) **Mark Puzey** – *Non-Executive Director*.

Other senior management positions in the Company are held by Vijay Joshi as Chief Financial Officer, John Colli as Company Secretary and Ryszard Rudas as Projects Director. The biographies for the Directors are contained in Section 3.9.

The Company is aware of the need to have sufficient management to properly supervise its operations. As the Company's activities require an increased level of involvement the Board will look to appoint additional management and/or consultants when and where appropriate to ensure proper management of the Company's activities.

7.2 Disclosure of Interests

Interests in Securities

Directors are not required under the Company's Constitution to hold any Shares to be eligible to act as a director. As at the date of this Prospectus, the Directors have relevant interests in Securities as follows:

(a) Director	(b) Shares	(c) Performance Rights
Tomasz Rudas	2	nil
Saithsiri Saksitthisereekul	34,497,089 ¹	nil
Mark Puzey	nil	nil
Richard Allen	nil	nil
Robert McKinnon	nil	nil
Damien Flugge	98	nil

Notes:

1. Mr Saiksitthisereekul holds approximately 45.32% of the issued share capital of SBANG which in turn holds 34,497,089 Shares in the Company at the date of this Prospectus.

Following the successful completion of the Offers, the Directors (or their nominees) will have relevant interests in Securities as follows:

(d) Director	(e) Shares	(f) Performance Rights
Tomasz Rudas	2	3,000,000
Saithsiri Saksitthisereekul	83,215,038 ¹	600,000
Mark Puzey	nil	600,000
Richard Allen	nil	600,000
Robert McKinnon	nil	800,000
Damien Flugge	98	1,500,000

Notes:

1. Mr Saiksitthisereekul holds 45.32% of the issued share capital of SBANG which is expected to hold 83,215,038 Shares in the Company at the date the Company is admitted to the Official List of ASX.

Remuneration

Details of the Directors' remuneration (before tax) for the previous two completed financial years and the current financial year (on an annualised basis) are set out in the table below:

Director	Remuneration for the period ended 30 June 2018	Remuneration for the financial year ended 30 June 2019	Proposed Remuneration for the financial year ending 30 June 2020
Tomasz Rudas ¹	\$250,000	\$250,000	\$250,000
Saithsiri Saksitthisereekul ²	\$0	\$0	\$75,000
Mark Puzey ²	\$0	\$0	\$75,000
Richard Allen ²	\$0	\$0	\$75,000
Robert McKinnon ²	\$0	\$0	\$150,000
Damien Flugge ¹	\$200,000	\$200,000	\$200,000

Notes:

1. Exclusive of superannuation.
2. Inclusive of superannuation.

Further, remuneration (exclusive of superannuation) has accrued from incorporation to the date of this Prospectus to the following current Directors and management (Damien Flugge \$112,000, Vijay Joshi \$94,000, Ryszard Rudas \$99,000 and Tomasz Rudas \$126,000) and will be paid to the Board as soon as practicable after the Company is admitted to the Official List of ASX.

The Constitution provides that the remuneration of non-executive Directors will be not more than the aggregate fixed sum determined by a general meeting. The aggregate remuneration for non-executive Directors is \$500,000 per annum although may be varied by ordinary resolution of the Shareholders in general meeting.

The remuneration of any executive director that may be appointed to the Board will be fixed by the Board and may be paid by way of fixed salary or consultancy fee.

In addition, each proposed non-executive Director was progressively retained by the Company as a consultant as a pre-cursor to being appointed as a non-executive Director of the Company to assist with due diligence activities and general strategic advice. The benefits paid or payable to Directors under those arrangements are outlined in the table below:

Director	Period of engagement	Consulting fees per month (exclusive of GST)	Total consulting fees to estimated date of ASX listing (exclusive of GST)
Mark Puzey	1 January 2019 – 30 November 2019	\$9,000	\$99,000
Robert McKinnon	26 February 2019 – 30 November 2019	\$3,500	\$33,200
Richard Allen	26 February 2019 – 30 November 2019	\$3,500	\$33,200

7.3 Agreements with Directors and Related Parties

The Company's policy in respect of related party arrangements is:

- (a) a Director with a material personal interest in a matter is required to give notice to the other Directors before such a matter is considered by the Board; and
- (b) for the Board to consider such a matter, the Director who has a material personal interest is not present while the matter is being considered at the meeting and does not vote on the matter.

7.3.1 Employment Agreements

The Company has entered into employment agreements (as varied) with each of Tomasz Rudas, Vijay Joshi, Damien Flugge, Ryszard Rudas and Sampath De Zoysa (**Executives**), pursuant to which the Company has engaged Tomasz Rudas as Managing Director, Vijay Joshi as Chief Financial Officer, Damien Flugge as Business Development Manager, Ryszard Rudas as Projects Director and Sampath De Zoysa as Group Financial Controller (**Employment Agreements**). The material terms and conditions of the Employment Agreements are summarised below:

(a) **Term**

The Employment Agreements commenced on 1 September 2017 and each Employment Agreement continues until terminated in accordance with its terms.

(b) **Remuneration**

From the commencement of their respective appointments, the Executives will receive the following base salaries (exclusive of superannuation):

- (i) Tomasz Rudas - \$250,000 per annum;
- (ii) Vijay Joshi - \$200,000 per annum;

- (iii) Damien Flugge - \$200,000 per annum;
- (iv) Ryszard Rudas - \$194,000 per annum; and
- (v) Sampath De Zoysa - \$150,280 per annum.

(c) **Bonus Incentives**

Subject to the discretion of the Board and performance appraisal, the Company may pay a base salary bonus of up to 50% of base salary to each of Tomasz Rudas, Damien Flugge and Vijay Joshi each year. The first milestone for eligibility is the Company's admission to Official Quotation on the ASX.

(d) **Incentive Programs**

Tomasz Rudas, Damien Flugge and Vijay Joshi may participate in any incentive plan that the Company may introduce from time to time and, subject to Shareholder approval and to the discretion of the Board, will each be entitled to a minimum annual award of 1,000,000 Shares for 5 years (being 5,000,000 Shares in total each).

(e) **Termination**

The Company may immediately terminate the employment of an Executive in the event such Executive engages in any conduct or activity considered by the Company to constitute serious misconduct. The Company may also terminate the Employment Agreements of Tomasz Rudas, Damien Flugge, Vijay Joshi and Ryszard Rudas without cause by giving 6 month's written notice and the Employment Agreement of Sampath De Zoysa without cause by giving 1 month's written notice.

The Employment Agreements contain other standard terms and conditions expected to be included in contracts of this nature.

7.3.2 Non-Executive Director Appointment Letters

The Company has entered into non-executive letters of appointment with Messrs McKinnon, Allen, Puzey and Saksitthisereekul which set out the terms and conditions upon which they will serve as Non-Executive Chairman and Non-Executive Directors respectively of the Company. Each Director will receive the remuneration set out in Section 7.2 above commencing on the date of the Company's admission to the Official List of ASX. Each Director is also entitled to reimbursement for reasonable expenses properly incurred whilst undertaking their respective duties.

7.4 Deeds of Indemnity, Insurance and Access

The Company has entered into a deed of indemnity, insurance and access with each of its Directors. Under these deeds, the Company will agree to indemnify each officer to the extent permitted by the Corporations Act against any liability arising as a result of the officer acting as an officer of the Company. The Company will also be required to maintain insurance policies for the benefit of the relevant officer and allow the officers to inspect board papers in certain circumstances.

8. CORPORATE GOVERNANCE

8.1 ASX Corporate Governance Council Principles and Recommendations

The Company has adopted comprehensive systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

To the extent applicable, the Company has adopted *The Corporate Governance Principles and Recommendations (3rd Edition)* as published by ASX Corporate Governance Council (**Recommendations**).

In light of the Company's size and nature, the Board considers that the current board is a cost effective and practical method of directing and managing the Company. As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance policies and structures will be reviewed.

The Company's main corporate governance policies and practices as at the date of this Prospectus are outlined below and the Company's full Corporate Governance Plan is available in a dedicated corporate governance information section of the Company's website (www.m8sustainable.com.au).

8.2 Board of Directors

The Board is responsible for corporate governance of the Company. The Board develops strategies for the Company, reviews strategic objectives and monitors performance against those objectives. The goals of the corporate governance processes are to:

- (a) maintain and increase Shareholder value;
- (b) enable a prudential and ethical basis for the Company's conduct and activities; and
- (c) enable compliance with the Company's legal and regulatory objectives.

Consistent with these goals, the Board assumes the following responsibilities:

- (a) leading and setting the strategic direction and objectives of the Company;
- (b) appointing the Chairman of the Board, Managing Director or Chief Executive Officer and approving the appointment of Executives and the Company Secretary and the determination of their terms and conditions including remuneration and termination;
- (c) overseeing the Executive's implementation of the Company's strategic objectives and performance generally;
- (d) approving operating budgets, major capital expenditure and significant acquisitions and divestitures;

- (e) overseeing the integrity of the Company's accounting and corporate reporting systems, including the external audit (satisfying itself financial statements released to the market fairly and accurately reflect the Company's financial position and performance);
- (f) overseeing the Company's procedures and processes for making timely and balanced disclosure of all material information that a reasonable person would expect to have a material effect on the price or value of the Company's securities;
- (g) reviewing, ratifying and monitoring the effectiveness of the Company's risk management framework, corporate governance policies and systems designed to enable legal compliance; and
- (h) approving the Company's remuneration framework.

The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate Directors' participation in the Board discussions on a fully-informed basis.

8.3 Composition of the Board

Election of Board members is substantially the province of the Shareholders in a general meeting. However, such election is subject to the following criteria:

- (a) membership of the Board of Directors will be reviewed regularly to ensure the mix of skills and expertise is appropriate; and
- (b) the composition of the Board has been structured to provide the Company with an adequate mix of directors with industry knowledge, technical, commercial and financial skills together with integrity and judgment considered necessary to represent Shareholders and fulfil the business objectives of the Company.

Upon the Company's admission to the Official List, the Board will consist of five directors, four of whom will be non-executive Directors and two of whom will be considered to be independent, being Robert McKinnon and Richard Allen. The Board considers the proposed balance of skills and expertise is appropriate for the Company for its currently planned level of activity.

To assist the Board in evaluating the appropriateness of the Board's mix of qualifications, experience and expertise, the Board will maintain a Board Skills Matrix.

The Board undertakes appropriate checks before appointing a person as a Director or putting forward to Shareholders a candidate for election as a Director.

The Board ensures that Shareholders are provided with all material information in the Board's possession relevant to a decision on whether or not to elect or re-elect a Director.

The Company shall develop and implement a formal induction program for Directors which allows new directors to participate fully and actively in Board decision-making at the earliest opportunity, and enable new Directors to gain an understanding of the Company's policies and procedures.

8.4 Identification and management of risk

The Board's collective experience will enable accurate identification of the principal risks that may affect the Company's business. Key operational risks and their management will be recurring items for deliberation at Board meetings.

8.5 Ethical standards

The Board is committed to the establishment and maintenance of appropriate ethical standards.

8.6 Independent professional advice

Subject to the Chairman's approval (not to be unreasonably withheld), the Directors, at the Company's expense, may obtain independent professional advice on issues arising in the course of their duties.

8.7 Remuneration arrangements

The remuneration of an executive Director will be decided by the Board, without the affected executive Director participating in that decision-making process.

The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$500,000 per annum.

In addition, a Director may be paid fees or other amounts (i.e. subject to any necessary Shareholder approval, non-cash performance incentives such as Options) as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director.

Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The Board reviews and approves the remuneration policy to enable the Company to attract and retain executives and Directors who will create value for Shareholders having consideration to the amount considered to be commensurate for a company of its size and level of activity as well as the relevant Directors' time, commitment and responsibility. The Board is also responsible for reviewing any employee incentive and equity-based plans including the appropriateness of performance hurdles and total payments proposed.

8.8 Trading policy

The Board has adopted a policy that sets out the guidelines on the sale and purchase of securities in the Company by its directors, officers, employees and contractors. The policy generally provides that for directors, the written acknowledgement of the Chair (or the Board in the case of the Chairman) must be obtained prior to trading.

8.9 External audit

The Company in general meetings is responsible for the appointment of the external auditors of the Company, and the Board from time to time will review the scope, performance and fees of those external auditors.

8.10 Audit committee

The Company will not have a separate audit committee until such time as the Board is of a sufficient size and structure, and the Company's operations are of a sufficient magnitude for a separate committee to be of benefit to the Company. In the meantime, the full Board will carry out the duties that would ordinarily be assigned to that committee under the written terms of reference for that committee, including but not limited to, monitoring and reviewing any matters of significance affecting financial reporting and compliance, the integrity of the financial reporting of the Company, the Company's internal financial control system and risk management systems and the external audit function.

8.11 Departures from Recommendations

Under the ASX Listing Rules the Company will be required to provide a statement in its annual financial report or on its website disclosing the extent to which it has followed the Recommendations during each reporting period. Where the Company has not followed a Recommendation, it must identify the Recommendation that has not been followed and give reasons for not following it.

The Company's departures from the Recommendations are set out below and will also be announced prior to admission to the official list of the ASX.

Recommendation	Explanation
1.5	Due to the Company's stage of development and number of employees, the Company may face particular issues in relation to setting, reviewing, assessing and reporting on certain diversity measures. Consequently, the Company will not comply with Recommendation 1.5 (diversity) in full.
2.1, 4.1, 7.1, 7.3 & 8.1	<p>Due to the size and nature of the existing Board and the magnitude of the Company's current operations, the Board does not consider that the Company will gain any benefit from individual Board committees and that its resources would be better utilised in other areas. The Board is of the view that at this stage, the experience and skill set of the current Board is sufficient to perform these roles.</p> <p>As such, the Company does not currently have a Nomination Committee, an Audit and Risk Committee, an internal audit function or a Remuneration Committee as required by Recommendations 2.1, 4.1, 7.1, 7.3 and 8.1 respectively. Pursuant to the Company's Board Charter, the full Board carries out the duties that would ordinarily be assigned to the Nomination, Audit and Risk and Remuneration Committees. The roles and responsibilities of these Committees are outlined in the relevant Committee Charters contained in the Company's Corporate Governance Plan which is available on the Company's website.</p> <p>The Board will devote time on an annual basis to discuss Board succession issues and to fulfil the roles and responsibilities associated with both maintaining the Company's internal audit function and arrangements with external auditors and with setting</p>

	<p>the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive. Further, all members of the Board are involved in the Company's audit function to enable the proper maintenance of the entity and the integrity of all financial reporting. The Company's Board Charter also outlines the monitoring, review and assessment of a range of internal audit functions and procedures of the Company.</p> <p>The Company will establish separate Nomination, Audit and Risk and Remuneration Committees once the Company's operations are considered to be of sufficient magnitude to warrant such Committees.</p>
<p>2.4</p>	<p>As at the date of this Prospectus, only two of the five Board members at ASX listing are independent Directors. Tomasz Rudas is not considered to be an independent director due to his executive role on the Board. Saithsiri Saksitthisereekul is not considered to be an independent director due to his relationship with SBANG which is the Company's largest shareholder. Mark Puzey will not be considered to be an independent director due to his previous independent non-executive director role with Patersons Securities Limited, a wholly owned subsidiary of the Lead Manager (now named Canaccord Genuity Patersons Ltd). Robert McKinnon and Richard Allen will be considered to be independent directors of the Company.</p> <p>The Board, having regard to the Company's stage of development and the collective experience and expertise of the Directors, considers the current composition of the Board is appropriate. The Board will also look to appoint additional independent Non-Executive Directors once the Company's operations are considered to be of sufficient magnitude to warrant such appointments.</p>

9. MATERIAL CONTRACTS

Set out below is a brief summary of certain contracts to which the Company is a party and which the Directors have identified as material to the Company or are of such a nature that an investor may wish to have details of particulars of them when making an assessment of whether to apply for Shares.

To fully understand all rights and obligations of a material contract, it would be necessary to review it in full and these summaries should be read in this light.

9.1 Commercial Lease Agreements

As part of the acquisition by the Company of the Maddington Facility business and assets from the administrators of Cityscore, the Company was assigned three separate commercial lease agreements with Silkbeam Holdings Pty Ltd and Allstate Water Cartage Pty Ltd as trustees for the PHVV Unit Trust (**Lessor**) to lease the following premises for commercially agreed rental amounts (to be reviewed annually):

- (a) **Lot 280 Lease Agreement:** for the lease of the premises and fixtures at the Rear Lot 280, Kelvin Road, Maddington for ten (10) years commencing on 29 May 2015 and ending 28 May 2025, with two options to renew the term for further five (5) year periods (provided there is no subsisting breach at the time of renewal);
 - (b) **Lot 281 Lease Agreement:** for the lease of the premises and fixtures at Lot 281, 42 Kelvin Road, Maddington for ten (10) years commencing on 29 May 2015 and ending 28 May 2025, with two options to renew the term for further five (5) year periods (provided there is no subsisting breach at the time of renewal); and
 - (c) **Units 1 and 2, Lot 280 Lease Agreement:** for the lease of the premises and fixtures at Units 1 & 2, Lot 280, 42-48 Kelvin Road, Maddington for ten (10) years commencing on 1 March 2016 and ending 28 February 2026, with two options to renew the term for further five (5) year periods (provided there is no subsisting breach at the time of renewal),
- (together, the **Lease Agreements**).

A summary of the key terms and conditions of the Lease Agreements is set out below:

(a) Indemnity

The Company indemnifies the Lessor against any liability or loss which the Lessor may incur during or after the term in respect of:

- (i) breach by the Company of an obligation under a Lease Agreement;
- (ii) loss, damage, or injury to property or people occurring within the leased premises caused by:
 - (A) the Company's failure to comply with the obligations under a Lease Agreement; and
 - (B) the Company's negligence use of the leased premises;

- (C) the defective installation of plant, fixtures and equipment in the leased premises on behalf of the Company.
- (iii) the negligent use or misuse by the Company of any services in the leased premises;
- (iv) the overflow, leakage or escape of water, gas, electricity, fire or other materials or substances in or from the leased premises caused by the Company's negligence;
- (v) the Company's use of its environmental permits and licences;
- (vi) the Company's failure to notify the Lessor regarding any defect in the services in the leased premises; and
- (vii) the Company's breach of any acts, statutes or regulations including, all relevant planning and environmental laws and regulations;

(b) **Assumption of Risk**

The Company occupies the leased premises at its own risk.

(c) **Assignment and Subletting**

The Company must not, without the consent of the Lessor assign, transfer, sublet, encumber, or otherwise grant any interest in the Lease Agreements. Further, any change in the effective control of the Company requires the Lessor's consent.

(d) **Use of Leased Premises**

The leased premises are to be used solely for the operation of a recycling facility and the Company is responsible for obtaining all approvals and licences in relation to such use. Further, the Lease Agreements are conditional upon the Company obtaining all regulatory approvals necessary to use the leased premises in such manner.

(e) **Maintenance**

The Company must keep the leased premises and fixtures in good repair and working condition throughout the term of the Lease Agreements and is responsible for structural repair caused by the negligent actions or a breach of a Lease Agreement by the Company or by the nature of the Company's business at the leased premises.

(f) **Services**

The Company is responsible for the payment of all services or utilities provided in respect of the leased premises.

(g) **Insurance**

The Company is required to effect and maintain comprehensive insurance policies including in respect of pollution liability, public risk insurance, plate glass insurance, workers' compensation insurance and

insurance in respect of the Company's property as well as the Lessor's C&I building at the Maddington Facility.

(h) **Termination of Lease for Default**

Lessor may terminate a Lease Agreement and be entitled to damages if the Company commits one of the following defaults and does not remedy such default:

- (i) failure to pay the Lessor rent or comply with any other financial obligation for a period in excess of fourteen (14) days after the due date for payment;
- (ii) failure to comply with an essential term of a Lease Agreement; and
- (iii) any serious, persistent and continuing breach by the Company of its covenants and obligations under a Lease Agreement.

Further, in the event one of the Lease Agreements is terminated, the Lessor may terminate the other Lease Agreements by giving not less than 30 days written notice;

(i) **Environmental Contamination**

The Company covenants that it will comply with all environmental laws, permits and licences and that it will not cause or contribute to contamination of the leased premises or surrounding environment.

9.2 **Lead Manager Mandate – Patersons Securities Limited**

On 10 August 2018, the Company entered into a mandate letter with Canaccord Genuity Patersons Ltd (AFSL 239 052) (formerly named Patersons Securities Limited) to provide corporate advisory services and to act as lead manager of the Offer (**Mandate**). Canaccord Genuity Patersons Ltd is a wholly owned subsidiary of Canaccord Genuity (Australia) Limited (AFSL 234666), the Lead Manager of the Offer. The Company has agreed to pay the Lead Manager (or its nominees) the following fees under the Mandate on completion of the Offer:

- (a) pay a corporate advisory fee of \$200,000;
- (b) pay a lead manager fee of 1% of the total amount raised under the Offer (excluding GST);
- (c) pay a selling fee equal to 5% of the total amount raised under the Offer (excluding GST); and
- (d) issue 20,000,000 Options on the terms and conditions set out in Section 10.4.

The Lead Manager will also be entitled to reimbursement of its reasonable expenses (including travel and legal expenses) plus GST incurred in respect of the Offer. The Lead Manager must obtain the Company's consent prior to incurring any single expense greater than \$2,000. The Lead Manager will be entitled to a termination fee of \$75,000 (and any accrued expenses) in the event the Company terminates the Mandate or the Lead Manager terminates the Mandate for cause.

Under the Mandate, the Company has also agreed to offer the Lead Manager the lead role in any further equity capital raisings undertaken in connection with the Company within 18 months of completion of the Offer, subject to competitive terms relative to market practices at the time. The Mandate may be terminated by the Company at any time before the Lead Manager has extended any "firm commitment" offer to any investor to participate in the Offer either:

- (a) immediately, where the Lead Manager has failed to rectify a material breach of the Mandate within ten business days of notice of such breach; or
- (b) on a no-fault basis within ten business days' notice in writing by the Company.

The Mandate may be terminated by the Lead Manager at any time prior to completion of the Offer on the occurrence of a number of standard termination events. The Mandate contains other standard indemnities, terms and conditions expected to be included in a mandate of this nature.

9.3 Operation and Maintenance Agreement – Brockwaste Facility

The Company and Star Shenton Energy Pty Ltd (**Shenton**) are parties to an operation and maintenance agreement (**O&M Contract**) pursuant to which the Company acts as the operator of the Brockwaste Facility and provides operation and maintenance services (**O&M Services**). The O&M Contract contains the following material terms and conditions:

(a) **Term**

The O&M Contract commenced on 1 September 2017 and continues for a period of 20 years unless terminated earlier in accordance with its terms.

(b) **O&M Services**

The O&M Services include all services required to manage, operate, maintain and conduct all day to day activities at the Brockwaste Facility involving receiving, loading and unloading, sorting and bailing recovered recyclables streams on behalf of Shenton. The Company must also use its best endeavours to market, offer for sale, sell, use and/or generate revenue from the sale of renewable resources and recyclables as agent for Shenton.

(c) **Contamination**

The Company is responsible for any contamination of the Brockwaste Facility that is caused by a failure on its part to carry out the O&M Services.

(d) **Service Charges**

Shenton must pay the Company a monthly recurring management charge and a monthly recurring operations and maintenance service charge on commercial terms.

(e) **Indemnity**

The Company provides an uncapped indemnity to Shenton in respect of all actions and claims arising out of the death or injury to any person or damage to any property caused by the Company's negligence or wilful misconduct.

(f) **Termination**

Either party may terminate the O&M Contract if the other party suffers an insolvency event or if the other party breaches the O&M Contract and does not remedy such breach within 20 business days. Shenton may terminate the O&M Contract where an operational default in respect of the Brockwaste Facility is not rectified within 120 days after the date of default or where the Brockwaste Facility is not economically viable or is destroyed or damaged. Further, Shenton may terminate the O&M Contract by giving the Company no more than 6 months' notice.

The O&M Contract otherwise contains standard provision for an agreement of this nature.

9.4 **Deed of Debt Conversion and Release**

The Company and SBANG have entered into a deed of debt conversion and release pursuant to which SBANG has agreed to convert up to \$7,600,000 borrowed by the Company into a maximum of 48,717,949 Shares. The conversion is subject to the Company obtaining conditional approval from the ASX for admission to the Official List of ASX and will occur on the same date as the Shares the subject of the Offer are issued. In consideration for the issue of such Shares, SBANG has agreed to release the Company from the total amount of debt to be converted into Shares. Further, the Company has agreed to repay \$4,400,000 of the principal amount borrowed and all of the interest owing to SBANG using the proceeds of the Offer. The deed of debt conversion and release otherwise contains standard representations and warranties for an agreement of this nature.

9.5 **Loan Agreement – SBANG**

The Company has entered into a loan agreement with SBANG pursuant to which SBANG has agreed to lend up to \$4,000,000 to the Company (**SBANG Loan**). The material terms of the SBANG Loan are as follows:

(a) **Loan Amount**

The maximum amount which can be borrowed under the SBANG Loan is \$4,000,000. The SBANG Loan is to be drawn down in separate advances upon the written request of the Company and is available upon the Company's admission to the Official List.

(b) **Condition Precedent**

The Borrower is required to obtain Shareholder approval for the purposes of ASX Listing Rule 10.1 to grant security in favour of SBANG in security of the SBANG Loan before it can request an advance.

(c) **Purpose**

The Company may use the proceeds from the SBANG Loan for any purpose.

(d) **Interest**

Interest is payable at 10% per annum and default interest on any amount due and unpaid is payable at 15% per annum.

(e) **Repayment**

The SBANG Loan is repayable in cash upon the earlier of:

- (i) the date which is 24 months after the first advance is made under the SBANG Loan or such other date as the parties may agree in writing; or
- (ii) immediately in the event that a standard event of default has occurred.

The SBANG Loan also contains other standard indemnities, terms and conditions expected to be included in a loan agreement of this nature.

9.6 Deed of Release – Kingsley Craig Flugge and Margaret Flugge

The Company is party to a deed of release with Kingsley Craig Flugge & Margaret Flugge (the parents of current Director Damien Flugge) as trustees for the Flugge Superannuation Fund (**Flugges**). The Flugges are former secured creditors of Aurigen Group Limited. As part of the Company's acquisition of its business and assets from the administrators of Aurigen Group Limited, the Company agree to issue Shares to the Flugges including those which are the subject of the Flugge Offer.

9.7 Development and Royalty Agreement

The Company and Fernview are party to a development and royalty agreement with Fernview Development Group Pty Ltd, an unrelated company (**Fernview Development**). The material terms of the agreement are as follows:

(a) **Term**

The agreement continues for the period Fernview is the freehold owner of the land upon which the Gingin Facility is to be constructed or operates the Gingin Facility.

(b) **Continuous Operations**

Within 20 business days of Fernview obtaining all necessary approvals to operate and conduct the Gingin Facility, it must continuously operate the Gingin Facility.

(c) **Royalty**

During the term of the agreement, Fernview must pay Fernview Development a royalty equal to the number of tonnes of waste received at the Gingin Facility multiplied by \$1.50 on a quarterly basis (**Royalty**). The Royalty will increase in accordance with the percentage

increase in the All Groups CPI for Perth each year, save that if there is a negative CPI there will be no reduction in the Royalty.

(d) **Preferred Supplier**

Subject to a commercial tender process, Fernview will treat Fernview Development as its preferred supplier of services and works relating directly to the Gingin Facility (once constructed) where Fernview Development establishes to the reasonable satisfaction of Fernview that it has the capacity to perform such services and work to industry standards.

(e) **Re-mining**

Fernview and Fernview Development agree to negotiate in good faith in respect of the establishment of a business for the removal of processed waste from the Gingin Facility and its subsequent treatment, in which proposed business each party will have an interest.

(f) **Sale or Lease of Gingin Facility**

Before selling or leasing the land upon which the Gingin Facility is to be constructed to a third party, Fernview must first procure such third party to comply with the provisions of the development and royalty agreement.

(g) **Caveat**

Fernview Development's interests under the agreement are protected by a caveat lodged against the certificate of land in relation to the land upon which the Gingin Facility is to be constructed.

(h) **Termination**

Fernview Development may terminate the agreement if Fernview does not commence the Gingin Facility business by 1 January 2022. Either party may terminate the agreement with immediate effect where the other party is in default and such default has not been remedied (or where such default is not capable of being remedied, no compensation is paid).

(i) **Guarantee**

The Company guarantees, and indemnifies Fernview Development against loss arising from, the obligations of Fernview under the agreement.

The agreement also contains other standard indemnities, terms and conditions expected to be included in an agreement of this nature.

10. ADDITIONAL INFORMATION

10.1 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

10.2 Rights attaching to Shares

The following is a summary of the more significant rights attaching to Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

(a) General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act and the Constitution.

(b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the Share, but in respect of partly paid Shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) Dividend rights

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the

proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

(d) **Winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution of the Company, divide among the shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution of the Company, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability.

(e) **Shareholder liability**

As the Shares under the Prospectus are fully paid shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) **Transfer of Shares**

Generally, Shares are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the ASX Listing Rules.

(g) **Variation of rights**

Pursuant to Section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being

wound up, may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(h) **Alteration of Constitution**

The Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

10.3 **Rights attaching to Performance Rights**

The terms and conditions of the Performance Rights are as follows:

(a) **General meetings**

Each Performance Right confers on the holder (**Holder**) the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to ordinary shareholders. Holders have the right to attend general meetings of shareholders.

(b) **No voting rights**

A Performance Right does not entitle the Holder to vote on any resolutions proposed by the Company except as otherwise required by law.

(c) **No dividend rights**

A Performance Right does not entitle the Holder to any dividends.

(d) **No rights to return of capital**

A Performance Right does not entitle the Holder to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.

(e) **Rights on winding up**

A Performance Right does not entitle the Holder to participate in the surplus profits or assets of the Company upon winding up.

(f) **Not transferable**

A Performance Right is not transferable.

(g) **Reorganisation of capital**

If at any time the issued capital of the Company is reconstructed, all rights of a Holder will be changed in a manner consistent with the applicable ASX Listing Rules and the Corporations Act at the time of reorganisation.

(h) **Application to ASX**

The Performance Rights will not be quoted on the ASX. However, if the Company is listed on ASX at the time of conversion of the Performance Rights into Shares, the Company must apply for the official quotation of a Share issued on conversion of a Performance Right on ASX within the time period required by the ASX Listing Rules.

(i) **Participation in entitlements and bonus issues**

A Performance Right does not entitle a Holder (in their capacity as a holder of a Performance Right) to participate in new issues of capital offered to holders of Shares such as bonus issues and entitlement issues.

(j) **No other rights**

A Performance Right gives the Holders no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

10.3.2 Conversion of the Performance Rights

(a) **Milestones**

Subject to paragraph (c), each Performance Right in the relevant class will convert into one Share at the election of the Holder and for no consideration upon satisfaction of the milestones as follows:

(i) **Class A Performance Rights**

1,666,667 Performance Rights will convert into Shares upon the Company achieving, in relation to its existing business and assets at the date the Company is admitted to the Official List of ASX (**Listing Date**), an operating revenue of at least \$20 million in the first 12 months following issue.

(ii) **Class B Performance Rights**

1,666,667 Performance Rights will convert into Shares upon the Company achieving, in relation to its existing business and assets at the Listing Date, an operating revenue of at least \$40 million in the period commencing on the date which is 12 months following issue and ending on the date which is 24 months following issue.

(iii) **Class C Performance Rights**

1,666,667 Performance Rights will convert into Shares upon the Company achieving, in relation to its existing business and assets at the Listing Date, earnings before interest, tax, depreciation and amortisation of at least \$5 million in the first 12 months following issue.

(iv) **Class D Performance Rights**

1,666,667 Performance Rights will convert into Shares upon the Company achieving, in relation to its existing business and assets at the Listing Date, earnings before interest, tax,

depreciation and amortisation of at least \$12.5 million in the period commencing on the date which is 12 months following issue and ending on the date which is 24 months following issue.

(v) **Class E Performance Rights**

1,666,667 Performance Rights will convert into Shares upon the Maddington Facility operating at an annual rate of 210,000 tonnes and/or m³ in the first 12 months following issue.

(vi) **Class F Performance Rights**

1,666,665 Performance Rights will convert into Shares upon the Gingin Facility being fully licensed and operational in the first 24 months following issue.

(b) **Conversion on change of control**

Subject to paragraph (c) and notwithstanding the relevant milestone has not been satisfied, upon the occurrence of either:

- (i) a takeover bid under Chapter 6 of the Corporations Act 2001 (Cth) having been made in respect of the Company having received acceptances for more than 50% of the Company's Shares on issue and being declared unconditional by the bidder; or
- (ii) a Court granting orders approving a compromise or arrangement for the purposes of or in connection with a scheme of arrangement for the reconstruction of the Company or its amalgamation with any other company or companies,

the Performance Rights shall automatically convert into Shares, provided that if the number of Shares that would be issued upon such conversion is greater than 10% of the Company's Shares on issue as at the date of conversion, then that number of Performance Rights that is equal to 10% of the Company's Shares on issue as at the date of conversion under this paragraph will automatically convert into an equivalent number of Company Shares. The conversion will be completed on a pro rata basis across each class of Performance Rights then on issue as well as on a pro rata basis for each Holder. Performance Rights that are not converted into Shares under this paragraph will continue to be held by the Holders on the same terms and conditions.

(c) **Deferral of conversion if resulting in a prohibited acquisition of Shares**

If the conversion of a Performance Right under paragraphs (a) or (b) would result in any person being in contravention of section 606(1) of the Corporations Act (**General Prohibition**) then the conversion of that Performance Right shall be deferred until such later time or times (but no later than 5 years from the date of issue of such Performance Right) that the conversion would not result in a contravention of the General Prohibition. In assessing whether a conversion of a Performance Right would result in a contravention of the General Prohibition:

- (i) Holders may give written notification to the Company if they consider that the conversion of a Performance Right may result in the contravention of the General Prohibition. The absence of such written notification from the Holder will entitle the Company to assume the conversion of a Performance Right will not result in any person being in contravention of the General Prohibition; and
- (ii) the Company may (but is not obliged to) by written notice to a Holder request a Holder to provide the written notice referred to in paragraph (i) within seven days if the Company considers that the conversion of a Performance Right may result in a contravention of the General Prohibition. The absence of such written notification from the Holder will entitle the Company to assume the conversion of a Performance Right will not result in any person being in contravention of the General Prohibition.

(d) **Lapse of Performance Right**

Each Class A Performance Right, Class B Performance Right, Class C Performance Right, Class D Performance Right, Class E Performance Right and Class F Performance Right shall be deemed to have lapsed on the relevant date specified in paragraph (a) above (**Expiry Date**) if a relevant milestone attached to that Performance Right has not been achieved and the Holder shall have no entitlement to the Shares pursuant to those Performance Rights. For the avoidance of doubt, a Performance Right will not lapse in the event a relevant milestone is met before the relevant Expiry Date and the Shares the subject of a conversion are deferred in accordance with paragraph (c) above.

(e) **Issue of Shares**

The Company will issue the Share on conversion of a Performance Right within 10 Business Days following the conversion or such other period required by the ASX Listing Rules.

(f) **Holding statement**

The Company will issue the Holder with a new holding statement for any Share issued upon conversion of a Performance Right within 10 Business Days following the issue of the Share.

(g) **Ranking upon conversion**

The Share into which a Performance Right may convert will rank pari passu in all respects with existing Shares.

10.4 Rights attaching to Lead Manager Options

The terms and conditions of the Options are as follows:

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph (i), the amount payable upon exercise of each Option will be \$0.25 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on that date that is three years from the date of issue (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date (Exercise Period).

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (Notice of Exercise) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (Exercise Date).

(g) **Timing of issue of Shares on exercise**

Within 15 Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and

- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(j) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(k) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(l) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

10.5 Performance Rights and Options Plan

The Company has adopted a Performance Rights and Option Plan (**Plan**). No Performance Rights or Options have been issued under the Plan at the date of this Prospectus. The key terms of the Plan are as follows:

(a) **Eligibility**

Participants in the Plan may be:

- (i) a Director (whether executive or non-executive) of the Company, or their nominee, and any Associated Body Corporate of the Company (each, a **Group Company**);

- (ii) a full or part time employee of any Group Company;
- (iii) a casual employee or contractor of a Group Company to the extent permitted by ASIC Class Order 14/1000 as amended or replaced (**Class Order**); or
- (iv) a prospective participant, being a person to whom the offer is made but who can only accept the offer if an arrangement has been entered into that will result in the person becoming a participant under subparagraphs (i), (ii), or (iii) above,

who is declared by the Board to be eligible to receive grants of Options or Performance Rights (**Awards**) under the Plan (**Eligible Participants**).

(b) **Offer**

The Board may, from time to time, in its absolute discretion, make a written offer to any Eligible Participant to apply for Awards, upon the terms set out in the Plan and upon such additional terms and conditions as the Board determines.

(c) **Plan limit**

The Company must have reasonable grounds to believe, when making an offer, that the number of Shares to be received on exercise of Awards offered under an offer, when aggregated with the number of Shares issued or that may be issued as a result of offers made in reliance on the Class Order at any time during the previous 3 year period under an employee incentive scheme covered by the Class Order or an ASIC exempt arrangement of a similar kind to an employee incentive scheme, will not exceed 5% of the total number of Shares on issue at the date of the offer.

(d) **Issue price**

Performance Rights granted under the Plan will be issued for nil cash consideration. Unless the Options are quoted on the ASX, Options issued under the Plan will be issued for no more than nominal cash consideration.

(e) **Vesting Conditions**

An Award may be made subject to vesting conditions as determined by the Board in its discretion and as specified in the offer for the Awards (**Vesting Conditions**).

(f) **Vesting**

The Board may in its absolute discretion (except in respect of a change of control occurring where Vesting Conditions are deemed to be automatically waived) by written notice to a Participant (being an Eligible Participant to whom Awards have been granted under the Plan or their nominee where the Awards have been granted to the nominee of the Eligible Participant (**Relevant Person**)), resolve to waive any of the Vesting Conditions applying to Awards due to:

- (i) special circumstances arising in relation to a Relevant Person in respect of those Awards, being:

- (A) a Relevant Person ceasing to be an Eligible Participant due to:
 - (I) death or total or permanent disability of a Relevant Person; or
 - (II) retirement or redundancy of a Relevant Person;
- (B) a Relevant Person suffering severe financial hardship;
- (C) any other circumstance stated to constitute "special circumstances" in the terms of the relevant offer made to and accepted by the Participant; or
- (D) any other circumstances determined by the Board at any time (whether before or after the offer) and notified to the relevant Participant which circumstances may relate to the Participant, a class of Participant, including the Participant or particular circumstances or class of circumstances applying to the Participant,

(Special Circumstances), or

- (ii) a change of control occurring; or
- (iii) the Company passing a resolution for voluntary winding up, or an order is made for the compulsory winding up of the Company.

(g) **Lapse of an Award**

An Award will lapse upon the earlier to occur of:

- (i) an unauthorised dealing, or hedging of, the Award occurring;
- (ii) a Vesting Condition in relation to the Award not being satisfied by its due date, or becoming incapable of satisfaction, as determined by the Board in its absolute discretion, unless the Board exercises its discretion to vest the Award in the circumstances set out in paragraph (f) or the Board resolves, in its absolute discretion, to allow the unvested Awards to remain unvested after the Relevant Person ceases to be an Eligible Participant;
- (iii) in respect of unvested Awards only, a Relevant Person ceases to be an Eligible Participant, unless the Board exercises its discretion to vest the Award in the circumstances set out in paragraph (f) or the Board resolves, in its absolute discretion, to allow the unvested Awards to remain unvested after the Relevant Person ceases to be an Eligible Participant;
- (iv) in respect of vested Awards only, a Relevant Person ceases to be an Eligible Participant and the Award granted in respect of that Relevant Person is not exercised within a one (1) month period (or such later date as the Board determines) of the date that person ceases to be an Eligible Participant;

- (v) the Board deems that an Award lapses due to fraud, dishonesty or other improper behaviour of the Eligible Participant;
- (vi) the Company undergoes a change of control or a winding up resolution or order is made and the Board does not exercise its discretion to vest the Award; and
- (vii) the expiry date of the Award.

(h) **Not transferrable**

Subject to the ASX Listing Rules, Awards are only transferrable in Special Circumstances with the prior written consent of the Board (which may be withheld in its absolute discretion) or by force of law upon death, to the Participant's legal personal representative or upon bankruptcy to the participant's trustee in bankruptcy.

(i) **Shares**

Shares resulting from the exercise of the Awards shall, subject to any Sale Restrictions (refer paragraph (k)) from the date of issue, rank on equal terms with all other Shares on issue.

(j) **Sale Restrictions**

The Board may, in its discretion, determine at any time up until exercise of Awards, that a restriction period will apply to some or all of the Shares issued to a Participant on exercise of those Awards (**Restriction Period**). In addition, the Board may, in its sole discretion, having regard to the circumstances at the time, waive any such Restriction Period.

(k) **Quotation of Shares**

If Shares of the same class as those issued under the Plan are quoted on the ASX, the Company will, subject to the ASX Listing Rules, apply to the ASX for those Shares to be quoted on ASX within 10 business days of the later of the date the Shares are issued and the date any Restriction Period applying to the Shares ends.

(l) **No Participation Rights**

There are no participation rights or entitlements inherent in the Awards and Participants will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Awards without exercising the Award.

(m) **Change in exercise price of number of underlying securities**

An Award does not confer the right to a change in exercise price or in the number of underlying Shares over which the Award can be exercised.

(n) **Reorganisation**

If, at any time, the issued capital of the Company is reorganised (including consolidation, subdivision, reduction or return), all rights of a Participant are to be changed in a manner consistent with the

Corporations Act and the ASX Listing Rules at the time of the reorganisation.

(o) **Amendments**

Subject to express restrictions set out in the Plan and complying with the Corporations Act, ASX Listing Rules and any other applicable law, the Board may, at any time, by resolution amend or add to all or any of the provisions of the Plan, or the terms or conditions of any Award granted under the Plan including giving any amendment retrospective effect.

10.6 Interests of Directors

Other than as set out in this Prospectus, no Director or proposed director of the Company holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offers; or
- (c) the Offers,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed director of the Company:

- (a) as an inducement to become, or to qualify as, a Director; or
- (b) for services provided in connection with:
 - (i) the formation or promotion of the Company; or
 - (ii) the Offers.

10.7 Interests of Experts and Advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus; or
- (b) promoter of the Company,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (c) the formation or promotion of the Company;
- (d) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or

- (ii) the Offers; or
- (e) the Offers,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (f) the formation or promotion of the Company; or
- (g) the Offers.

Ernst & Young Transaction Advisory Services Limited has acted as Investigating Accountant and has prepared the Independent Limited Assurance Report which is included as Annexure A. The Company estimates it will pay Ernst & Young Transaction Advisory Services Limited a total of \$13,000 (excluding GST) for these services. Ernst & Young Transaction Advisory Services Limited has also rendered services in respect of a research and development refund and the receivership of the Aurigen Group. Ernst & Young Transaction Advisory Services Limited received a total of \$182,131 (excluding GST) for these services, from the Company and Fernview. During the 24 months preceding lodgement of this Prospectus with the ASIC, Ernst & Young Transaction Advisory Services Limited has not received any fees from the Company for any other services.

Ernst & Young has provided financial due diligence services in relation to the Offer. The Company estimates it will pay Ernst & Young a total of \$117,000 (excluding GST) for these services. Ernst & Young has also performed an audit of the Company's financial statements. The Company estimates it will pay Ernst & Young a total of \$357,400 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Ernst & Young has not received any fees from the Company for any other services.

Canaccord Genuity (Australia) Limited will receive 6% of the total amount raised under the Prospectus (plus GST) following the successful completion of the Offer for its services as Lead Manager to the Offer. Further details in respect to the Lead Manager Mandate, including additional fees payable to the Lead Manager, are summarised in Section 9.2. Canaccord Genuity (Australia) Limited has not received any other fees for other services provided to the Company in the last two years.

Steinepreis Paganin has acted as the Australian solicitors to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin \$400,000 (excluding GST) for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has not received any fees from the Company for legal services provided to the Company.

10.8 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the Securities), the Directors, the persons named in the Prospectus with their consent as proposed directors, any underwriters, persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other

parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this section; and
- (b) in light of the above, only to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement or report included in this Prospectus with the consent of that party as specified in this section.

Ernst & Young Transaction Advisory Services Limited has given its written consent to being named as Investigating Accountant in this Prospectus in the form and context in which it is named and to the inclusion of its Independent Limited Assurance Report as Annexure A in the form and context in which the report is included. Ernst & Young Transaction Advisory Services Limited has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

Ernst & Young has given its written consent to being named as auditor of the Company and the provider of financial due diligence services in this Prospectus in the form and context in which it is named. Ernst & Young has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

Steinepreis Paganin has given its written consent to being named as the Australian solicitors to the Company in this Prospectus in the form and context in which the information is included. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Canaccord Genuity (Australia) Limited has given its written consent to being named as the Lead Manager to the Company in this Prospectus. Canaccord Genuity (Australia) Limited has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

10.9 Expenses of the Offers

The total expenses of the Offers (excluding GST) are estimated to be approximately \$2,025,484 and are expected to be applied towards the items set out in the table below:

Item of Expenditure		Full Subscription (\$)
ASIC Fees		3,206
ASX Fees		114,778
Share Registry Fees		4,500
Lead Manager Fees		1,370,000
Legal Fees ¹		400,000
Financial Due Diligence and Investigating Accountant's Fees		130,000
Printing and Distribution		3,000
TOTAL		2,025,484

Note:

1. \$174,479 of these legal fees have been paid at the date of this Prospectus. The allocation toward expenses of the Offers in the use of funds table at Section 2.7 is therefore \$1,851,005.

10.10 Continuous disclosure obligations

The Company will be a “disclosing entity” (as defined in Section 111AC of the Corporations Act) following admission to the Official List and, as such, will be subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company will be required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

Price sensitive information is publicly released through ASX before it is disclosed to shareholders and market participants. Distribution of other information to shareholders and market participants is also managed through disclosure to the ASX. In addition, the Company posts this information on its website after the ASX confirms an announcement has been made, with the aim of making the information readily accessible to the widest audience.

10.11 Electronic Prospectus

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please contact the Company and the Company will send you, for free, either a hard copy or a further electronic copy of this Prospectus or both. Alternatively, you may obtain a copy of this Prospectus from the website of the Company at www.m8sustainable.com.au

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

10.12 Financial Forecasts

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

10.13 Privacy statement

If you complete an Application Form, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, including bidders for your securities in the context of takeovers, regulatory bodies including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the share registry.

You can access, correct and update the personal information that we hold about you. If you wish to do so, please contact the share registry at the relevant contact number set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

11. DIRECTORS' AUTHORISATION

This 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 Prospectus with the ASIC.



Robert McKinnon
Proposed Non-Executive Chairman
For and on behalf of
M8 SUSTAINABLE LIMITED

12. GLOSSARY

Where the following terms are used in this Prospectus they have the following meanings:

\$ means an Australian dollar.

Application Form means the application form attached to or accompanying this Prospectus relating to the Offers.

ASIC means Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

ASX Listing Rules means the official listing rules of ASX.

Aurigen Group means Aurigen Group Ltd (ACN 602 668 486) (under external administration).

Board means the board of Directors as constituted from time to time.

Brockwaste Facility means the waste compost and energy facility in Shenton Park, Western Australia managed by the Company and owned by Shenton.

Cityscore means Cityscore Pty Ltd (ACN 603 446 000) a formerly wholly owned subsidiary of Aurigen Group.

Closing Date means the closing date of the Offers as set out in the indicative timetable in page 6 of this Prospectus (subject to the Company reserving the right to extend the Closing Date or close the Offers early).

Commercial Lease Agreements means the three separate commercial lease agreements dated 28 May 2015 entered into by Cityscore Pty Ltd and the Lessor for the purpose of leasing certain premises (Lot 281, Lot 280 and Units 1 & 2 Lot 48, Kelvin Road).

Company or **M8S** means M8 Sustainable Limited (ACN 620 758 358).

Constitution means the constitution of the Company.

Corporations Act means the Corporations Act 2001 (Cth).

C&D means construction and demolition.

C&I means commercial and industrial.

Deed of Debt Conversion and Release has the meaning given in Section 9.4.

Deed of Release means the agreement entered into between the Company and Kingsley Craig Flugge and Margaret Flugge as trustees for the Flugge Superannuation Fund, as set out in Section 9.6.

Directors means the directors of the Company at the date of this Prospectus.

DWER means the Department of Water & Environmental Regulation of the Government of Western Australia.

Employment Agreements means, as the context requires, the contracts of employment between the Company and Tom Rudas, Damien Flugge, Richard Rudas, Sampath De Zoysa and Vijay Joshi as set out in Section 7.3.1.

Exposure Period means the period of 7 days after the date of lodgement of this Prospectus, which period may be extended by the ASIC by not more than 7 days pursuant to Section 727(3) of the Corporations Act.

Fernview means Fernview Environmental Pty Ltd (ACN 617 674 469), the Company's wholly owned subsidiary.

Financial Information has the meaning given in Section 6.1.

Full Subscription and **Minimum Subscription** means both the maximum and minimum amount to be raised under the Offer, being \$19,500,000.

Gingin Facility means the permitted (but undeveloped) bioreactor landfill facility the Company plans to develop at Wannamal Road South, Cullalla, Western Australia being Lot 98 on Deposited Plan 75926.

Holder has the meaning given in Section 10.3.

Independent Limited Assurance Report means the report on the Financial Information included in the Prospectus, provided at Annexure A.

Lead Manager Mandate or **Mandate** means the mandate between the Company and Canaccord Genuity Patersons Ltd (formerly Patersons Securities Limited), a wholly owned subsidiary of the Lead Manager, as summarised in Section 9.2.

Lead Manager means Canaccord Genuity (Australia) Limited (AFSL 234666).

Lead Manager Offer means an offer of 20,000,000 Options to the Lead Manager (or its nominees) pursuant to the terms of the Lead Manager Mandate.

Lessor has the meaning given in Section 9.1.

Letters of Appointment means the non-executive letters of appointment as set out in Section 7.3.2.

Loan Agreement has the meaning given in Section 9.5.

Loan Conversion Offer means the offer of 48,717,949 Shares to SBANG upon a debt to equity conversion.

Maddington Facility means the waste recycling business at 42-48 Kelvin Road, Maddington, Western Australia being Lots 280 and 281 on Deposited Plan 3327 which the Company operates.

Mwh means a megawatt hour.

O&M Contract has the meaning given in Section 9.3.

Offer means the offer of Shares made pursuant to this Prospectus as set out in Section 2.1.

Offers means the Offer and the Secondary Offers.

Official List means the official list of ASX.

Official Quotation means official quotation by ASX in accordance with the ASX Listing Rules.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Performance Right means a right to a Share with the terms and conditions set out in Section 10.3.

Performance Rights Offer means an offer of 10,000,000 Performance Rights to Directors and management of the Company.

Plan means the Company's performance rights and option plan summarised in section 10.5.

Prospectus means this prospectus.

SBANG means SBANG Sustainable Energies Ltd of 159 Soi Rama IX 57/1 (Wisetsook 2) Bangkok, Thailand.

Secondary Offers means the Loan Conversion Offer, Performance Rights Offer, Lead Manager Offer and Flugge Offer.

Section means a section of this Prospectus.

Securities means Shares, Options and Performance Rights as the case may be.

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

Shareholder means a holder of Shares.

Shenton means Star Shenton Energy Pty Ltd (ACN 617 272 063).

Star Universal means Star Universal Network plc of 128/200 Phayathai Plaza Building, 18th Floor, Phayathai Road, Bangkok, Thailand.

WST means Western Standard Time as observed in Perth, Western Australia.

ANNEXURE A - INDEPENDENT LIMITED ASSURANCE REPORT



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Ernst & Young Transaction Advisory
Services Limited
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222
Fax: +61 8 9429 2192
ey.com/au

The Board of Directors
M8 Sustainable Limited
Unit 1, 48 Kelvin Road,
Maddington WA 6109

30 October 2019

Dear Directors

PART 1 - INDEPENDENT LIMITED ASSURANCE REPORT ON HISTORICAL FINANCIAL INFORMATION AND PRO FORMA HISTORICAL FINANCIAL INFORMATION

1. Introduction

We have been engaged by M8 Sustainable Limited (“the “Company”) to report on the historical financial information of the Company and Fernview Environmental Pty Ltd (“Fernview”) and the pro forma historical financial information of the Company for inclusion in the prospectus dated on 30 October 2019 (“Prospectus”), and to be issued by the Company in respect of an offer of 97,500,000 shares at an issue price of \$0.20 per share to raise \$19,500,000 before costs (the “Offer”).

Expressions and terms defined in the Prospectus have the same meaning in this report.

The nature of this report is such that it can only be issued by an entity which holds an Australian Financial Services Licence under the *Corporations Act 2001*. Ernst & Young Transaction Advisory Services Limited (“Ernst & Young Transaction Advisory Services”) holds an appropriate Australian Financial Services Licence (AFS Licence Number 240585). Irshaad Songerwala is a Director and Representative of Ernst & Young Transaction Advisory Services. We have included our Financial Services Guide as Part 2 of this report.

2. Scope

Historical Financial Information

You have requested Ernst & Young Transaction Advisory Services to review the following historical financial information:

- the historical consolidated statements of profit or loss and other comprehensive income for the period 28 July 2017 (date of incorporation) to 30 June 2018 and the financial year ended 30 June 2019 as set out in Section 6.6.1 of the Prospectus;
- the historical consolidated statements of cash flows for the period 28 July 2017 (date of incorporation) to 30 June 2018 and the financial year ended 30 June 2019 as set out in Section 6.6.2 of the Prospectus;
- historical consolidated statement of financial position of the Company as at 30 June 2019 as set out in Section 6.6.5 of the Prospectus;



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- historical statements of profit or loss and other comprehensive income of Fernview for the period 28 February 2017 (date of incorporation) to 30 June 2017 and the financial year ended 30 June 2018 as set out in Section 6.6.3 of the Prospectus; and
- historical statements of cash flows of Fernview for the period 28 February 2017 (date of incorporation) to 30 June 2017 and the financial year ended 30 June 2018 as set out in Section 6.6.4 of the Prospectus.

(Hereafter the “Historical Financial Information”)

The Historical Financial Information of the Company for the period 28 July 2017 (date of incorporation) to 30 June 2018 has been derived from its restated and reissued consolidated general purpose financial report for this period which was audited by Ernst & Young in accordance with Australian Auditing Standards. Ernst & Young issued an unqualified audit opinion, which contained a material uncertainty related to going concern, on this consolidated financial report.

The Historical Financial Information of the Company for the financial year ended 30 June 2019 has been derived from its consolidated general purpose financial report for this period which was audited by Ernst & Young in accordance with Australian Auditing Standards. Ernst & Young issued an unqualified audit opinion, which contained a material uncertainty related to going concern, on this consolidated financial report.

The Historical Financial Information of Fernview for the period 28 February 2017 (date of incorporation) to 30 June 2017 and for the financial year ended 30 June 2018 has been derived from its general purpose financial reports for the respective periods which were audited by Ernst & Young in accordance with Australian Auditing Standards. Ernst & Young issued unqualified audit opinions, which contained a material uncertainty related to going concern, on these financial reports.

The Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards (“AAS”) issued by the Australian Accounting Standards Board.

Pro Forma Historical Financial Information

You have requested Ernst & Young Transaction Advisory Services to review the pro forma historical financial information of the Company comprising the pro forma historical consolidated statement of financial position as at 30 June 2019 as set out in Section 6.6.5 of the Prospectus.

(Hereafter the “Pro Forma Historical Financial Information”).

(The Historical Financial Information and the Pro Forma Historical Financial Information is collectively referred to as the “Financial Information”).

The Pro Forma Historical Financial Information has been derived from the historical consolidated statement of financial position of the Company as at 30 June 2019, and adjusted for the effects of pro forma adjustments described in Section 6.6.6 of the Prospectus.

The Pro Forma Historical Financial Information has been prepared in accordance with the stated basis



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of preparation, being the recognition and measurement principles contained in AAS other than that it includes adjustments that have been prepared in a manner consistent with AAS that reflect the impact of certain transactions as if they occurred as at 30 June 2019.

Due to its nature, the Pro Forma Historical Financial Information does not represent the Company's actual or prospective financial position.

The Financial Information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001.

3. Directors' Responsibility

The directors of the Company are responsible for the preparation and presentation of the Historical Financial Information and Pro Forma Historical Financial Information, including the basis of preparation, selection and determination of pro forma adjustments made to the Historical Financial Information and included in the Pro Forma Historical Financial Information. This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of Historical Financial Information and Pro Forma Historical Financial Information that are free from material misstatement, whether due to fraud or error.

4. Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Historical Financial Information and Pro Forma Historical Financial Information based on the procedures performed and the evidence we have obtained.

We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

Our limited assurance procedures consisted of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other limited assurance procedures. A limited assurance engagement is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or limited assurance reports on any financial information used as a source of the Financial Information.

5. Conclusions

Historical Financial Information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Historical Financial Information comprising the:

- historical consolidated statements of profit or loss and other comprehensive income for the period 28 July 2017 (date of incorporation) to 30 June 2018 and the financial year ended 30 June 2019 as set out in Section 6.6.1 of the Prospectus;

- historical consolidated statements of cash flows for the period 28 July 2017 (date of incorporation) to 30 June 2018 and the financial year ended 30 June 2019 as set out in Section 6.6.2 of the Prospectus;
- historical consolidated statement of financial position of the Company as at 30 June 2019 as set out in Section 6.6.5 of the Prospectus;
- historical statements of profit or loss and other comprehensive income of Fernview for the period 28 February 2017 (date of incorporation) to 30 June 2017 and the financial year ended 30 June 2018 as set out in Section 6.6.3 of the Prospectus; and
- historical statements of cash flows of Fernview for the period 28 February 2017 (date of incorporation) to 30 June 2017 and the financial year ended 30 June 2018 as set out in Section 6.6.4 of the Prospectus,

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 6.2 of the Prospectus.

Material Uncertainty Related to Going Concern - Historical Financial Information

We draw attention to Section 6.4 of the Prospectus, which describes the principal conditions that raise doubt about the Company's and Fernview's ability to continue as a going concern, in particular, if sufficient capital is not raised by the Company as contemplated in the Prospectus and from the appropriate operating performance of the Maddington Facility. These events or conditions indicate that a material uncertainty exists that may cast significant doubt about these entities' ability to continue as a going concern. Our limited assurance conclusion is not modified in respect of this matter.

Pro Forma Historical Financial Information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information of the Company, comprising the pro forma historical consolidated statement of financial position as at 30 June 2019 as set out in Section 6.6.4 of the Prospectus, is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 6.2 of the Prospectus.

6. Restriction on Use

Without modifying our conclusions, we draw attention to Section 6.2 of the Prospectus, which describes the purpose of the Financial Information. As a result, the Financial Information may not be suitable for use for another purpose.

7. Consent

Ernst & Young Transaction Advisory Services has consented to the inclusion of this limited assurance report in the Prospectus in the form and context in which it is included.

8. Independence or Disclosure of Interest

Ernst & Young Transaction Advisory Services does not have any interests in the outcome of the Offer other than in the preparation of this report for which normal professional fees will be received.



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Yours faithfully

Ernst & Young Transaction Advisory Services Limited

Irshaad Songerwala
Director and Representative



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30 October 2019

**THIS FINANCIAL SERVICES GUIDE FORMS PART OF THE INDEPENDENT
LIMITED ASSURANCE REPORT**

PART 2 - FINANCIAL SERVICES GUIDE

1. Ernst & Young Transaction Advisory Services

Ernst & Young Transaction Advisory Services Limited ("Ernst & Young Transaction Advisory Services" or "we," or "us" or "our") has been engaged to provide general financial product advice in the form of an Independent Limited Assurance Report ("Report") in connection with a financial product of another person. The Report is to be included in documentation being sent to you by that person.

2. Financial Services Guide

This Financial Services Guide ("FSG") provides important information to help retail clients make a decision as to their use of the general financial product advice in a Report, information about us, the financial services we offer, our dispute resolution process and how we are remunerated.

3. Financial services we offer

We hold an Australian Financial Services Licence which authorises us to provide the following services:

- financial product advice in relation to securities, derivatives, general insurance, life insurance, managed investments, superannuation, and government debentures, stocks and bonds; and
- arranging to deal in securities.

4. General financial product advice

In our Report we provide general financial product advice. The advice in a Report does not take into account your personal objectives, financial situation or needs.

You should consider the appropriateness of a Report having regard to your own objectives, financial situation and needs before you act on the advice in a Report. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain an offer document relating to the financial product and consider that document before making any decision about whether to acquire the financial product.

We have been engaged to issue a Report in connection with a financial product of another person. Our Report will include a description of the circumstances of our engagement and identify the person who has engaged us. Although you have not engaged us directly, a copy of the Report will be provided to you as a retail client because of your connection to the matters on which we have been engaged to report.



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5. Remuneration for our services

We charge fees for providing Reports. These fees have been agreed with, and will be paid by, the person who engaged us to provide a Report. Our fees for Reports are based on a time cost or fixed fee basis. Our directors and employees providing financial services receive an annual salary, a performance bonus or profit share depending on their level of seniority. The estimated fee for this Report is \$14,300 (inclusive of GST).

Ernst & Young Transaction Advisory Services is ultimately owned by Ernst & Young, which is a professional advisory and accounting practice. Ernst & Young may provide professional services, including audit, tax and financial advisory services, to the person who engaged us and receive fees for those services.

Except for the fees and benefits disclosed in Section 10.7 of this Prospectus, Ernst & Young Transaction Advisory Services, including any of its directors, employees or associated entities should not receive any fees or other benefits, directly or indirectly, for or in connection with the provision of a Report.

6. Associations with product issuers

Ernst & Young Transaction Advisory Services and any of its associated entities may at any time provide professional services to financial product issuers in the ordinary course of business.

7. Responsibility

The liability of Ernst & Young Transaction Advisory Services, if any, is limited to the contents of this Financial Services Guide and the Report.

8. Complaints process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial services. All complaints must be in writing and addressed to the AFS Compliance Manager or the Chief Complaints Officer and sent to the address below. We will make every effort to resolve a complaint within 30 days of receiving the complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to the Australian Financial Complaints Authority Limited.

9. Compensation Arrangements

Ernst & Young Transaction Advisory Services and its related entities hold Professional Indemnity insurance for the purpose of compensation should this become relevant. Representatives who have left Ernst & Young Transaction Advisory Services' employment are covered by our insurances in respect of events occurring during their employment. These arrangements and the level of cover held by Ernst & Young Transaction Advisory Services satisfy the requirements of section 912B of the Corporations Act 2001.



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<p>Contacting Ernst & Young Transaction Advisory Services</p> <p>AFS Compliance Manager Ernst & Young 200 George Street Sydney NSW 2000</p> <p>Telephone: (02) 9248 5555</p>	<p>Contacting the Independent Dispute Resolution Scheme:</p> <p>Australian Financial Complaints Authority Limited GPO Box 3 Melbourne, VIC 3001</p> <p>Telephone: 1800 931 678</p>
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This Financial Services Guide has been issued in accordance with ASIC Corporations (Financial Services Guides) Instrument 2015/541.

How to complete this Application Form

A Number of Shares applied for
Enter the number of Shares you wish to apply for. The Application must be for a minimum of 10,000 Shares (\$2,000.00). (Applications for greater than 10,000 Shares must be in multiples of 2,500 Shares (\$500)).

B Application Monies
Enter the amount of Application Monies. To calculate the amount, multiply the number of Shares applied for in Step A by the issue price of \$0.20.

C Applicant Name(s)
Enter the full name you wish to appear on the statement of shareholding. This must be either your own name or the name of a company. Up to 3 joint Applicants may register. You should refer to the table below for the correct forms of registrable title. Applications using the wrong form of names may be rejected. Clearing House Electronic Subregister System (CHES) participants should complete their name identically to that presently registered in the CHES system.

D Postal Address
Enter your postal address for all correspondence. All communications to you from the Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.

E Contact Details
Enter your contact details. These are not compulsory but will assist us if we need to contact you regarding this Application.

F CHES
M8 Sustainable Limited will apply to the ASX to participate in CHES, operated by ASX Settlement Pty Limited, a wholly owned subsidiary of ASX Limited. If you are a CHES participant (or are sponsored by a CHES participant) and you wish to hold Shares issued to you under this Application on the CHES Subregister, enter your CHES HIN. Otherwise, leave this section blank and on issue, you will be sponsored by M8 Sustainable Limited and allocated a Securityholder Reference Number (SRN).

G Payment
Make your **cheque, bank draft or money order** payable in Australian dollars to **'M8 Sustainable Limited'** and cross it **'Not Negotiable'**. Cheques must be drawn from an Australian bank. Cash will not be accepted. The total payment amount must agree with the amount shown in Step B. Complete the cheque details in the boxes provided. Cheques will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as dishonoured cheques may not be represented and may result in your Application being rejected. Paperclip (do not staple) your cheque to the Application Form. Receipts will not be forwarded. Funds **cannot** be directly debited from your bank account.

Before completing the Application Form the Applicant(s) should read the Prospectus to which this Application relates. By lodging the Application Form, the Applicant agrees that this Application for Shares in M8 Sustainable Limited is upon and subject to the terms of the Prospectus and the Constitution of M8 Sustainable Limited, agrees to take any number of Shares that may be issued to the Applicant(s) pursuant to the Prospectus and declares that all details and statements made are complete and accurate. It is not necessary to sign the Application Form.

Lodgement of Application

Application Forms must be received by Computershare Investor Services Pty Limited (CIS) by no later than 5.00pm AEST on the 22 November 2019. You should allow sufficient time for this to occur. Return the Application Form with cheque, bank draft or money order attached to:

Computershare Investor Services Pty Limited, GPO Box 52, MELBOURNE VIC 3001

Neither CIS nor **M8 Sustainable Limited** accepts any responsibility if you lodge the Application Form at any other address or by any other means.

Privacy Notice

The personal information you provide on this form is collected by CIS, as registrar for the securities issuer (the issuer), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. In addition, the issuer may authorise us on their behalf to send you marketing material or include such material in a corporate communication. You may elect not to receive marketing material by contacting CIS using the details provided overleaf or emailing privacy@computershare.com.au. We may be required to collect your personal information under the Corporations Act 2001 (Cth) and ASX Settlement Operating Rules. We may disclose your personal information to our related bodies corporate and to other individuals or companies who assist us in supplying our services or who perform functions on our behalf, to the issuer for whom we maintain securities registers or to third parties upon direction by the issuer where related to the issuer's administration of your securityholding, or as otherwise required or authorised by law. Some of these recipients may be located outside Australia, including in the following countries: Canada, India, New Zealand, the Philippines, the United Kingdom and the United States of America. For further details, including how to access and correct your personal information, and information on our privacy complaints handling procedure, please contact our Privacy Officer at privacy@computershare.com.au or see our Privacy Policy at <http://www.computershare.com/au>.

Correct forms of registrable title(s)

Note that ONLY legal entities are allowed to hold Shares. Application Forms must be in the name(s) of a natural person(s), companies or other legal entities acceptable to **M8 Sustainable Limited**. At least one full given name and the surname is required for each natural person. Application Forms cannot be completed by persons less than 18 years of age. Examples of the correct form of registrable title are set out below.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual: use given names in full, not initials	Mr John Alfred Smith	JA Smith
Company: use the company's full title, not abbreviations	ABC Pty Ltd	ABC P/L or ABC Co
Joint Holdings: use full and complete names	Mr Peter Robert Williams & Ms Louise Susan Williams	Peter Robert & Louise S Williams
Trusts: use the trustee(s) personal name(s)	Mrs Susan Jane Smith <Sue Smith Family A/C>	Sue Smith Family Trust
Deceased Estates: use the executor(s) personal name(s)	Ms Jane Mary Smith & Mr Frank William Smith <Est John Smith A/C>	Estate of late John Smith or John Smith Deceased
Minor (a person under the age of 18): use the name of a responsible adult with an appropriate designation	Mr John Alfred Smith <Peter Smith A/C>	Master Peter Smith
Partnerships: use the partners personal names	Mr John Robert Smith & Mr Michael John Smith <John Smith and Son A/C>	John Smith and Son
Long Names	Mr John William Alexander Robertson-Smith	Mr John W A Robertson-Smith
Clubs/Unincorporated Bodies/Business Names: use office bearer(s) personal name(s)	Mr Michael Peter Smith <ABC Tennis Association A/C>	ABC Tennis Association
Superannuation Funds: use the name of the trustee of the fund	Jane Smith Pty Ltd <Super Fund A/C>	Jane Smith Pty Ltd Superannuation Fund