



## **QUARTERLY OPERATIONS REVIEW AND APPENDIX 4C**

The Directors of Integrated Green Energy Solutions Ltd (“IGE” or “the Company”) are pleased to provide Shareholders with an update on the progress being made by the Company.

### **Amsterdam Project**

Siteworks were completed on the Amsterdam project in early April, allowing piling on the site to be undertaken. Over 800 piles have been completed to support IGE’s planned waste plastics to road ready fuel facility. The site will initially process 100 tonnes per day waste plastics to fuel facility and then be expanded to 200 tonnes per day and ultimately to higher capacities as more modules are added over time. At a level of 200 tonnes per day of waste plastic processed, the site will produce 70 million litres of road ready fuels per annum at a calculated margin of \$0.30 per litre.

In addition to work on site, IGE has largely completed construction of the first two 50 tonne per day modules for the project. The modules have been constructed at the Company’s Berkeley Vale manufacturing facility and are currently estimated to arrive in Amsterdam in early November 2018 for installation.

### **China**

As announced on 18 April 2018, the Company executed a joint venture agreement with Crown World Holdings Limited, a wholly owned subsidiary of Beautiful China Holdings Company Limited (“BCH”) to construct and operate a waste plastics to road ready fuel facility in the Shandong Province of China. The facility will initially process 200 tonnes per day of waste plastics and produce 70 million litres of road ready fuels per annum with a calculated margin of \$0.30 per litre. The proposed site has existing infrastructure and sufficient space to expand the facility to process over 600 tonnes per day of waste plastic as supply and offtake activities are increased. At these higher volumes, economies of scale will result in improved margins.

BCH is a Hong Kong company listed on the Stock Exchange of Hong Kong Limited (stock code: 706) focused on eco-environmental protection business investment, construction and operations. The company is committed to becoming the leading eco-environmental protection operation and service provider in China with whole business architectures of planning and design, investment construction, operation and services in the operation fields of environmental pollution control and environmental protection facilities.

### **Key terms of the joint venture**

- IGE holding 51% of the shares on issue and Crown World Holdings Limited holding the remaining 49%;
- IGES will nominate 3 positions on the 5-member board, with one of its nominees holding the position of Chairman; and
- IGES shall also nominate the chief executive officer and the chief financial officer of the JVC.

## **Hong Kong**

On 2 July 2018 the Company announced that it had executed a joint venture agreement with Hong Kong based recycling company Hong Kong Telford Envirotech Group Limited (“**Telford**”). The purpose of the joint venture is to construct and operate a 200 tonne per day waste plastics to road ready fuel facility in Hong Kong, with an estimated production capacity of 70 million litres per annum at a margin of \$0.30 a litre.

### **Key terms of the joint venture**

- IGES will hold a 70% equity stake in the joint venture company, trading as IGE Hong Kong;
- With this IGES will control 3 seats of the 5-seat board, including the Chairman; and
- IGES will control the appointment of all key management personnel.

A site, located in Hong Kong’s EcoPark, has already been selected, with the Environmental Protection Department of Hong Kong having approved a lease for the chosen location.

## **United Kingdom**

After completing extensive due diligence, the Company advised on 18 June 2018 that it had entered into a contract to acquire a site at Humber Gate in Grimsby, United Kingdom. It is envisaged that this site will be the Company’s flagship site for the United Kingdom. It is planned to have an initial capacity of 200 tonnes per day. The purchase price is £2,550,000 pounds (plus VAT) and is conditional upon the site receiving planning and environmental approvals to the Company’s satisfaction before completion of the contract, planned for 30 November 2018.

The facility will initially process 200 tonnes per day of waste plastics to fuel and produce 70 million litres of road ready fuels per annum with a calculated margin of \$0.30 per litre. The land size is such that, significant additional capacity can utilised and the intention is to process 600 tonnes per day at the site. At these higher volumes, economies of scale will result in improved margins.

The project is already well progressed, with extensive site investigations having already been undertaken, as well as meetings with local regulators, the planning department and the UK Environmental Agency.

## **Business Development**

The Company continues to identify other territories and sites that meet our standard criteria for facility construction and operation. Territories currently being reviewed and progressing through our due diligence process include: Indonesia; Germany, Thailand, Spain and Belgium.

## **Funding**

As previously announced, the Company has access to a US\$90 million loan facility from Structured Growth Capital, Inc, a leading US based financier.

The attached quarterly cashflow report (Appendix 4C) shows a closing cash balance of \$1.3 million. Subsequent to cut-off for the June quarter cash flow report (Appendix 4C), there has also been a further \$1.8 million cash injection via a government grant received in Amsterdam and further capital raises.

All funds are being utilised progressively for the Amsterdam site construction as well as business development.

## **FOR FURTHER INFORMATION CONTACT:**

**Joshua Herbertson, Company Secretary      +61(0) 438 771 846**

## Appendix 4C

### Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

**Name of entity**

INTEGRATED GREEN ENERGY SOLUTIONS LTD

**ABN**

23 003 669 163

**Quarter ended ("current quarter")**

30 June 2018

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>	-	
1.1 Receipts from customers		
1.2 Payments for	-	
(a) research and development		
(b) product manufacturing and operating costs	-	
(c) advertising and marketing	-	
(d) leased assets	-	
(e) staff costs	-633	-1,029
(f) administration and corporate costs	-1,717	-5,167
1.3 Dividends received (see note 3)	-	
1.4 Interest received	-	12
1.5 Interest and other costs of finance paid	-46	-264
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	2,370	2,370
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>-25</b>	<b>-4,077</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-6,846	-7,392
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:	-	-
	(a) property, plant and equipment	560	560
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>-6,286</b>	<b>-6,832</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	5,100	11,547
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-146
3.5	Proceeds from borrowings	2,195	6,331
3.6	Repayment of borrowings	-404	-2,148
3.7	Transaction costs and funds held in escrow related to loans and borrowings	-1,282	-3,406
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>5,609</b>	<b>12,178</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of quarter/year to date	2,001	30
4.2	Net cash from / (used in) operating activities (item 1.9 above)	-25	-4,077
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-6,286	-6,832
4.4	Net cash from / (used in) financing activities (item 3.10 above)	5,609	12,178

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	<b>Cash and cash equivalents at end of quarter</b>	<b>1,298</b>	<b>1,298</b>

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	949	2,001
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (proceeds from sale of property)	349	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,298</b>	<b>2,001</b>

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter  
\$A'000**

242

-

Directors Fees

**7. Payments to related entities of the entity and their associates**

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter  
\$A'000**

-

-

8. <b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	3,202	3,202
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		
Unsecured loans from unrelated and related parties. Interest rate of 12% per annum.		

9. <b>Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Research and development	-
9.2 Product manufacturing and operating costs	-
9.3 Advertising and marketing	-
9.4 Leased assets	-
9.5 Staff costs	650
9.6 Administration and corporate costs	650
9.7 Other (Construction of Amsterdam Facility)	5,000
<b>9.8 Total estimated cash outflows</b>	<b>6,300</b>

10. <b>Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b>	<b>Acquisitions</b>	<b>Disposals</b>
10.1 Name of entity	-	-
10.2 Place of incorporation or registration	-	-
10.3 Consideration for acquisition or disposal	-	-
10.4 Total net assets	-	-
10.5 Nature of business	-	-

### **Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:



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(Company secretary)

Date: 31 July 2018

Print name: Joshua Herbertson

### **Notes**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.