

**Esperance Minerals Limited
ACN 009 815 605**

**Notice of 2017 Annual General Meeting
to be held on 28 November 2018**

**Explanatory Memorandum
for the Notice of Annual General Meeting**

and

Independent Expert's Report

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.
IF YOU ARE IN ANY DOUBT ABOUT THE ACTION YOU SHOULD TAKE,
PLEASE CONSULT YOUR STOCKBROKER, SOLICITOR, ACCOUNTANT
OR OTHER PROFESSIONAL ADVISER.**

**NOTICE OF THE ANNUAL GENERAL MEETING
TO BE HELD AT LEVEL 7, 99 MACQUARIE STREET, SYDNEY
AT 10.30 AM SYDNEY TIME ON 28 NOVEMBER 2018**

**TO BE VALID, FORMS OF PROXY FOR USE AT THE ANNUAL GENERAL MEETING MUST
BE COMPLETED AND RETURNED TO THE COMPANY NO LATER THAN 10.30 AM
SYDNEY TIME ON 26 NOVEMBER 2018**

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Section A - Chairman's Letter

29 October 2018

Dear Shareholder

The Directors of Esperance Minerals Limited (**Company or ESM**) have convened the 2017 Annual General Meeting of Shareholders to be held on 28 November 2018 to, among other things, obtain the approval of Shareholders for items relating to the preparation for the Company's relisting on the Australian Stock Exchange (**ASX**).

Defined terms used in but not defined in this letter are defined in the Glossary (Section B of these notice documents).

Background

The Company has been working with the principals of unlisted New Zealand company, Greenenz Group Limited (**Greenenz Group**) to complete what has proven to be a comprehensive and successful due diligence exercise on the Greenenz Technology. The Company has funded the due diligence through a series of convertible notes issues.

The Greenenz Group has developed the Greenenz Technology that efficiently recovers high concentrations of precious metals (including gold, silver, and palladium) from electronic waste (e-waste) with patented core componentry in an environmentally-friendly manner. An Independent Technology Report on the Greenenz Technology prepared by Hazcom Ltd is included in these notice documents at Section F. Furthermore, the Greenenz Group has built a portfolio of technology relationships with companies in the UK, Canada, Europe, North America and Asia with an emphasis on processing e-waste.

The Greenenz transaction has been structured to deliver an aligned, multi-jurisdictional project execution strategy that the Company believes will create long-term shareholder value. The Company, the Greenenz Group Shareholders, the Covenantors and the Greenenz Group are parties to the Umbrella Placement Agreement. This agreement provides the Company with the rights to acquire and establish Projects incorporating the Greenenz Technology for the extraction of precious metals from e-waste.

The Umbrella Placement Agreement also contains terms of the subscription by the Placement Investors for 307,366,025 Consolidated Shares at the issue price of \$0.0023 per Consolidated Share (**Placement Shares**). Of the total number of Placement Shares, the Greenenz Group Shareholders will subscribe an aggregate amount of \$580,750 for an aggregate amount of 252,500,000 Consolidated Shares constituting 82.15% of the Placement Shares and 50.87% of the issued capital of the Company on Completion (assuming the maximum subscription amount of AUD20,000,000 has been raised pursuant to the Capital Raising). The total amount of \$706,942.00 (**Placement Subscription Price**) to be subscribed by the Placement Investors for the Placement Shares will be used by the Company for working capital. In addition, the Company will undertake the Capital Raising to raise up to \$20,000,000 by the issue of

100,000,000 Consolidated Shares at \$0.20 per Consolidated Share with 25,000,000 free attaching Loyalty Options on a 1:4 basis, with a minimum raising of \$15,000,000 with 18,750,000 free attaching Loyalty Options on a 1:4 basis.

The resolutions being put to shareholders at this meeting precede the next critical stage of the transaction which will involve satisfaction of the steps required to re-complying with chapters 1 and 2 of the ASX Listing Rules.

Business of the AGM

In addition to the usual business of the Annual General Meeting, the Company seeking various Shareholder approvals necessary to change the nature and scale of the business and activities of the Company to an environmental technology business and to facilitate its re-compliance with Chapter 1 and 2 of the ASX Listing Rules, including for the:

- change of company name to E3Sixty Limited;
- Company to make a significant change to the nature and scale of its activities;
- consolidation of the Company's share capital at a ratio of one Consolidated Share for every ten Shares;
- issue of the Placement Shares to the Placement Investors;
- issue of up to 100,000,000 Shares under the Prospectus at \$0.20 per Consolidated Share to raise \$20,000,000 and 25,000,000 free attaching Loyalty Options on a 1:4 basis;
- election of Wayne Breeze as a Director with effect from Completion;
- election of Mark Riddiford as a Director with effect from Completion;
- issue of Consolidated Shares to the holders of Series A, Series B, Series E and Series F Converting Notes and on the conversion of debt ; and
- issue of Consolidated Shares to Tasman and Union Pacific Investments, each an advisor to the Company.

Notice of Annual General Meeting and accompanying documents

This letter is accompanied by a Notice of Annual General Meeting (Section C), an Explanatory Memorandum (Section D), an Independent Expert's Report (Section E) and an Independent Technology Report (Section F). The Notice of Annual General Meeting sets out the Resolutions that Shareholders are to consider. The Explanatory Memorandum explains in greater detail the background to the proposed Resolutions.

The Directors appointed the Sydney Office of Hall Chadwick as the Independent Expert to review and report on the key elements of the Umbrella Placement Agreement and the proposed issue of Placement Shares to the Greenenz Group Shareholders. Upon issue of the Placement Shares at Completion, the Greenenz Group Shareholders will hold in aggregate 252,500,000 Consolidated Shares constituting 50.87% of the issued capital of the Company (assuming the

maximum subscription amount of AUD20,000,000 has been raised pursuant to the Capital Raising). The Independent Expert has concluded that this transaction is fair and reasonable to non -associated Shareholders.

Shareholders are encouraged to read the enclosed Explanatory Memorandum and Independent Expert's Report closely in their entirety and to attend the Annual General Meeting and vote on the Resolutions. A proxy form is enclosed at Section E to enable any Shareholder who is unable to attend the Annual General Meeting to vote at the meeting.

My fellow Board members join me in recommending that you vote in favour of all Resolutions, full details of which are contained in the Notice of Annual General Meeting. I look forward to meeting with you all at the Annual General Meeting.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Alan Beasley', written over a faint, light-colored signature line.

Alan Beasley
Chairman

Section B - Glossary

1. Definitions

The following definitions are used in the Chairman's Letter, the Notice of Annual General Meeting and the Explanatory Memorandum:

Annual General Meeting	means the annual general meeting of the Company to be held on 28 November 2018 pursuant to the Notice of Annual General Meeting.
ASIC	means the Australian Securities & Investments Commission.
Associate	has the meaning given to that term in Part 1.2, Division 2 of the Corporations Act.
ASX	means ASX Limited ACN 008 624 691 or the securities exchange market operated by ASX Limited, as the context requires.
ASX Listing Rules	means the official listing rules issued and enforced by the ASX, as amended from time to time.
Australian Project	means a Project to be established in Australia in accordance with the Australian Project Transaction Documents.
Australian Project Transaction Documents	means the following documents: <ul style="list-style-type: none">(a) an agreement between the Company (as purchaser) and Lodge Cottrell for the sale of a Processing Plant to the Company and the assembly of the Processing Plant at a location in Australia to be selected by the Company and pre agreed with Lodge Cottrell;(b) an agreement between the third-party landholder (as lessor) and the Company's SPV (as lessee) for the lease of the premises at which the Processing Plant is to be situated;(c) a Greenenz Licence Agreement between either the Greenenz Group (as licensor) or Lodge Cottrell (as sub-licensor) and the Company (as licensee or sub-licensee)

in respect of the Greenenz Technology embedded in the Processing Plant;

- (d) at least one agreement between the Company and a Feedstock Supplier for the supply of Feedstock; and
- (e) at the election of the Company, a joint operating agreement with a third party (which may or may not be a Feedstock Supplier and/or the Processing Plant Supplier) for the operation of the Processing Plant.

Board or Board of Directors	means the board of Directors of the Company.
Breeze or Wayne Breeze	means Wayne Breeze of 1625 Middle Road, Hastings, New Zealand.
Breeze Services Agreement	means the services agreement between the Company (as employer) and Breeze or Breeze Solutions (as employee or services provider, as the case may be) to be entered into at or prior to Completion.
Breeze Solutions	means Breeze Solutions Limited New Zealand Company Number 3168066 of 1625 Middle Road, Hastings, New Zealand.
Business	means the business of developing the electronic waste processing business based on the Greenenz Technology.
Business Day	means a day which is not a Saturday, Sunday or public holiday in Sydney or Wellington New Zealand.
Capital Raising	means the public offering by the Company of Consolidated Shares at the Capital Raising Issue Price, to be undertaken by the Company prior to Completion to raise the minimum subscription amount of A\$15,000,000 by issuing 75,000,000 Consolidated Shares with 18,750,000 Loyalty Options on a 1:4 basis and a maximum of A\$20,000,000 by issuing 100,000,000 Consolidated Shares with 25,000,000 Loyalty Options on a 1:4 basis, as part of the Company's re-compliance with Chapters 1 and 2 of the ASX Listing Rules.
Capital Raising Issue Price	means A\$0.20 per Consolidated Share.

Chairman	means the chairman of the Company, who is currently Alan Beasley.
Company or ESM	means Esperance Minerals Limited ACN 009 815 605.
Completion	means completion of the issue and allotment of the Placement Shares on the Completion Date in accordance with the Umbrella Placement Agreement, together with the other steps required under that agreement.
Completion Date	means a date agreed between the parties, being a date no later than 5 Business Days after the date on which the last condition precedent to Completion contained in the Umbrella Placement Agreement is satisfied or waived.
Conditions Precedent	means the conditions precedent to Completion set out in the Umbrella Placement Agreement and summarised at paragraph 7.4(c) of the Explanatory Memorandum (Section D of these notice documents).
Consolidated Share	means an ordinary share in the issued capital of ESM after the Consolidation of Shares.
Consolidation of Shares	means the consolidation of the Company's existing Share capital by consolidating all of the Shares on issue into Consolidated Shares on a one for 10 ratio basis pursuant to the approval of Shareholders at the General Meeting such that every 10 Shares on issue will consolidate into one Consolidated Share.
Constitution	means the constitution of the Company, as amended from time to time.
Corporations Act	means <i>Corporations Act 2001</i> (Cth).
Covenantors	means Breeze and Riddiford.
Deed of Amendment	means the deed of amendment to the Umbrella Placement Agreement dated 24 October 2018.
Directors	means the directors of the Company.

E3Sixty Holdings	means E3Sixty Holdings Limited, a company incorporated under the laws of Hong Kong and located at 21/F, Yat Chau Building, 262 Des Voeux Road Central, Hong Kong.
End Date	means 30 April 2019.
ESM or the Company	means Esperance Minerals Limited ACN 009 815 605
Exclusivity Deed	<p>means the deed of covenant between the Company (as beneficiary) and Greenenz Group and E3Sixty Holdings (collectively as grantor), to be entered into at or prior (and subject) to Completion, pursuant to which Greenenz Group and E3sixty will grant to the Company:</p> <ul style="list-style-type: none"> (a) an exclusive licence to own and/or operate Projects (incorporating the Greenenz Technology) in Australia and New Zealand; and (b) in addition to the Initial Project Options, a non-exclusive licence to own and/or operate and/or to maintain any other form of economic or ownership interest in a Project in the rest of the world, for a minimum of 4 Projects and subject to the approval of Greenenz Group and E3sixty Holdings per Project.
Explanatory Memorandum	means the explanatory memorandum set out in Section D of this document.
Feedstock	means electronic waste containing precious metals.
Feedstock Supplier	means a supplier of Feedstock.
First Project	<p>means the Project to be established in accordance with the First Project Transaction Documents and to be located in West Bromwich, United Kingdom, comprising the:</p> <ul style="list-style-type: none"> (a) acquisition of the Processing Plant with embedded Greenenz Technology located in the United Kingdom from Lodge Cottrell; and (b) execution of all other First Project Transaction Documents so as to enable the Company to complete the

establishment, and commence the operation, of the Project on the Completion Date.

First Project Processing Plant means the Processing Plant owned by Lodge Cottrell, currently located on Lodge Cottrell's premises in Birmingham, United Kingdom.

First Project SPV means the SPV to be jointly established and owned (on a 50:50 basis) by the Company and JBR.

First Project Transaction Documents means the following documents:

- (a) an agreement between the Company (as purchaser) and Lodge Cottrell (as vendor) for the acquisition of the First Project Processing Plant by the Company;
- (b) an agreement between JBR (the First Project landlord) and the First Project SPV (as lessee) for the lease of the premises at which the First Project Processing Plant is to be situated and operated within JBR's existing emissions permit envelope;
- (c) a Greenenz Licence Agreement between either Greenenz Group (as licensor) or Lodge Cottrell (as sub-licensor) and the Company (as licensee or sub-licensee) on behalf of and for the benefit of the First Project SPV in respect of the Greenenz Technology embedded in the First Project Processing Plant;
- (d) an agreement between the First Project SPV and JBR for:
 - (i) the supply of Feedstock to First Project SPV; and
 - (ii) the refining and sale of precious metals extracted from the processed Feedstock; and
- (e) a joint operating agreement between the Company and JBR for:
 - (i) the administration of the First Project SPV;
 - (ii) the operation of the First Project Processing Plant.

Greenenz Business Model means the business model developed by Greenenz Group for the extraction and sale of precious metals extracted from Feedstock

based on the deployment of the Greenenz Technology in the extraction process, comprising:

- (a) **Feedstock:** sourcing Feedstock from Feedstock Suppliers;
- (b) **Delivery:** arranging delivery of the Feedstock to the Processing Plant site;
- (c) **Processing:** operating the Processing Plant to process the Feedstock;
- (d) **Extraction:** employing extraction techniques to extract the precious metals from the slag produced by the processing of the Feedstock;
- (e) **Stockpiling (optional):** stockpiling (as opposed to immediate sale) of (i) extracted precious materials in accordance with prevailing market circumstances; and/or (ii) residual slag or other metals.
- (f) **Sale:** sale of the extracted precious metals and other recoverable materials.

Greenenz Group Greenenz Group Limited (New Zealand company number (4781119) of Deloitte Private, Levels 11-16, 10 Brandon Street, Wellington, 6011, New Zealand.

Greenenz Group Shareholders means Breeze Solutions and Winston Developments.

Greenenz Intellectual Property Licences means all agreements under which Greenenz Group has the right to use, but not ownership of, Greenenz Intellectual Property Rights used in connection with the Greenenz Technology.

Greenenz Intellectual Property Rights means, in the USA, the United Kingdom, Australia and throughout the world and for the duration of the rights granted pursuant to the Exclusivity Deed and any other agreement entered into by the Company and the Greenenz Group:

- (a) the Patent Application; and
- (b) any of the following:
 - (i) copyrights, registered or unregistered trademarks or service marks, trade names, brand names, indications of source or appellations of origin, eligible layout rights, registered designs and

commercial names and designations including licenses as they relate thereto;

- (ii) an invention, discovery, trade secret, know-how, computer software and confidential, scientific, technical and product information including licenses as they relate thereto;
- (iii) other rights resulting from intellectual activity in the industrial, scientific, literary and artistic fields whether industrial, commercial, agricultural or extractive and whether dealing with manufactured or natural products; and
- (iv) letters patent, deed of grant, certificate or document of title for any thing referred to in sub-paragraphs (i), (ii) or (iii) of this definition and any medium in which any thing referred to in those paragraphs is stored or embodied,

owned by or registered or the subject of an application for registration for the benefit of Greenenz Group in respect of the Greenenz Technology

Greenenz Licence Agreement	means in respect of each Processing Plant acquired by the Company, an all-of-life user licence for use of Greenenz Technology embedded in that Processing Plant.
Greenenz Technology	means the gasification and pyrolysis technology developed by Greenenz Group, incorporating the Greenenz Intellectual Property Rights (including the Patent Application), that efficiently recovers high concentrations of precious metals (including gold, silver and palladium) from electronic waste with core software and hardware components embedded in a Processing Plant that operates in an environmentally-friendly manner.
Greenenz Warranties	means the representations and warranties given jointly and severally by the Greenenz Group Shareholders and the Covenantors to and for the benefit of the Company contained in the Umbrella Placement Agreement.
Independent Expert	means the Sydney Office of Hall Chadwick.
Independent Expert's Report	means the report prepared by the Independent Expert set out in Section E of this document.

Independent Technology Expert	means Hazcom Ltd (Number: 9429046649225), a company incorporated and operating in New Zealand.
Independent Technology Report	means the report prepared by the Independent Technology Expert and set out in Section F of these notice documents.
Initial Project Options	means the options to establish four Projects in addition to the First Project and the Australian Project.
JBR	JBR Recovery Ltd (www.jbr.co.uk), a company incorporated and operating in the United Kingdom and with its headquarters in West Bromwich;
KC Green	KC Green Holdings, Ltd (kcgreenholdings.com), a global leader in Green Environmental business headquartered in Seoul, Korea;
Lodge Cottrell	Lodge Cottrell Ltd (www.lodgecottrell.co.uk), a company incorporated and operating in the United Kingdom, with its headquarters in Birmingham, United Kingdom and a wholly-owned subsidiary of KC Green.
Loyalty Option	<p>means an Option to acquire a Consolidated Share with an exercise price of \$0.25 per Consolidated Share and with the following conditions:</p> <ul style="list-style-type: none"> (a) issued for nil consideration; (b) expires three years from the date of vesting; (c) is non-transferrable prior to the date of vesting; (d) vesting is subject to the condition that the Loyalty Option holder holds Shares on the date that is three months following the commencement of trading of the Company's Shares on the ASX (Vesting Date); (e) the Company will seek to have the Loyalty Options quoted on the ASX from the Vesting Date; (f) is freely transferrable from the Vesting Date;

- (g) the number of Loyalty Options to vest in an applicant for Consolidated Shares under the Capital Raising (**Applicant**) will be the lesser of:
 - (i) the number of Loyalty Options held by the Applicant on the Vesting Date; and
 - (ii) the number of Shares held by the Applicant on the Vesting Date divided by 4,

and **Loyalty Options** means any two or more of them.

Material Adverse Change

- (a) means any change, effect, event, circumstance, occurrence or state of facts that has had, or in the Company's reasonable opinion is likely to have, a material adverse effect on the
 - (b) First Project;
 - (c) Australian Project
 - (d) Greenenz Technology;
 - (e) Greenenz Intellectual Property; or
 - (f) Greenenz Intellectual Property Licenses.
- (g) and also includes any change, effect, event, circumstance, occurrence or state of facts that has had, or in the Covenantor's reasonable opinion is likely to have, a material adverse effect on the Company's ability to execute
- (h) Completion; and
- (i) the Capital Raising.

Notice of Annual General Meeting or Notice

means the notice of Annual General Meeting set out in Section C of these notice documents.

Official Quotation and Officially Quoted

means officially quoted on the ASX.

Option

means an option to acquire:

- (a) prior to the Consolidation of Shares, a Share; and

(b) after the Consolidation of Shares, a Consolidated Share.

Patent Application means the patent application filed on behalf of the Covenantors with the US Patents and Trademark Office, US Department of Commerce on 30 August 2017 under Patent Attorney Docket Number: 117493.00001 entitled "Waste Processing System".

Placement Shares means 307,366,025 Consolidated Shares at an issue price of A\$0.0023 per Consolidated Share to be issued to the Placement Investors in accordance with Resolutions 7 and 8 of the Notice of Meeting as follows:

Placement Subscriber	No. of Placement Shares
Third Party Placement Investors	54,866,025
Greenenz Group Shareholders (Resolution 7)	
Breeze Solutions	126,250,000
Winston Developments	126,250,000

Placement Investors means the Greenenz Group Shareholders and the Third Party Placement Investors.

Placement Subscription Price means the aggregate subscription price of A\$706,942 payable by the Placement Investors as follows:

Placement Subscriber	Placement Consideration
Third Party Placement Investors (Resolution 8)	\$126,192
Greenenz Group Shareholders (Resolution 7)	

Breeze Solutions	\$290,375
Winston Developments	\$290,375

- Plant and Equipment** means all plant, equipment (including computer equipment), motor vehicles, machinery, furniture, fixtures and fittings.
- Processing Plant** means Plant and Equipment incorporating 2 primary chambers with embedded Greenenz Technology for the processing of up to ten tonnes of Feedstock to enable the extraction and recovery of precious metals from that Feedstock.
- Processing Plant Supplier** means per Project, the engineering procurement and construction service provider and/or the duly licensed manufacturer of the Greenenz Technology or other technology embodied in a Processing Plant, or any other supplier of Plant and Equipment suitable to both Greenenz Group and the Company.
- Project** means a project comprising one Processing Plant and the operation of that Processing Plant in accordance with the Greenenz Business Model and Project Transaction Documents.
- Project Plan** means a project plan for the execution of a Project, including but not limited to the First Project, the Australian Project and the Initial Project Options.
- Project Transaction Documents** means, in respect of a particular Project, the following documents to the satisfaction of the Company:
- (c) an agreement between the Company or the Company's SPV (as purchaser) and the Processing Plant Supplier(s) for the manufacture, supply installation and commissioning of the Processing Plant;
 - (d) an agreement between the third-party landholder (as lessor) and the Company (as lessee) for the lease of the premises at which the Processing Plant is situated;
 - (e) a Greenenz Licence Agreement between either the Processing Plant Supplier or Greenenz Group (as licensor) and the Company (as licensee) in respect of the Greenenz Technology embedded in the Processing Plant;

- (f) at least one agreement between the Company and a Feedstock Supplier; and
- (g) at the election of the Company, a joint operating agreement with a third party (which may or may not be a Feedstock Supplier and/or Processing Plant Supplier) for the operation of the Processing Plant.

Prospectus means the prospectus to be issued by the Company to conduct the Capital Raising.

Resolution means a resolution passed by the requisite majority of Shareholders of the Company on a show of hands or by the requisite majority of votes given on a poll.

Restricted Securities means securities of the Company that:

- (a) are subject to escrow restrictions as determined in accordance with Appendix 9B of the ASX Listing Rules; or
- (b) in the opinion of the ASX, should be treated as restricted securities.

Riddiford and Mark Riddiford means Mark Riddiford of 71 No.1 Line, RD1, Featherston, New Zealand

Riddiford Services Agreement means the services agreement between the Company (as employer) and Riddiford or Winston Developments (as employee or services provider, as the case may be) to be entered into at or prior to Completion.

Share means a fully paid ordinary share in the issued capital of the Company prior to the Consolidation of Shares and **Shares** means any two or more of them.

Shareholder means a holder of a Share or a Consolidated Share (as the case may be).

SPV means a special purpose vehicle, typically in the form of a proprietary company.

Subsidiary	has the meaning ascribed to that term in section 46 of the Corporations Act.
Tasman	means Tasman Pacific Investments Limited of 106 McCormacks Bay Rd, Christchurch 8081 New Zealand.
Third Party Placement Investors	means institutional or sophisticated investors, being persons who, because of one or more of sections 708(8), 708(10), 708(11) and 708(12) of the Corporations Act, may subscribe for Placement Shares without receiving a disclosure document issued by the Company in accordance with Part 6D.2 of the Corporations Act.
Umbrella Placement Agreement	means the agreement, as amended by the Deed of Amendment, between the Company (as issuer), the Greenenz Group Shareholders, the Covenantors and Greenenz Group pursuant to which the Company has agreed, subject to satisfaction or waiver of the Conditions Precedent, to issue the Placement Shares to the Placement Investors in consideration for the payment by the Placement Investors of the Placement Subscription Price.
Union Pacific Investments	means Union Pacific Investments Pty Limited ACN 079 632 723, a company incorporated in Australia and having its registered office at Level 2, 131 Macquarie Street, Sydney, New South Wales, Australia
Winston Developments	means Winston Developments Limited New Zealand Company Number 1029149, c/- Deloitte Private, Levels 11-16, 10 Brandon St, Wellington, 6011, New Zealand

2. Interpretation

For the purposes of interpreting the Chairman's Letter, the Explanatory Memorandum and the Notice of Annual General Meeting:

- (a) the singular includes the plural and vice versa;
- (b) words importing any gender include both genders;
- (c) reference to any statute, ordinance, regulation, rule or other law includes all regulations and other instruments and all consolidations, amendments, re-enactments or replacements for the time being in force;
- (d) all headings, bold typing and italics (if any) have been inserted for convenience of reference only and do not define limit or affect the meaning or interpretation

of the Chairman's Letter, the Explanatory Memorandum and the Notice of Annual General Meeting;

- (e) reference to persons includes bodies corporate and government authorities and in each and every case, includes a reference to the person's executors, administrators, successors, substitutes (including without limitation persons taking by novation and assignment); and
- (f) reference to **\$, AUD, Australian Dollars** or **dollars** is a reference to the lawful tender for the time being and from time to time of the Commonwealth of Australia.

Section C - Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Shareholders of Esperance Minerals Limited ACN 009 815 605 (**ESM** or the **Company**) will be held at Level 7 99 Macquarie Street Sydney on 28 November 2018 at 10.30 am (Sydney time).

Defined terms used in this Notice of Annual General Meeting have the meanings given to them in the Glossary accompanying this Notice of Annual General Meeting.

1. Ordinary business

1.1 Annual Report

To table and consider the Annual Report of the Company which includes the Financial Report, Directors' Report and Auditor's Report for the period ended 30 June 2017.

Note: The Financial Report, Directors' Report and Auditor's Report for the Company for the year ended 30 June 2017 will be laid before the meeting. There is no requirement for Shareholders to approve those reports. Shareholders will be given an opportunity to raise questions of the Directors and the Company's auditor on the Financial Report and Auditor's Report at the Annual General Meeting.

1.2 Resolution 1: Adoption of the Remuneration Report

To consider and, if thought fit, to pass the following Resolution as an **advisory only resolution**:

That, the Remuneration Report for the year ended 30 June 2017 which is attached to the Financial Report as required under section 300A of the Corporations Act 2001 (Cth), be adopted by the Company.

Note: The Remuneration Report is set out in the Directors' Report, specifically on pages 14 and 15 of, and Note 15 to, the Annual Report. In accordance with section 250R(3) of the Corporations Act, the votes cast in respect of this Resolution are advisory only and do not bind the Company.

1.3 Resolution 2: Election of Mr Anthony Karam as a Director of the Company

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

That Mr Anthony Karam, having retired from his office as a Director in accordance with Rule 6.1(e) of the Constitution and, being eligible, having offered himself for election, be elected as a Director of the Company.

1.4 **Resolution 3: Re-election of Mr Alan Preston Beasley as a Director of the Company**

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

That Mr Alan Preston Beasley, having retired from his office as a Director in accordance with Rule 6.1(h) of the Constitution and, being eligible, having offered himself for re-election, be re-elected as a Director of the Company.

2. Special business

2.1 **Resolution 4: Change of Company Name to “E3Sixty Limited”**

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as a **special resolution**:

*That, in accordance with Section 157 of the Corporations Act 2001 (Cth), the Company adopts the new name "**E3Sixty Limited**" and shareholders approve the Company changing its name to "**E3Sixty Limited**" with the effect from the day on which the Australian Securities and Investments Commission alters the details of the Company's registration.*

2.2 **Resolution 5: Significant change to activities**

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

That, conditional on Resolutions 6, 7, 8 and 9 being passed in accordance with their terms and Completion occurring, in accordance with ASX Listing Rules 11.1.2 and 11.1.3, the Company be permitted to make a significant change to both the nature and scale of its activities by entering into and performing its obligations in accordance with the provisions of the Umbrella Placement Agreement, as described in paragraph 7 of the Explanatory Memorandum (Section D).

2.3 **Resolution 6: Consolidation of Company's issued capital**

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

That, conditional on Resolutions 5, 7, 8 and 9 being passed in accordance with their terms and Completion occurring, in accordance with section 254(H)(1) of the Corporations Act, the issued capital of the Company be consolidated into Consolidated Shares on the basis of the ratio of one Consolidated Share for every ten Shares and to deal with

fractional entitlements arising from the Consolidation of Shares in accordance with paragraph 8 of the Explanatory Memorandum.

2.4 **Resolution 7: Issue of Placement Shares to the Greenenz Group Shareholders**

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

That, conditional on Resolutions 5, 6, 8 and 9 being passed in accordance with their terms and Completion occurring, in accordance with ASX Listing Rule 7.1 and section 611, item 7 of the Corporations Act, the Company be permitted and authorised to issue to the Greenenz Group Shareholders 252,500,000 Placement Shares in accordance with the Umbrella Placement Agreement, as described in paragraph 9 of the Explanatory Memorandum (Section D).

2.5 **Resolution 8: Issue of Placement Shares to the Third Party Placement Investors**

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

That, conditional on Resolutions 5, 6, 7 and 9 being passed in accordance with their terms and Completion occurring, in accordance with ASX Listing Rule 7.1, the Company be permitted and authorised to issue to the Third Party Placement Investors 54,866,025 Placement Shares in accordance with the Umbrella Placement Agreement, as described in paragraph 10 of the Explanatory Memorandum (Section D).

2.6 **Resolution 9: Issue of Consolidated Shares pursuant to the Prospectus**

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

That, conditional on Resolutions 5, 6, 7 and 8 being passed in accordance with their respective terms and Completion occurring, in accordance with ASX Listing Rule 7.1, the Company be permitted and authorised to issue up to 100,000,000 Consolidated Shares with 25,000,000 free attaching Loyalty Options on a 1:4 basis pursuant to the Prospectus at a subscription price of \$0.20 per Consolidated Share to raise the maximum amount of \$20,000,000, as described in paragraph 11 of the Explanatory Memorandum (Section D).

2.7 **Resolution 10: Election of Mr Wayne Breeze as a Director of the Company**

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

That, conditional on Resolutions 5, 6, 7 and 8 being passed, Mr Wayne Breeze be elected as a Director of the Company in accordance with Rules 6.1(c) and 6.1(j)(ii) of the Constitution.

2.8 **Resolution 11: Election of Mr Mark Riddiford as a Director of the Company**

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

That, conditional on Resolutions 5, 6, 7 and 8 being passed, Mr Mark Riddiford be elected as a Director of the Company in accordance with Rules 6.1(c) and 6.1(j)(ii) of the Constitution.

2.9 **Resolution 12: Issue of Consolidation Shares on conversion of Series A and Series B converting notes**

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

That, conditional on Resolutions 5, 6, 7 and 8 being passed, the Company be permitted and authorised to issue 2,190,156 Consolidated Shares to the holders of the Series A and Series B Notes on the conversion of those notes on the terms described in paragraph 14 of the Explanatory Memorandum (Section D).

2.10 **Resolution 13: Issue of Consolidated Shares on conversion of Series E converting notes**

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

That, conditional on Resolutions 5, 6, 7 and 8 being passed, the Company be permitted and authorised to issue 22,820,000 Consolidated Shares to the holders of the Series E Notes on the conversion of those notes on the terms described in paragraph 15 of the Explanatory Memorandum (Section D).

2.11 **Resolution 14: Issue of Consolidated Shares on conversion of Series F converting notes**

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

That, conditional on Resolutions 5, 6, 7 and 8 being passed, the Company be permitted and authorised to issue 20,000,000 Consolidated Shares to the holders of the Series F Notes on the conversion of those notes on the terms described in paragraph 16 of the Explanatory Memorandum (Section D).

2.12 **Resolution 15: Issue of Consolidated Shares to Tasman**

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

That the Company issue 10,000,000 Consolidated Shares to Tasman for services provided to the Company, as described in paragraph 17 of the Explanatory Memorandum (Section D).

2.13 **Resolution 16: Issue of Consolidated Shares to Union Pacific Investments**

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

That the Company be permitted and authorised to issue 10,000,000 Consolidated Shares to Union Pacific Investments for services provided to the Company, as described in paragraph 18 of the Explanatory Memorandum (Section D).

3. Voting exclusion statements

3.1 **Resolution 5**

In accordance with the notice requirements of ASX Listing Rule 11.1.2 for approval under ASX Listing Rule 11.1.3, and ASX Listing Rule 14.11.1, the Company will disregard any votes cast on Resolution 5 by:

- (a) the Placement Investors; and
- (b) any Associate of that person.

However, the Company will not disregard a vote if:

- (c) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or

- (d) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

3.2 **Resolution 7**

In accordance with the notice requirements of ASX Listing Rule 7.3.8 for approval under ASX Listing Rule 7.1, and ASX Listing Rule 14.11.1, and in accordance with the notice requirements of section 611, item 7 of the Corporations Act, the Company will disregard any votes cast on Resolution 7 by:

- (a) Breeze Solutions, as a person proposing to make the acquisition of Placement Shares and its Associates including Wayne Breeze;
- (b) Winston Developments, as a person proposing to make the acquisition of Placement Shares and its Associates including Mark Riddiford;
- (c) a person who might obtain a benefit, except a benefit solely in the capacity of a Shareholder, if the Resolution is passed; and
- (d) any Associate of that person.

However, the Company will not disregard a vote if:

- (e) it is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and
- (f) it is not cast on behalf of a related party or an associate of a kind referred to in paragraphs (a) through (d) above.

3.3 **Resolution 8**

In accordance with the notice requirements of ASX Listing Rule 7.3.8 for approval under ASX Listing Rule 7.1, and ASX Listing Rule 14.11.1, the Company will disregard any votes cast on Resolution 8 by:

- (a) the Third Party Placement Investors;
- (b) a person who might obtain a benefit, except a benefit solely in the capacity of a Shareholder, if the Resolution is passed; and
- (c) any Associate of that person.

However, the Company will not disregard a vote if:

- (d) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (e) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

3.4 **Resolution 9**

In accordance with the notice requirements of ASX Listing Rule 7.3.8 for approval under ASX Listing Rule 7.1, and ASX Listing Rule 14.11.1, the Company will disregard any votes cast on Resolution 9 by:

- (a) a person who may participate in the proposed Capital Raising;
- (b) a person who might obtain a benefit, except a benefit solely in the capacity of a Shareholder, if the Resolution is passed; and
- (c) any Associate of that person.

However, the Company will not disregard a vote if:

- (d) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (e) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

3.5 **Resolution 12**

In accordance with the notice requirements of ASX Listing Rule 7.3.8 for approval under ASX Listing Rule 7.1, and ASX Listing Rule 14.11.1, the Company will disregard any votes cast on Resolution 12 by:

- (a) a person who is the holder of Series A Notes and Series B Notes;
- (b) a person who might obtain a benefit, except a benefit solely in the capacity of a Shareholder, if the Resolution is passed; and
- (c) any Associate of that person.

However, the Company will not disregard a vote if:

- (d) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (e) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

3.6 **Resolution 13**

In accordance with the notice requirements of ASX Listing Rule 7.3.8 for approval under ASX Listing Rule 7.1, and ASX Listing Rule 14.11.1, the Company will disregard any votes cast on Resolution 13 by:

- (a) a person who is the holder of Series E Notes;

- (b) a person who might obtain a benefit, except a benefit solely in the capacity of a Shareholder, if the Resolution is passed; and
- (c) any Associate of that person.

However, the Company will not disregard a vote if:

- (d) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (e) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

3.7 **Resolution 14**

In accordance with the notice requirements of ASX Listing Rule 7.3.8 for approval under ASX Listing Rule 7.1, and ASX Listing Rule 14.11.1, the Company will disregard any votes cast on Resolution 14 by:

- (a) a person who is the holder of Series F Notes;
- (b) a person who might obtain a benefit, except a benefit solely in the capacity of a Shareholder, if the Resolution is passed; and
- (c) any Associate of that person.

However, the Company will not disregard a vote if:

- (d) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (e) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

3.8 **Resolution 15**

In accordance with the notice requirements of ASX Listing Rule 7.3.8 for approval under ASX Listing Rule 7.1, and ASX Listing Rule 14.11.1, the Company will disregard any votes cast on Resolution 15 by:

- (a) Tasman;
- (b) a person who might obtain a benefit, except a benefit solely in the capacity of a Shareholder, if the Resolution is passed; and
- (c) any Associate of that person.

However, the Company will not disregard a vote if:

- (d) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (e) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

3.9 Resolution 16

In accordance with the notice requirements of ASX Listing Rule 7.3.8 for approval under ASX Listing Rule 7.1, and ASX Listing Rule 14.11.1, the Company will disregard any votes cast on Resolution 16 by:

- (a) Union Pacific Investments;
- (b) a person who might obtain a benefit, except a benefit solely in the capacity of a Shareholder, if the Resolution is passed; and
- (c) any Associate of that person.

However, the Company will not disregard a vote if:

- (d) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (e) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

4. Determination of membership and voting entitlement

For the purpose of determining a person's entitlement to vote at the Annual General Meeting, a person will be recognised as a member of the Company and the holder of Shares if that person is registered as a holder of those Shares at 5:00 pm Sydney time on 26 November 2018, being the second Business Day prior to the date of the Annual General Meeting.

5. Votes of members

On a show of hands, each member present in person or by proxy (or, in the case of a body corporate, by a representative) at the Annual General Meeting and entitled to vote shall have one vote.

On a poll, every member present in person or by attorney or by proxy (or, in the case of a body corporate, by a representative) and entitled to vote shall have one vote for each Share held by him, her or it, provided that all Shares are fully paid.

6. Proxies

Please note that:

- (a) a member entitled to attend and vote at the Annual General Meeting is entitled to appoint no more than two proxies;
- (b) an instrument appointing a proxy must be in the form of the proxy form attached to this Notice of Annual General Meeting;
- (c) where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the member's voting rights. If a member appoints two proxies, neither person may vote on a show of hands and on a poll, each person may only exercise the voting rights for the portion of votes the person holds;
- (d) a proxy may be a member of the Company;
- (e) a proxy need not be a member of the Company;
- (f) a proxy form may specify the manner in which the proxy is to vote in respect of a particular Resolution and, where a proxy form so provides, the proxy is not entitled to vote on the Resolution except as specified in the proxy form;
- (g) a proxy has the authority to vote on the member's behalf as he or she thinks fit, on any motion to adjourn the Annual General Meeting, or any other procedural motion, unless the member gives a direction to the contrary;
- (h) a valid proxy form will be deemed to confer authority to demand or join in demanding a poll;
- (i) to be valid, a proxy form must be signed by the member or the member's attorney or, if the member is a corporation, executed in accordance with the corporation's constitution and the Corporations Act (and may be signed on behalf of the corporation by its attorney); and
- (j) to be valid, a proxy form and the power of attorney or other authority (if any) under which it is signed (or an attested copy of it) must be received by no later than 10.30 am on 26 November 2018:

by the Company:

- in person: Esperance Minerals Limited
Level 7, 99 Macquarie Street
SYDNEY NSW 2000
Australia

or - by mail Esperance Minerals Limited
PO Box R305

ROYAL EXCHANGE NSW 1225
Australia

by the Company's share registry: Security Transfer Registrars Pty Ltd

in person or by
mail: 770 Canning Highway
Applecross WA 6153

or by facsimile: +61 (0)8 9315 2233

by phone: 1300 992 916

By order of the Board:



John Rawicki

Company Secretary

Dated: 29 October 2018
Sydney

Section D - Explanatory Memorandum

1. Introduction

This Explanatory Memorandum contains the information needed for ESM's Shareholders to assess Resolutions 1 through 15 to be put to them at the Annual General Meeting of ESM on 28 November 2018. A Notice of Annual General Meeting accompanies this document.

This Explanatory Memorandum, as well as the Notice of Annual General Meeting, should be read carefully and in their entirety.

2. Annual Report

The Annual Report of the Company for the year ended 30 June 2017 will be laid before the meeting.

There is no requirement for Shareholders to approve the Annual Report. Shareholders will be given an opportunity to:

- (a) raise questions to the Directors or make comment on the management of the Company; and
- (b) ask the Company's auditor questions about the conduct of the audit and the preparation and content of the Auditor's Report.

3. Resolution 1 – Adoption of Remuneration Report

Resolution 1 is proposed for the adoption of the Remuneration Report contained in the Directors' Report referred to in the first item of the agenda set out in the Notice. Under the Corporations Act, the Company is required to present its Remuneration Report to Shareholders for adoption at its Annual General Meeting. The Remuneration Report of the Company for the financial year ended 30 June 2017 is set out in the Directors' Report, specifically on pages 14 and 15 of, and Note 15 to, the Annual Report.

The Annual Report may be accessed on the ASX company announcements platform using the ASX code: ESM. Shareholders will be given a reasonable opportunity to raise questions of the Directors and make comments on the Remuneration Report prior to the Resolution being put to Shareholders. The Resolution to adopt the Remuneration Report is a non-binding Resolution on the Company and its Directors.

However, if at least 25% of the votes cast are against the adoption of the Remuneration Report, the Company's next Remuneration Report must explain the Board's proposed action in response or explain why no action has been taken.

In the following year, if at least 25% of the votes cast on the resolution that the Remuneration Report be adopted are against adoption, Shareholders will then vote to determine whether the Directors will need to stand for re-election. If more than 50% of the votes cast on the resolution are in favour, a separate re-election meeting must be held within 90 days.

The Board recommends that Shareholders vote in favour of adopting the Remuneration Report.

4. Resolution 2 - Election of Anthony Karam

Anthony Karam was appointed as a Director on 7 February 2018 in accordance with Rule 6.1(d) of the Constitution.

Under Rule 6.1(d) of the Constitution, the Directors may appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed only holds office until the next annual general meeting and must then retire from office in accordance with Rule 6.1(e). Rule 6.1(h) of the Constitution provides that a retiring Director is eligible for election.

In accordance with the Constitution, Anthony Karam will retire and seek election at the Annual General Meeting.

A brief summary of Anthony Karam's qualifications and experience is set out below:

Mr Karam has previously been a managing director of an ASX listed mining company for over 5 years with projects in Australia and overseas. Mr Karam is a solicitor of the Supreme Court of New South Wales and has worked as a lawyer in the corporate and commercial spheres for the over 20 years. He has been instrumental in identifying, negotiating terms and documenting several significant commercial transactions. Anthony's services as a corporate management consultant have been utilised by several Public companies. He is a member of the Institute of Company Directors, and Institute of Chartered Secretaries & Administrators (ICSA). Mr Karam has a LLB/B.Com (Fin) from the University of New South Wales.

Anthony Karam was a former director of ASX listed entity Chameleon Mining Ltd (2009 - Feb 2012), a former company secretary of ASX listed Panorama Synergy Ltd (2012-Oct 2015) and is a current director of Cassius Mining Ltd (Oct 2014 – current).

5. Resolution 3 - Re-election of Alan Beasley

Alan Beasley was appointed as a Director on 15 July 2016.

Under Rules 6.1(f)(i) and 6.1(g) of the Constitution, one third of the Directors (except for the Managing Director) must retire from office at each annual general meeting. Rule 6.1(h) of the Constitution further provides that a retiring Director is eligible for election.

In accordance with the Constitution, Alan Beasley will retire and seek election at the Annual General Meeting.

A brief summary of Alan Beasley's qualifications and experience is set out below:

Alan Beasley has worked in the investment banking and investment management industries for over 30 years, with Bankers Trust Australia, Goldman Sachs and BNP Paribas. Alan is a director and former director of listed and unlisted public and private companies including two public charities. He is currently managing director on Hudson Investment Group Ltd (ASX:HGL), Hudson Pacific Group Ltd and AB Capital.

Alan graduated with a Bachelor of Economics (UNE) and completed an Advanced Management Program in International Investment Management from Hoover Graduate Business School, Stanford University, USA.

6. Resolution 4 - Change of Company Name to “E3Sixty Limited”

Resolution 4 seeks Shareholder approval to change the name of the Company to from Esperance Minerals Limited to **E3Sixty Limited**.

The adoption of the new name under Resolution 4 is to be approved by Shareholders under section 157(1) of the Corporations Act. Resolution 4 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

The Company proposes to change its name to **E3Sixty Limited** to more accurately reflect its proposed activities. The Company, the Greenenz Group Shareholders, the Covenantors and the Greenenz Group are parties to the Umbrella Placement Agreement. This agreement provides the Company with the rights to acquire and establish Projects incorporating the Greenenz Technology for the extraction of precious metals from e-waste. Full details of the Umbrella Placement Agreement, the Capital Raising are set out in paragraph 7 (Resolution 5: Significant Change to Activities) and paragraph 9 (Resolution 7: Issue of the Placement Shares to the Greenenz Group Shareholders),

The change of name of the Company will take effect on the day that ASIC approves the change of name.

Each of the Directors recommends that Shareholders vote in favour of Resolution 4.

7. Resolution 5 – Significant change to activities

7.1 Background

In December 2016, the Company announced its entry into a binding heads of agreement (**Heads of Agreement**) with the shareholders of unlisted New Zealand company, Greenenz Group Limited (**Greenenz Group**).

Greenenz Group has developed the Greenenz Technology, a gasification technology and process known as batch rotary gasifier (**BRG**) technology, that efficiently recovers high concentrations of precious metals (including gold, silver, and palladium) from electronic waste (e-waste) with patented core componentry in an environmentally-friendly manner. The technology involves the thermal treatment (pyrolysis in the primary chamber and heating chamber of the Processing Plant and combustion in the secondary chamber) of e-waste to produce a valuable solid residue (concentrate) containing precious metals. The process also generates heat which can be utilised as an energy source. Precious metals can be recovered from the concentrate by traditional extraction methods, either smelting or hydrometallurgy. A full description and assessment of the Greenenz Technology is contained in the Independent Technology Report (Section F of these notice documents).

The Greenenz Group has also built a portfolio of technology relationships with companies in the UK, Canada, Europe, United States of America and Asia with an emphasis on processing e-waste. The Heads of Agreement was subject to a due diligence review of the Greenenz Technology by the Company.

Between late 2016 and early 2017, the Company raised \$652,000 which was used predominately to undertake the due diligence on the Greenenz Technology. On 31 May 2017, the Company announced that it was continuing a comprehensive due diligence commercial-scale trial of the Greenenz Technology. The initial small scale due diligence trial was successfully completed, and results were provided to the Company in August 2017.

New transaction structure

Discussions between the parties, taking into consideration the Company's evaluation of the due diligence exercise and material improvements in the commercial and technical nature of the Greenenz Technology, resulted in a reassessment of the proposed execution strategy. The parties renegotiated the terms of the proposed transaction to better reflect its value and ensure the relisted entity would be positioned to maximise shareholder returns via a more 'project specific' focussed strategy.

The Company, the Greenenz Group Shareholders, the Covenantors and Greenenz Group subsequently entered into the Umbrella Placement Agreement (as amended by the Deed of Amendment) which encapsulates the revised structure of the transaction comprising two principal, interdependent components:

- a private placement to the Greenenz Group Shareholders, the controlling shareholders of Greenenz Group, that will result in the Greenenz Group acquiring a controlling stake in the Company; and
- pursuant to the Exclusivity Agreement, the grant by Greenenz Group and its related body corporate E3S Holdings to the Company of an exclusive licence for the use of the Greenenz Technology enabling the Company to:
 - acquire the First Project Processing Plant located in the United Kingdom from Lodge Cottrell and obtain executed copies of the other First Project Transaction Documents for the establishment and operation of the First Project;

- obtain executed copies of the Australian Project Transaction Documents for the establishment of the Australian Project; and
- obtain executed copies of the Initial Project Options for the establishment of up to an additional four Projects.

Thus, Completion of the Umbrella Placement Agreement has been made subject to, amongst other things:

- completion of the issue of the Placement Shares to the Placement Investors;
- execution of the Exclusivity Agreement;
- completion of the acquisition Processing Plant located in the United Kingdom from Lodge Cottrell as part of the establishment and operation of the First Project;
- execution of all other First Project Transaction Documents;
- execution of the Australian Project Transaction Documents in respect of the establishment of the Australian Project (including a purchase order for the acquisition of a new Processing Plant);
- execution of the Initial Project Options agreements for the establishment of four additional Projects; and
- the Company's re-compliance with Chapters 1 and 2 of the ASX Listing Rules.

Further information regarding the Umbrella Placement Agreement can be found in section 7.4 below.

The First Project Processing Plant

During 2018, the Company raised an additional \$1,000,000 to fund the next stage of the due diligence process. In April 2018 representatives of ESM, together with engineers from Lodge Cottrell Ltd (**Lodge Cottrell**), an independent engineering and design specialist company located in Birmingham in the United Kingdom (www.lodgecottrell.co.uk; www.kc-cottrell.com), travelled to Salt Lake City, Utah, to meet on site with, the fabricators of the pilot First Project Processing Plant to conduct the final stage due diligence on that Processing Plant.

Lodge Cottrell is the world's oldest and leading specialist in air pollution control with operations all over the world. It is a subsidiary of KC Green Holdings Co., Ltd (kcgreenholdings.com), a large engineering conglomerate and a global leader in Green Environmental business listed in South Korea.

The comprehensive due diligence commercial-scale test of the pilot First Project Processing Plant was completed to the Company's satisfaction in Utah in April and May 2018. Subsequently, Lodge Cottrell acquired the pilot First Project Processing Plant. Lodge Cottrell then disassembled and transported the Processing Plant to the United Kingdom where it was re-assembled at Lodge Cottrell's headquarters in Birmingham. Greenenz Group has granted Lodge Cottrell a licence to use the Greenenz Technology imbedded in the First Project Processing Plant.

Greenenz Group has also engaged Lodge Cottrell to conduct further testing and commercial trials of the pilot First Project Processing Plant on-site in Birmingham, United Kingdom, as part of an on-going upgrade of Greenenz's BRG technology. This work by Lodge Cottrell includes developing a world highest standard air emissions treatment system that will form part of each Processing Plant. The emissions treatment system will be fully compliant with the most stringent global emission standards identified for waste incineration processes, being:

- **United States emissions standards:**
 - USA 40 CFR (Protection of Environment) Parts 60 & 62; and
 - Maximum Achievable Control Technology (MACT) standards; and
- **European emissions standards:** Industrial Emissions Directive (IED) and EU 2006WID.

Lodge Cottrell is also conducting a series of commercial trials on the pilot First Project Processing Plant. By Completion, the pilot First Project Processing Plant will be ready to commence commercial operations.

The Company's adoption of the Greenenz Business Model

The Greenenz Business Model is analogous to that of a traditional mining company but set in an urban context. The Greenenz Business Model is based on the deployment of Greenenz Technology in Processing Plants. The Greenenz Technology comprises gasification and pyrolysis technology developed by Greenenz Group, incorporating the Greenenz Intellectual Property Rights (including the Patent Application), that efficiently recovers high concentrations of precious metals (including gold, silver and palladium) from electronic waste with core software and hardware components embedded in a Processing Plant that operates in an environmentally-friendly manner.

Establishment and operation of Projects pursuant to the Exclusivity Agreement

The Company is proposing to adopt and commercialise the Greenenz Business Model by establishing and operating Projects in accordance with the Exclusivity Agreement. It is a condition precedent to Completion (of the Umbrella Placement Agreement) that E3Sixty Holdings and Greenenz Group (as grantors) and the Company have entered into the Exclusivity Agreement. Pursuant to the Exclusivity Agreement, E3Sixty Holdings and Greenenz will grant to the Company with effect on and from Completion

- an exclusive licence to own and/or operate Projects (incorporating the Greenenz Technology) in Australia and New Zealand; and
- in addition to the Initial Project Options, a non-exclusive licence to own and/or operate and/or maintain any other form of economic or ownership interest in a Project in the rest of the world, for a minimum of four Projects and subject to the approval of E3Sixty Holdings and Greenenz Group per Project.

Each Project will comprise one Processing Plant comprising two processing chambers capable of processing ten tonnes of Feedstock (e-waste) per day. Feedstock will be sourced from Feedstock Suppliers pursuant to supply contracts. Each Processing Plant

will be acquired from Lodge Cottrell (as manufacturer and/or supplier) and will contain embedded Greenenz Technology supported by an all-of-life user licence in respect of that Processing Plant granted by E3Sixty Holdings and Greenenz Group (as licensor) or by Lodge Cottrell (as sub-licensor). Lodge Cottrell may outsource the manufacture of Processing Plants to its parent company KC Green, a company based in South Korea and listed on the South Korea Stock Exchange. KC Green manufactures and sells air pollution-control systems and equipment. Through its subsidiaries its business sectors include environmental engineering, environmental services, environmental manufacturing and renewable energy. The KC Green group provides pollution control, water treatment and disposal, new and renewable energy, industrial waste recycling and consulting services.

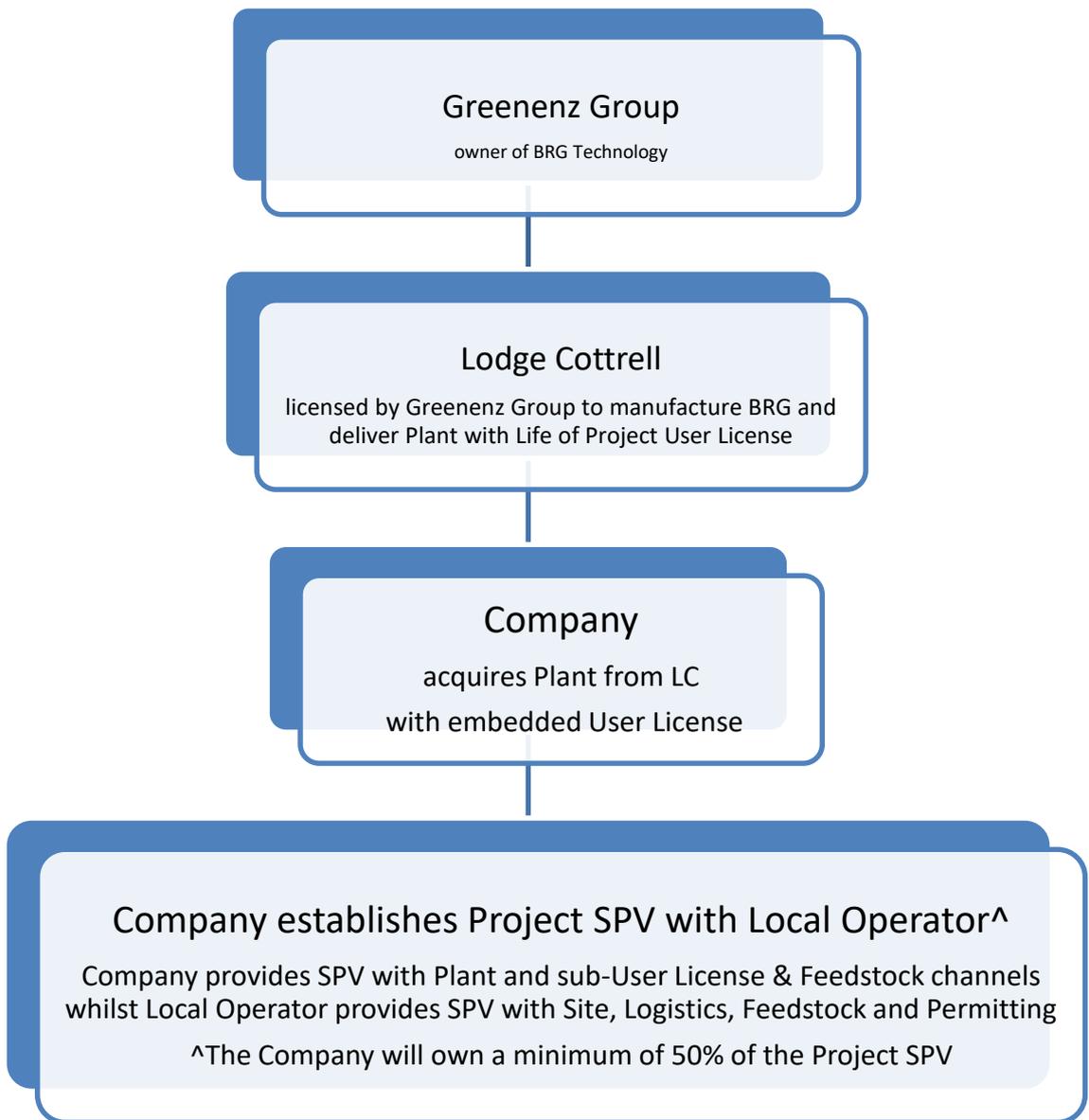
On Completion, the Company's main undertaking will become the establishment and operation of Projects. The establishment and operation of each Project will be based on Project Transaction Documents, typically comprising:

- an agreement between the Company or the Company's SPV (as purchaser) and the Processing Plant Supplier(s) for the manufacture, supply installation and commissioning of the Processing Plant;
- an agreement between the third-party landholder (as lessor) and the Company (as lessee) for the lease of the premises at which the Processing Plant is situated;
- a Greenenz Licence Agreement between either the E3Sixty Holdings and Greenenz Group (as licensor) or the Processing Plant Supplier (as sub-licensor) and the Company (as licensee) in respect of the Greenenz Technology embedded in the Processing Plant;
- at least one agreement between the Company and a Feedstock Supplier; and
- at the election of the Company, a joint operating agreement with a third party (which may or may not be a Feedstock Supplier and/or Processing Plant Supplier) for the operation of the Processing Plant.

The Company will not establish a Project without some certainty of supply of Feedstock. That is, there must be a binding enforceable contract with a Feedstock Supplier in place that secures the volume, price and the time and place of delivery of Feedstock.

At this time, the Company intends to use Lodge Cottrell as its sole Processing Plant Supplier. The Company and Lodge Cottrell are also finalising the terms of a master services agreement, whereby Lodge Cottrell will provide ESM with a range of services on the design, manufacture, and where possible, the operation of the e-waste Processing Plants that ESM will commission following successful Project feasibility studies. This agreement with Lodge Cottrell would firmly underpin ESM's adoption of the Greenenz Business Model going forward thereby underpinning the Company's proposed relisting.

As a guide, the Company will look to the following strategy and Project structure to facilitate the establishment and roll out of the proposed Projects:



This structure may be replicated and/or modified in different jurisdictions.

The proliferation of e-waste

Electronic waste is reported by various sources to be growing at between 4% to 8% per annum, the variation depending on variables such as how e-waste is defined and in which country the relevant survey is undertaken. Even with a growth rate at 4% per annum, e-waste is one of the fastest growing waste streams in the world. In 2016 44.7 million tonnes of e-waste was generated and is expected to be 55.2 million tonnes by 2021. Worldwide, e-waste constitutes a valuable urban mine, a large potential reservoir of recyclable materials worth EUR55.2 billion Only approximately 13% of the e-waste generated each year is recycled.

On and from Completion, the Company will have the opportunity to process e-waste in multiple Processing Plants with minimal manual involvement and maximum precious

metals recovery using proven environmentally sound methods in a cost-efficient manner.

Pursuant to the Exclusivity Agreement, the Company is proposing to establish, up to six Projects comprising:

- the First Project;
- the Australian Project; and
- Initial Project Options for the establishment of an additional four Projects.

First Project

The First Project will be established and operated in accordance with the First Project Transaction Documents comprising:

- an agreement between the Company (as purchaser) and Lodge Cottrell (as vendor) for the acquisition of the First Project Processing Plant by the Company;
- an agreement between JBR (the First Project landlord) and the First Project SPV (as lessee) for the lease of the premises at which the First Project Processing Plant is to be situated and operated within JBR's existing emissions permit envelope;
- a Greenenz Licence Agreement between either Greenenz Group (as licensor) or Lodge Cottrell (as sub-licensor) and the Company (as licensee or sub-licensee) on behalf of and for the benefit of the First Project SPV in respect of the Greenenz Technology embedded in the First Project Processing Plant;
- an agreement between the First Project SPV and JBR for:
 - the supply of Feedstock to First Project SPV; and
 - the refining and sale of precious metals extracted from the processed Feedstock; and
- a joint operating agreement between the Company and JBR for:
 - the administration of the First Project SPV; and
 - the operation of the First Project Processing Plant.

Each of the First Project Transaction Documents is conditional on Completion occurring. The Company will complete the acquisition of the First Project Processing Plant on Completion. The other First Project Transaction Documents will become effective on Completion. The Company has allocated AUD2,750,000 for the establishment of the First Project. Of this sum, the Company will spend approximately AUD2,500,000 on the acquisition of First Project Processing Plant.

The First Project is to be located in West Bromwich in the United Kingdom on the premises of JBR (www.jbr.co.uk). JBR is a processor of materials containing silver, gold and other PGM metals. JBR targets sources of secondary or waste materials,

especially the photographic industry which is the largest user of silver. As a silver refiner, JBR delivers refined silver in the form of silver bars to the London Bullion Market. The Environment Agency (UK) has issued JBR with an Environmental Permit to operate its precious metal recovery processes and its West Bromwich site and is also registered to the environmental management standard ISO 14001.

Pending Completion, Lodge Cottrell will relocate the First Project Processing Plant to JBR's premises in West Bromwich. Lodge Cottrell will then connect the First Project Processing Plant to the JBR's existing emissions stack. The Company will begin the commercial operation of the First Project Processing Plant on the last to occur of Completion and the relevant emissions permits being granted by the Environmental Agency (UK).

The Company is applying to the Environmental Agency to extend JBR's existing permitting envelope for precious metals recovery processes to the BRG precious metals recovery process. The grant of the additional permit is expected to be obtained by no later than the end of January 2019.

Australian Project

The Australian Project will be established and operated in accordance with the Australian Project Transaction Documents comprising:

- an agreement between the Company (as purchaser) and Lodge Cottrell for the sale of a Processing Plant to the Company and the assembly of the Processing Plant at a location in Australia to be selected by the Company and pre agreed with Lodge Cottrell;
- an agreement between the third-party landholder (as lessor) and the Company's SPV (as lessee) for the lease of the premises at which the Processing Plant is to be situated;
- a Greenenz Licence Agreement between either the Greenenz Group (as licensor) or Lodge Cottrell (as sub-licensor) and the Company (as licensee or sub-licensee) in respect of the Greenenz Technology embedded in the Processing Plant;
- at least one agreement between the Company and a Feedstock Supplier for the supply of Feedstock; and
- at the election of the Company, a joint operating agreement with a third party (which may or may not be a Feedstock Supplier and/or Lodge Cottrell (as the Processing Plant Supplier) for the operation of the Processing Plant.

Each of the Australian Project Transaction Documents is conditional on Completion occurring. The Company will place a purchase order with Lodge Cottrell for the acquisition of the Processing Plant for the Australian Project prior to Completion. The purchase order will be made subject to Completion occurring. The other Australian Project Transaction Documents will become effective on Completion. The Company will spend approximately AUD3,000,000 on the acquisition of a new Processing Plant for the Australian Project, together with an additional AUD300,000 in working capital.

The Company is has a shortlist of proposed locations for the Australian Project. The principal selection criteria include the quality, quantity and location of available Feedstock and the lead-time in obtaining the required emissions permits in accordance with applicable environmental laws. The applicable environmental laws and the application process for obtaining emissions permits vary from Australian State to State.

Initial Project Options

In accordance with the Exclusivity Agreement, the Initial Project Options provide the Company with options to establish four Projects in addition to the First Project and the Australian Project. It is a condition precedent to Completion (of the Umbrella Placement Agreement) that the Company receives executed option agreements (in the form of Project Transaction Documents) for the establishment of the four additional Projects.

- **United Kingdom:** Based on its due diligence and subsequent negotiations with JBR, the Company believes that JBR will be able to provide Feedstock to satisfy the processing capacity of at least two, possibly three, additional Projects in West Bromwich. Subject to final due diligence, the Company will place two, possibly three, additional purchase orders with Lodge Cottrell for the acquisition of Processing Plants. These purchase orders will be made subject to Completion occurring and the execution of Project Transaction Documents for each Project for which a Processing Plant is being purchased. Purchase orders for an additional three Processing Plants will cost the Company approximately AUD7,500,000. This sum is in addition to the AUD2,500,000 for the acquisition of the First Project Processing Plant and the purchase order for the Processing Plant for the Australian Project.

The Company is also exploring other opportunities for the establishment of Projects in the United Kingdom.

- **Australia:** In addition to the Australian Project, the Company is exploring the opportunity for the establishment of additional Projects in Australia. If commercial and environmental permitting conditions suitable to the Company are found, the Company will proceed with an additional Project(s) in Australia.
- **Sri Lanka:** The Company is in the advanced stages of negotiations with the Sri Lankan Government for the creation of at least one Project in Sri Lanka. Each Project is to be structured in the form of a public private partnership. Given the environmental and societal benefits that a Project would bring to Sri Lanka, the Company will also seek opportunities for obtaining debt funding from institutions such as the World Bank. Should the Company reach agreement with the Sri Lankan Government for the establishment of a Project prior to Completion, the Company will issue an additional purchase order with Lodge Cottrell for the acquisition of an additional Processing Plant. This purchase order would be made conditional on Completion occurring.

Post Completion

Post Completion, the business activities of the Company will include:

- owning and-operating Processing Plants through Project specific SPVs established in a joint venture arrangement with local operators;

- precious metals extraction from e-waste; and
- Project location selection, arranging local operational compliance permits, logistics, obtaining Feedstock supply, Processing Plant installation and operation, and sale of outputs.

Returns to investors will be derived from any operating surpluses produced by the operation of the Projects. The Greenenz Business Model is predicated on the revenue to be derived from the sale of extracted precious metals exceeding the aggregate capital establishment costs and ongoing operating costs of each Project.

The Company may acquire additional Processing Plants after the establishment of the first six Projects. The purchase price for the acquisition of any additional Processing Plants would be at the prevailing market rates for such plants. Further, the Company may establish Projects outside of Australia and New Zealand provided there is no conflict with other existing project developer rights in other countries in accordance with the Exclusivity Deed.

Subsequent Projects will have a longer lead time as new Plant and Equipment will need to be ordered from suppliers and contract manufacturers. The estimated lead time for delivery of Plant and Equipment is 10-15 weeks.

Of overriding importance is the process of Project selection and assessment. For each Project, the Company will be able to apply the extensive modelling system that is incorporated into the Greenenz Business Model to test the viability of a Project. The financial modelling tools were developed by Greenenz Group to take in account all technological variables and location variables that should be considered in evaluating the suitability of a particular Project and its location.

Local Project variables such as specific premises, operators, permits, the certainty of Feedstock supply Feedstock Suppliers, the quality and certainty of services from logistics providers, taxes and duties etc are factored into the financial model in the lead-up to the establishment of the Project Plan.

Each Project's lead-time to market is driven by Project processes: securing Feedstock, securing a local site, securing local operators, and local authorities' permitting compliance. Project delivery time is not constrained by manufacture or supply lead times.

7.2 ASX Listing Rule requirements

ASX Listing Rule 11.1 provides that if an entity proposes to make a significant change, either directly or indirectly, to the nature or scale of its activities, it must provide full details to the ASX as soon as practicable and comply with the following:

- provide the ASX with information regarding the change and its effect on future potential earnings, and any information that the ASX asks for;
- if the ASX requires, obtain the approval of holders of its shares and must comply with any requirements of the ASX in relation to the notice of meeting; and

- (c) if the ASX requires, meet the requirements in Chapters 1 and 2 of the ASX Listing Rules as if the entity were applying for admission to the official list of the ASX.

The ASX has indicated to the Company that given the proposed change in the nature of the Company's activities, it requires that the Company:

- (d) obtain Shareholder approval in accordance with ASX Listing Rule 11.1.2; and
- (e) re-comply with the requirements in Chapters 1 and 2 of the ASX Listing Rules in accordance with ASX Listing Rule 11.1.3.

7.3 **Greenenz Group Limited**

Greenenz Group Limited is a company established and existing under the laws of New Zealand. Greenenz Group developed and owns the Greenenz Technology. On Completion of the Umbrella Placement Agreement, the Company will access the Greenenz Technology by:

- (a) acquiring the Processing Plant located in the United Kingdom from Lodge Cottrell as part of the establishment and operation of the First Project;
- (b) obtaining the executed Australian Transaction Documents for the establishment of the Australian Project with embedded Greenenz Technology;
- (c) obtaining the executed documentation for the Initial Project Options, each Project established on exercise of an Initial Project Option to contain embedded Greenenz Technology; and
- (d) obtaining the executed Exclusivity Deed, regarding the establishment of additional Projects, with each new Project to contain embedded Greenenz Technology.

In respect of each Project, the Company will receive a life of Project licence to use the Greenenz Technology embedded in the Project. For further detail regarding the Company's access to, and commercialisation of the Greenenz Technology post Completion, see paragraph 7.1 above.

The current shareholders of Greenenz Group are:

- Breeze Solutions; and
- Winston Developments.

Breeze Solutions is a company controlled by Wayne Breeze. Winston Developments is a company controlled by Mark Riddiford.

Breeze Solutions and Winston Developments (**Greenenz Group Shareholders**) are parties to the Umbrella Placement Agreement (as subscribers for Placement Shares). Each of Breeze Solutions and Winston Developments will subscribe \$290,375 for 126,250,000 Placement Shares each. On Completion, each of Breeze Solutions and Winston Developments will hold a 25.435% interest in the Company.

For the purposes of section 611, item 7 of the Corporations Act, Breeze Solutions and Winston Developments are considered to be acting in concert. As a consequence, their interests will be aggregated, such that each of Breeze Solutions and Winston Developments will have a relevant interest in 252,500,000 Consolidated Shares representing 50.87% of the issued capital of the Company (assuming the maximum subscription amount of AUD20,000,000 has been raised pursuant to the Capital Raising). In addition, Wayne Breeze (as the controller of Breeze Solutions) and Mark Riddiford (as the controller of Winston Developments) will also be deemed to have a relevant interest in 252,500,000 Consolidated Shares.

On Completion, Wayne Breeze and Mark Riddiford will become Directors of the Company, subject to Shareholders approving their appointment pursuant to Resolutions 10 and 11 respectively. Each of Breeze and Riddiford will be executive Directors. It is a condition to Completion that Breeze executes the Breeze Service Agreement and Riddiford executes the Riddiford Services Agreement

7.4 Umbrella Placement Agreement

The Company (as issuer), the Greenenz Group Shareholders (as subscribers) and Breeze and Riddiford (as Covenantors) are parties to the Umbrella Placement Agreement. The Umbrella Placement Agreement is the 'umbrella or framework agreement' for the various transactions proposed to be undertaken by the parties.

The principal terms of the Umbrella Placement Agreement are:

- (a) The Placement Investors (comprising the Greenenz Group Shareholders and the Third Party Placement Investors) agree to pay the Subscription Price in consideration for the issue of the Placement Shares by the Company to them as follows:

Placement Subscriber	Amount of Placement Subscription Price	No. of Placement Shares
Third Party Placement Investors (Resolution 8)	\$126,192	54,866,025
Greenenz Group Shareholders (Resolution 7)		
Breeze Solutions	\$290,375	126,250,000
Winston Developments	\$290,375	126,250,000

- (b) the Company will issue and allot the Placement Shares to the Placement Investors at Completion;

- (c) Completion of the Umbrella Placement Agreement is conditional on the occurrence of the following events:
- (i) **First Project:** execution of the First Project Transaction Documents and completion of the acquisition of the Processing Plant located in the United Kingdom from Lodge Cottrell as part of the establishment and operation of the First Project by the Company;
 - (ii) **Australian Project:** execution of the Australian Project Transaction Documents
 - (iii) **Four Initial Project Options:** Greenenz Group granting the Company the Initial Project Options (in respect of four Projects and in addition to the First Project and the Australian Project);
 - (iv) **Territorial exclusivity:** Greenenz Group and E3sixty Holdings have entered into the Exclusivity Deed regarding territorial exclusivity;
 - (v) **Services agreements:** Breeze or Breeze Solutions entering into the Breeze Services Agreement and Riddiford or Winston Developments entering into the Riddiford Services Agreement;
 - (vi) **Compliance with ASX Listing Rules and the Corporations Act:** the members of ESM have given all necessary approvals to the transactions contemplated in the Notice of General Meeting as required under the Corporations Act and the ASX Listing Rules;
 - (vii) **Section 611, item 7 approval:** without limitation to paragraph (vi) immediately above, the Shareholders have approved of the issue of the Placement Securities to the Greenenz Group Shareholders in accordance with section 611, item 7
 - (viii) **ASX Listing Rules 7.1, 10.1, 11.1.2 and 11.1.3:** without limitation to condition in paragraph (vi) above, the Shareholders have approved the allotment and issue of the Placement Securities under the terms of this agreement in accordance with ASX Listing Rules 7.1, 10.1, 11.1.2 and 11.1.3;
 - (ix) **Capital Raising:** completion of the Capital Raising;
 - (x) **No Material Adverse Change:** no Material Adverse Change has occurred; and
 - (xi) **Security interests:** the Company is satisfied on reasonable grounds that no security interests that have been granted by Greenenz Group or otherwise in respect of the First Project, or if such security interests have been granted by Greenenz Group or others, unconditional arrangements have been entered into to ensure that they will be, wholly and unconditionally discharged from the proceeds of the Capital Raising.

7.5 Financial information and use of Capital Raising proceeds

Unaudited pro forma balance sheets of ESM following Completion are set out below.

The first pro forma balance sheet has been prepared on the basis of the minimum subscription of \$15,000,000 having been raised.

The second pro forma balance sheet has been prepared on the basis of the maximum subscription of \$20,000,000 having been raised.

The pro forma balance sheet takes into account the Placement share issue.

ESPERANCE MINERALS LIMITED

Level 7 Transport House
99 Macquarie Street
Sydney NSW 2000

Proforma Balance Sheet

Post Transaction - \$15 Million

	NOTES	JUNE - 18	CHANGE	PROFORMA	
Assets					
Current Assets					
Bank Accounts		\$298,397	\$14,955,000	\$15,253,397	
Total Current Assets		\$298,397		\$15,253,397	
Non-Current Assets	1	\$0	\$3,195,000	\$3,195,000	
Total Non-Current Assets		\$0		\$3,195,000	
Total Assets		\$298,397		\$18,448,397	\$18,448,397
Liabilities					
Current Liabilities	2	\$120,852	(\$103,533)	\$17,319	
Total Current Liabilities		\$120,852		\$17,319	
Non-Current Liabilities					
Convertible Notes	3	\$1,737,680	(\$1,783,031)	(\$45,351)	
Total Non-Current Liabilities		\$1,737,680		(\$45,351)	
Total Liabilities		\$1,858,532		(\$28,032)	(\$28,032)

Net Assets		(\$1,560,135)		\$18,476,429	\$18,476,429
Equity					
Ordinary Shares Fully Paid	4	\$12,950,360	\$19,768,533	\$32,718,893	
Retained Earnings		(\$13,844,357)		(\$13,844,357)	
Current Year Earnings		(\$666,138)	(\$138,031)	(\$528,107)	
Total Equity		(\$1,560,135)		\$18,346,429	\$18,346,429

NOTES

JUNE - 18	CHANGE	PROFORMA
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NOTE 1: OTHER NON-CURRENT ASSETS

Capital Raising Costs - 6% Brokerage Fees	\$0	\$900,000	\$900,000
Capital Raising Costs - Legal	\$0	\$160,000	\$160,000
Capital Raising Costs - Accounting	\$0	\$65,000	\$65,000
Capital Raising Costs - Independent Experts	\$0	\$25,000	\$25,000
Capital Raising Costs - Professional Services	\$0	\$2,000,000	\$2,000,000
Capital Raising Costs - Other	\$0	\$45,000	\$45,000
Shares in Subsidiaries	\$0	\$0	\$0
	\$0	\$3,195,000	\$3,195,000

NOTE 2: CURRENT LIABILITIES

CURRENT

GST Liabilities	\$2,319	\$0	\$2,319
Accruals	\$93,672	(\$78,672)	\$15,000
Payables	\$24,861	(\$24,861)	(\$0)
	\$120,852	(\$103,533)	\$17,319

NOTE 3: BORROWINGS

CURRENT

Convertible Notes	\$1,737,680	(\$1,783,031)	(\$45,351)
	\$1,737,680	(\$1,783,031)	(\$45,351)

NOTE 4: ISSUED CAPITAL

Ordinary Shares Fully Paid	\$12,950,360	\$19,768,533	\$32,718,893
	\$12,950,360	\$19,768,533	\$32,718,893

ESPERANCE MINERALS LIMITED

Level 7 Transport House
99 Macquarie Street
Sydney NSW 2000

Proforma Balance Sheet

Post Transaction - \$20 Million

	NOTES	JUNE - 18	CHANGE	PROFORMA	
Assets					
Current Assets					
Bank Accounts		\$298,397	\$19,655,000	\$19,953,397	
Total Current Assets		\$298,397		\$19,953,397	
Non-Current Assets	1	\$0	\$3,365,000	\$3,365,000	
Total Non-Current Assets		\$0		\$3,365,000	
Total Assets		\$298,397		\$23,318,397	\$23,318,397
Liabilities					
Current Liabilities	2	\$120,852	(\$103,533)	\$17,319	
Total Current Liabilities		\$120,852		\$17,319	
Non-Current Liabilities					
Convertible Notes	3	\$1,737,680	(\$1,706,324)	\$31,356	
Total Non-Current Liabilities		\$1,737,680		\$31,356	
Total Liabilities		\$1,858,532		\$48,675	\$48,675
Net Assets		(\$1,560,135)		\$23,269,722	\$23,269,722
Equity					
Ordinary Shares Fully Paid	4	\$12,950,360	\$24,735,589	\$37,685,949	
Retained Earnings		(\$13,844,357)		(\$13,844,357)	
Current Year Earnings		(\$666,138)	(\$94,268)	(\$571,870)	
Total Equity		(\$1,560,135)		\$23,269,722	\$23,269,722

NOTES

JUNE - 18	CHANGE	PROFORMA
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NOTE 1: OTHER NON-CURRENT ASSETS

Capital Raising Costs - 6% Brokerage Fees	\$0	\$1,200,000	\$1,200,000
Capital Raising Costs - Legal	\$0	\$140,000	\$140,000
Capital Raising Costs - Accounting	\$0	\$10,000	\$10,000
Capital Raising Costs - Independent Experts	\$0	\$15,000	\$15,000
Capital Raising Costs - Professional Services	\$0	\$2,000,000	\$2,000,000
Shares in Subsidiaries	\$0	\$0	\$0
	\$0	\$3,365,000	\$3,365,000

NOTE 2: CURRENT LIABILITIES

CURRENT

GST Liabilities	\$2,319	\$0	\$2,319
Accruals	\$93,672	(\$78,672)	\$15,000
Payables	\$24,861	(\$24,861)	(\$0)
	\$120,852	(\$103,533)	\$17,319

NOTE 3: BORROWINGS

CURRENT

Convertible Notes	\$1,737,680	(\$1,706,324)	\$31,356
	\$1,737,680	(\$1,706,324)	\$31,356

NOTE 4: ISSUED CAPITAL

Ordinary Shares Fully Paid	\$12,950,360	\$24,735,589	\$37,685,949
	\$12,950,360	\$24,735,589	\$37,685,949

The Company's proposed use of funds raised pursuant to the Capital Raising, assuming both the minimum raise of 15,000,000 and the maximum raise of \$20,000,000, is set out in the following table:

The table below sets out the proposed use of funds from the Offer in A\$.

Use of funds from the Offer	Minimum Subscription A\$15,000,000		Maximum Subscription A\$20,000,000	
	A\$	%	A\$	%
Expenses of the Offer ^A	1,389,865	9.26	1,694,575	8.47
Corporate Working capital in Australia ^B	400,000	2.67	400,000	2.00
Acquisition of the First Project ^C	2,750,000	18.33	2,750,000	13.75
Working Capital for First project ^C	275,000	1.83	275,000	1.38
Establishment of the Australian Project ^D	3,000,000	20.00	3,000,000	15.00
Working Capital for Australian project ^D	300,000	2.00	300,000	1.50
Work on Four other Projects ^E	6,885,135	45.91	11,580,425	57.90
Total	15,000,000	100.0%	20,000,000	100.0%

Notes:

A

1. They include capital raising costs
A\$ 900,000 (Minimum Subscription) 15 million @ 6% and
A\$ 1,200,000 (Maximum Subscription) 20 million @ 6%
2. ASX fees – Initial and Annual
A\$ 191,865 (Minimum Subscription) and
A\$ 196,575 (Maximum Subscription)),
3. and ASIC fees
A\$ 3,000 (Minimum Subscription) and
A\$ 3,000 (Maximum Subscription)),
4. accounting, A\$65,000 [Nexia, Hall Chadwick & Elite]
5. legal A\$160,000

6. other professional adviser fees A\$25,000;
 7. Travel and promotion A\$25,000;
 8. prospectus design, printing and related costs A\$20,000
- B. Working capital expenditure is to be applied towards administration costs associated with the Company. These costs include
- wages and salaries,
- professional consultant's fees,
- compliance and reporting costs associated with running an ASX listed company, as well as
- other typical administration costs.
- C. The terms of the First Project Transaction Documents show that the Company's initial cost will be in the order of AUD 2.5 million and then a further working capital amount of AUD 250,000 has been allowed to commission the acquisition and establish operation of the First Project. The Company conservatively expects the project to be cashflow positive within the first 6 months and contribute significant cashflow to the subsequent projects [including making any required shortfall is only minimum is reached] and to projects beyond the first six.
- D. The estimated terms of the Establishment of the Australian Project show that the Company's initial cost will be in the order of A\$ 3 million and then a further working capital amount of A\$ 300,000 has been allowed to commission and establish the operation of the Australian Project. The Company conservatively expects the project to be cashflow positive within the first 6 months and contribute significant cashflow to the subsequent projects [including making any required shortfall is only minimum is reached] and to projects beyond the first six.
- E. The estimated terms of the Establishment of the "4 Subsequent Projects" is that the Company's initial cost will be in the order of A\$ 8 -12 million. The variation and non-linear per project estimate from the cost of the First Project and the Australian Project is achieved through economies of scale, experience and the inherent scalable nature of the business model. A budgeted working capital allowance is expected between A\$ 1 – 1.5million; again, for the reasons outlined previously.
- The Company again conservatively expects the project to be cashflow positive within the first 6 months and contribute significant cashflow to the subsequent projects [including making any required shortfall is only minimum is reached] and to projects beyond the first six. It is likely that the four subsequent plants will come on stream over a staggered period and therefore the cashflow and knowledge from the earlier will also assist the funding of the subsequent.

7.6 Capital structure

There are currently 236,373,492 Shares on issue. Following the Consolidation of Shares, the current Shares on issue will become 23,637,350 Consolidated Shares.

Following Completion (including the Consolidation of Shares contemplated by Resolution 6, the issue of the Placement Shares contemplated by Resolutions 7 and 8, the issue of Shares pursuant to the Prospectus contemplated by Resolution 9, the issue of Consolidated Shares to the holders of the Series A Notes and the Series B Notes (Resolution 12), the Series E Notes (Resolution 13), the Series F Notes (Resolution 14) and the issue of Consolidated Shares to Tasman and Union Pacific Investments (Resolutions 15 and 16), the undiluted capital structure of the Company will be as set out below (assuming the maximum subscription amount of \$20,000,000 has been raised pursuant to the Capital Raising).

Date	Event	Share Capital – Consolidated Shares	Percentage interest (%)
General Meeting	Existing share capital (Shareholders approve Consolidation of Shares)	23,637,350	4.76%
Completion	Issue of Placement Shares to the Greenenz Group Shareholders	252,500,000	50.87%
Completion	Issue of Placement Shares to the Third Party Placement Investors	54,866,025	11.05%
Creditor Settlement		393,360	0.08%
Series A & B		2,190,156	0.44%
Series E		22,820,000	4.60%
Series F		20,000,000	4.03%
Tasman		10,000,000	2.01%
Union Pacific Investments		10,000,000	2.01%

Date	Event	Share Capital – Consolidated Shares	Percentage interest (%)
Prospectus	Issue of up to 100,000,000 Consolidated Shares pursuant to the Prospectus	100,000,000	20.14%
Total at Completion		496,406,891	100%

7.7 Indicative timetable

The indicative timetable for the proposed transaction is set out below. Please note that these dates are indicative only and may be subject to change at the discretion of the ESM directors.

Date	Event
26 November 2018	Dispatch of Notice of Annual General Meeting, Explanatory Memorandum and related documents to Shareholders
28 November 2018	Annual General Meeting
28 November 2018	Notification to ASX of results of Annual General Meeting
30 November 2018	Lodge Prospectus
7 December 2018	Opening of offer under the Prospectus
7 February 2019	Close offer under the Prospectus
7 February 2019	Last day to register transfers on a pre-Consolidated Share basis
10 February 2019	First day for Company to send notice to Shareholders of change of holdings as a result of the Consolidation of Shares First day for Company to register Consolidated Shares and for issue of holding statements

Date	Event
10 February 2019	Despatch date Last day for securities to be entered into Shareholders' security holdings and for the Company to send notice to each Shareholder
16 February 2019	Issue of Consolidated Shares to applicants for Consolidated Shares pursuant to the Capital Raising.
16 February 2019	Completion of Umbrella Placement Agreement – issue of the Placement Shares to the Placement Investors
16 February 2019	Satisfy Chapter 1 and 2 requirements and seek reinstatement of ESM securities to quotation
23 February 2019	Re-admission of ESM securities to trading

7.8 Advantages of the proposed transaction

The Directors are of the view that the transaction, if approved, has the following advantages:

- (a) represents a significant opportunity for the Company to enter the e-waste industry adopting the Greenenz Business Model using Greenenz Technology under licence;
- (b) once Shareholders have approved the proposed Resolutions, Completion has occurred and the Company has satisfied the ASX's requirements for its re-compliance with Chapters 1 and 2 of the ASX Listing Rules, the Company may focus on the roll out and operation of Projects;
- (c) at Completion, the Company will own the Processing Plant which will then be located in West Bromwich, United Kingdom capable of processing e-waste and recovering precious metals, and will obtain executed copies of the other First Project Transaction Documents, which together will complete the establishment of the First Project, enable the operation of the First Project and, in turn, will drive the Company's initial revenues;
- (d) by changing the nature of its activities, there will be no confusion in the market as to the principal undertaking of the Company and its business plan going forward;

- (e) a larger market capitalisation and enhanced shareholder base should provide more liquid stock than was in the market prior to suspension of trading in the Company's Shares;
- (f) the Board currently comprises an experienced and skilled set of Directors. On Completion, Wayne Breeze and Mark Riddiford will join the Board to guide the growth and development of the Company based on their knowledge and experience in developing the Greenenz Technology. Wayne Breeze and Mark Riddiford are best placed to oversee the Company's commercialisation of the Greenenz Technology; and
- (g) the Consolidation of Shares will provide a more simplified capital structure for the Company.

7.9 Potential disadvantages of the proposed transaction

The Directors are of the view that the transaction, if approved, may have the following disadvantages:

- (a) the Company will be changing the nature of its activities to become a company focused on e-waste processing, which may not be consistent with the objectives of some Shareholders;
- (b) the issue of the Placement Shares to the Placement Investors will have a dilutionary effect on the current holdings of Shareholders. Although existing Shareholders will continue to hold the same number of Consolidated Shares in the Company before and after the issue of the Placement Shares to the Placement Investors and Consolidated Shares to subscribers pursuant to the Capital Raising, the percentage of the total share capital of ESM held by each Shareholder will be reduced (see the table of current and proposed final interests contained in paragraph 7.13);
- (c) Once the Placement Investors have been issued with all of the Placement Shares, the Greenenz Group Shareholders will hold in aggregate a 50.87% relevant interest in the Company (assuming the maximum subscription amount of AUD20,000,000 has been raised pursuant to the Capital Raising). This relevant interest will be sufficient to give the Greenenz Group Shareholders control of the Company. For the purposes of section 611, item 7 of the Corporations Act, Breeze Solutions and Winston Developments (the Greenenz Shareholders) are considered to be acting in concert. Breeze Solutions is a company controlled by Wayne Breeze and Winston Developments is a company controlled by Mark Riddiford; and
- (d) there are many risks associated with the change in the nature of the Company's activities contemplated by Resolution 5, including risks associated with the Greenenz Technology and its commercialisation. A summary of these risk factors are set out in paragraph 7.10 below.

7.10 Risks

Shareholders should recognise that there are a number of general and specific risks that ESM may face, which may materially and adversely impact the future operating and financial performance of ESM and the value of the Consolidated Shares. As many of these risks are outside the control of ESM and/or its Directors, if Shareholders approve the proposed significant change to the nature and scale of its principal undertakings and the proposed issue of the Placement Shares to the Placement Investors, there can be no guarantee that ESM can achieve its objectives and those of all its Shareholders.

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

(a) Sovereign risk

The Company is considering the establishment of Projects in a number of foreign jurisdictions. The First Project will be based in the United Kingdom. Furthermore, the Initial Project Options provide the Company with options for the establishment of an additional four Projects. The Company is considering various sites for establishment of these four additional Projects, including Ghana and Sri Lanka.

By planning and operating Projects in foreign jurisdictions, the Company is subject to certain foreign risks, including but not limited to, policies and regulations in relation to foreign exchange control; price controls; export controls; taxation; labour standards; occupational health and safety; waste treatment; environmental monitoring, protection and control; operation management and other issues.

The application of laws in foreign countries can result in increased costs and/or forfeiture of property in circumstances that may not give rise to rights for compensation.

Changes in foreign laws and regulations will affect business activities, including matters such as compliance with environmental regulations, land access, the holding of concessions, granting of future concessions and taxation, all of which are beyond the control of ESM. Any of these factors or a combination of them may in the future materially and adversely affect the commercial feasibility and profitability of a Project, the financial performance of ESM, and the value of the Consolidated Shares.

(b) Enforcement of contracts in a foreign jurisdiction

By planning and operating Projects in foreign jurisdictions, the Company will enter commercial agreements, including Project Transaction Documents that may be made subject to foreign law. The Company may be restricted or prevented from enforcing one or more of these agreements due to the operation of a foreign law.

(c) **Commodity and exchange risk:**

The Company's business model, based on the commercialisation of the Greenenz Business Model, is predicated on the sale of precious metals extracted from processed e-waste. The revenue derived through the sale of commodities will expose the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for precious and base metals, technological advancements, forward selling activities and other macro-economic factors.

(d) **General operational risk**

- **equipment engineering standards and service providers:** The Company's business model is based on the establishment and operation of Projects, the principal component of which is the Processing Plant. The establishment of a Project and the construction, operation and maintenance of a Processing Plant requires the Company to rely on Plant and Equipment suppliers, builders, engineers and other service providers. There is always the risk that the Plant and Equipment supplied or services provided will not be of the standard required to ensure the proper operation of a Processing Plant and the Project of which it forms part.

The Company acts to mitigate these risks by, amongst other things, sourcing Plant and Equipment from reputable suppliers and engaging world class service providers such as Lodge Cottrell. The component boilers, emissions, handling equipment and refining equipment are acquired with manufacturer and supplier warranties in place.

- **operation & maintenance contractors:** The Company's business plan provides for the outsourcing of the operation and maintenance of Projects to third party operators by way of contract or joint venture arrangements in circumstances where it is in the Company's commercial interests to do so. The Company is unable to predict the risk of financial failure or default by a third party provider of services or a participant in any joint venture to which the Company is or may become a party or the insolvency or managerial failure by any of the contractors used by the Company in any of its activities or the insolvency or other managerial failure by any of the other service providers used by the Company for any activity.

Whilst there is an inherent risk in any outsourcing of services (lack of operational control, reliance of purported expertise and experience), the Company is committed to engaging only service providers, such as Lodge Cottrell, who have demonstrated the capability and have the experience to operate and/or maintain Projects on behalf of the Company.

- **Feedstock Suppliers:** The Company's success in commercialising the Greenenz Business Model, is dependent in large part, on the reliability and quality of the supply of Feedstock. The Company will seek to enter into a contract with at least one Feedstock Supplier in respect of each Project. The Company is unable to predict the risk of financial failure or default by a Feedstock Supplier. However, the Company is confident that it can

maintain the quality and surety of the supply of Feedstock. Currently, Feedstock globally exceeds 50million tonnes according to the United Nations and other reporting bodies. In respect of each Project acquired or established, the Company will enter into Feedstock supply agreements directly with Feedstock Suppliers.

(e) **Environment**

The operations and proposed activities of the Company are subject to state and federal environmental laws and regulations in Australia and to similar laws and regulations in other jurisdictions in which the Company will own and operate Projects.

A defining feature of the Greenenz Technology is the deployment of a gasification process, as opposed to incineration processes, for the removal of precious metals from e-waste. Gasification produces less toxic emissions than incineration processing techniques.

However, as with any e-waste processing projects and refinery operations, the Company's activities are expected to have an impact on the environment. The Company will attempt to conduct its activities to the highest standard of environmental regulation, including compliance with all environmental laws. The Company has retained Lodge Cottrell, a world leading expert in emissions system design and build, to undertake this work. Lodge Cottrell has commissioned over 4,000 emissions systems worldwide.

(f) **Competition risk**

The industry in which the Company will be involved is subject to domestic and global competition. While the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the Company.

(g) **Technology risk**

From Completion, the Company will have the right to use the Greenenz Technology in the establishment and operation of Plants. There can be no assurance that these technologies and processes will function at their optimal level 100% of the time, and may from time to time, experience downtime, require maintenance, upgrades and lead to lower productivity. Competing technologies may emerge over time and result in increased competition for the Company's target market.

The Greenenz Technology is an integration of a new technology and other pre-existing well proven technologies such as boilers, emission controls, conveyors and refining equipment provided by well-known large international suppliers who have proven performance. The majority of the technology costs relate to the pre-existing technologies. The Company will be acquiring the components from the manufacturers and suppliers directly. In each instance, the Company will acquire the relevant components with warranties in place issued directly by

the supplier to the Company, or in the case of the First Project and any other existing Project subsequently acquired by the Company, the Company will receive a novation of the warranties.

(h) **Consolidation risk**

There can be no guarantee that the value as determined by the market price of the Consolidated Shares multiplied by their number will be or remain equal to the value of the Shares when last traded and prior to the Consolidation of Shares, ie the last market price of the Shares prior to the suspension of trading multiplied by their number.

(i) **Settlement risk**

If the conditions precedent in the Umbrella Placement Agreement are not satisfied, then Completion will not occur.

(j) **Adequacy of capital raising**

While the Directors believe that the Company will have sufficient funds following Completion to fund its activities, there can be no assurance that the Company will not seek to exploit business opportunities of a kind which will require it to raise additional capital from equity or debt sources. There can be no assurance that the Company will be able to raise such capital on favourable terms, or at all.

Any additional equity raising may dilute the interests of Shareholders, and any debt financing, if available, may involve financial covenants which limit the Company's operations. There is no guarantee that acceptable sources of funds will be found in the future. If the Company is unable to obtain such additional capital, the Company may be required to reduce the scope of any expansion, which could adversely affect its business, operating results and financial condition.

(k) **Economic risk**

Factors such as inflation, currency fluctuations, interest rates, supply and demand of capital and industrial disruption have an impact on business costs, commodity prices and stock market prices. The Company's operating costs, possible future revenues and future profitability can be affected by these factors, which are beyond the control of the Company.

(l) **Market risk**

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, general economic outlook, interest rates and inflation rates, currency fluctuations, changes in investor sentiment toward particular market sectors, the demand for, and supply of, capital and terrorism or other hostilities.

(m) **Reliance on key personnel**

The responsibility of overseeing the day-to-day operations and 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.

(n) **Growth**

The Company will continue to seek to grow the Company both organically and through new investment opportunities. There are always risks that the benefits or synergies expected from such investments or growth may take longer than expected to be achieved or may not be achieved at all. Any investments pursued could have a material adverse effect on the Company.

Growth also brings substantial demands on management. The Board applies its experience to the evaluation and financing of new opportunities to determine whether the expected risks and rewards of these opportunities meets the Company's requirements and its strategies for diversification of risk and for capital. The operating results of the Company will largely depend on the ability of the Board to make sound investment decisions.

(o) **Currency**

The Company intends to acquire the Processing Plant located in the United Kingdom as part of the establishment and operation of the First Project and to establish other Projects which will be located outside of Australia. Revenue generated from such Projects will be generated in the relevant local currency. Similarly, the Company will be required to make payments in these jurisdictions in a currency other than the local currency (for its own commercial reasons, a requirement under contract, etc.). Any movement in currency exchange rates adverse to the Company's commercial interests may materially affect the Company's profitability and financial performance.

(p) **Liquidity risk**

ESM is proposing to issue Consolidated Shares as a large placement to the Placement Investors. The Company understands that ASX will treat some or all of these securities as restricted securities in accordance with Chapter 9 of the listing rules. This could be considered an increased liquidity risk as a large portion of issued capital may not be able to be traded freely for a period.

There is no guarantee that there will be an ongoing liquid market for the Consolidated Shares. Accordingly, there is a risk that, should the market for Consolidated Shares become illiquid, Shareholders will be unable to realise their investment in the Company.

(q) **Forward looking information**

Certain information in the Notice of Annual General Meeting and this Explanatory Memorandum constitutes forward looking information that is

subject to risks and uncertainties and a number of assumptions, which may cause the actual expenditure of the Company to be different from the expectations expressed or implied in the Notice of Annual General Meeting and this Explanatory Memorandum.

(r) **Investment speculative**

From Completion, the Company will have the right to commercialise the Greenenz Business Model. However, notwithstanding that as at Completion the Company will have acquired the Processing Plant located in the United Kingdom as part of the establishment and operation of the First Project, there will not have been any historical trading. On this basis, the Company will be commencing the e-waste processing business on a start-up basis. Any investment decision regarding a start-up business should be regarded as 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 facts, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Company's securities.

7.11 **Alternatives to the proposed transaction**

The Directors are not aware at this time of any other viable proposed transaction that could be placed before the Shareholders and which would provide the opportunities in, and potential of, the commercialisation of the Greenenz Technology.

7.12 **Effect of the proposed transaction on the Company**

On Completion, the Greenenz Group Shareholders will hold 252,500,000 Consolidated Shares which will constitute 50.87% of the issued capital of the Company (assuming the maximum subscription amount of AUD20,000,000 has been raised pursuant to the Capital Raising).

(a) **Existing Directors**

The current Board of ESM consists of the following Directors:

- (i) Alan Beasley (Chairman);
- (ii) Anthony Karam; and
- (iii) John Rawicki.

Wayne Breeze and Mark Riddiford are proposed Directors of the Company. Subject to Resolution 10 (Wayne Breeze) and Resolution 11 (Mark Riddiford) being passed, Wayne Breeze and Mark Riddiford will take office as Directors effective on and from Completion.

(b) **Intentions regarding the future of ESM**

(i) Greenenz Technology

On Completion, the Company will complete the issue of the Placement Shares to the Placement Investors, including the 252,500,000 Consolidated Shares to be issued to the Greenenz Shareholders constituting 50.87% of the issue capital of the Company (assuming the maximum subscription amount of AUD20,000,000 has been raised pursuant to the Capital Raising). At this point the Greenenz Shareholders will control the Company and Wayne Breeze and Mark Riddiford will be appointed as Directors of the Company.

Also at Completion, the Company will, amongst other things:

- (A) acquire the Processing Plant located in the United Kingdom from Lodge Cottrell and complete the establishment, and commence the operation, of the First Project;
- (B) receive the executed Australian Project Transaction Documents;
- (C) receive executed documents regarding the Initial Project Options; and
- (D) receive the executed Exclusivity Deed.

From Completion, the Company will focus on the commercialisation of the Greenenz Technology by the operation of the First Project and the establishment of additional Projects.

(ii) Assets

The Company currently has no material assets. At Completion, the Company will:

- (A) acquire the Processing Plant located in the United Kingdom from Lodge Cottrell and receive executed copies of the other First Project Transaction Documents as part of the establishment and operation of the First Project;
- (B) commence the establishment of the Australian Project in accordance with the Australian Project Transaction Documents; and
- (C) seek to establish additional Projects in accordance with Initial Project Options.

(iii) Employees

The Company currently has no employees. This policy is in line with the Company's strategy to minimise costs until the Completion and the Company's re-compliance with Chapters 1 and 2 of the ASX Listing Rules. Post Completion, the Company will utilise the necessary balance of consultants and employees to meet operational requirements.

(iv) Financial and dividend policies

The Company has indicated that it does not intend to pay any dividends for the year ending 30 June 2019. The payment of any dividend in the future will be a matter for decision of the Board at the appropriate time, based on the information available at that time.

No assurance or guarantee can be given about future dividends as these matters are dependent on future profits and the financial and taxation position of the Company. The Company intends to pay dividends at an appropriate time in the future depending on the Company's ability to produce profits derived from its intended operations.

The future capital requirements of ESM will depend on many factors including ongoing development costs.

Should ESM require additional funding, there can be no assurance that additional financing will be available, either from existing Shareholders at that time, or other investors or lenders, on acceptable terms or at all.

7.13 Directors' interests

(a) **Directors' interests in the Company**

The table below sets out the Directors' proposed Directors' current Share (pre-Consolidation of Shares), Consolidated Share (post-Consolidation of Shares) and Option holdings in the Company (assuming the maximum amount of \$20,000,000 is raised pursuant the Capital Raising):

Director or Proposed Director	Number of Shares currently held	Percentage held currently	Number of Shares held on Completion	Percentage held on Completion
Alan Beasley	0	0%	0	0%
Anthony Karam	0	0%	0	0%

Director or Proposed Director	Number of Shares currently held	Percentage held currently	Number of Shares held on Completion	Percentage held on Completion
John Rawicki	0	0%	0	0 %
Wayne Breeze (Proposed Director)	0	0%	126,250,000	25.435%
Mark Riddiford (Proposed Director)	0	0%	126,250,000	25.435%

Assuming:

- the Consolidation of Shares has occurred;
- the maximum subscription of AUD20,000,000 under the Capital Raising has been achieved;
- the Placement Shares have been issued to the Placement Investors in accordance with the terms of the Umbrella Placement Agreement and Resolutions 7 and 8;
- 100,000,000 Consolidated Shares have been issued to investors in accordance with the Prospectus on completion of the Capital Raising (assuming the maximum subscription amount of \$20,000,000 is raised pursuant to the Capital Raising) in accordance with Resolution 9; and
- the issue of Consolidated Shares to:
 - the holders of the Series A Notes and the Series B Notes (Resolution 12);
 - the holders of Series E Notes (Resolution 13); the holders of the Series F Notes (Resolution 14); and
 - the issue of Consolidated Shares to Tasman and Union Pacific Investments (Resolutions 15 and 16).

(b) **Directors' interests in Greenenz Group**

As at the date of this Notice of Annual General Meeting, none of the current Directors holds any shares or options in Greenenz Group.

Greenenz Group developed and owns the Greenenz Technology. The current shareholders of Greenenz Group are:

- Breeze Solutions; and
- Winston Developments.

Breeze Solutions is a company controlled by Wayne Breeze, a proposed Director of the Company. Winston Developments is a company controlled by Mark Riddiford, a proposed Director of the Company.

Breeze Solutions and Winston Developments (**Greenenz Group Shareholders**) are parties to the Umbrella Placement Agreement (as subscribers for Placement Shares).

(c) **Directors' remuneration**

The following remuneration is proposed for Directors in the event the proposed transaction is approved by Shareholders.

Director	Current Remuneration	Proposed Remuneration Post Completion
Alan Beasley	\$30,000	\$36,000
Anthony Karam	Nil	\$72,000
John Rawicki	\$44,050	\$36,000
Wayne Breeze (proposed Director)	Nil	\$120,000
Mark Riddiford (proposed Director)	Nil	\$120,000

7.14 **Major Shareholders**

The holders (and their Associates) of more than 5% of the Consolidated Shares in the Company following Completion will be as follows:

Name of Shareholder	Consolidated Shares*		Options
	Number	%	Number
Breeze Solutions	126,250,000	25.435%	Nil
Winston Developments	126,250,000	25.435%	Nil

Assuming:

- the Consolidation of Shares has occurred;
- the maximum subscription of AUD20,000,000 under the Capital Raising has been achieved
- the Placement Shares have been issued to the Placement Investors in accordance with the terms of the Umbrella Placement Agreement and Resolutions 7 and 8;
- 100,000,000 Consolidated Shares have been issued to investors in accordance with the Prospectus on completion of the Capital Raising (assuming the maximum subscription amount of \$20,000,000 is raised pursuant to the Capital Raising) in accordance with Resolution 9; and
- the issue of Consolidated Shares to:
 - the holders of the Series A Notes and the Series B Notes (Resolution 12);
 - the holders of Series E Notes (Resolution 13); the holders of the Series F Notes (Resolution 14); and
 - the issue of Consolidated Shares to Tasman and Union Pacific Investments (Resolutions 15 and 16).

7.15 Share price information

Trading in the Company's Shares on the ASX was suspended on 28 September 2016. The closing price of the Company's Shares on the day that trading in the Company's Shares was suspended was \$0.012. Trading in the Company's Shares will remain suspended until the Company re-complies with Chapters 1 and 2 of the ASX Listing Rules.

7.16 Independent Expert's Report

The Directors have commissioned the Independent Expert's Report to Shareholders which is provided in conjunction with this Explanatory Memorandum. On the

information set out in the Independent Expert's Report, the Independent Expert has formed the view, having regard to the relevant ASIC Regulatory Guides, that the proposed transaction the subject of Resolution 7, is fair and reasonable to Shareholders. Shareholders are encouraged to read the full text of the Independent Expert's Report contained in Section E.

7.17 **Directors' recommendations**

Each of Alan Beasley, Anthony Karam and John Rawicki recommends that all Shareholders agree to the proposed issue of Placement Shares to the Greenenz Shareholders and vote to approve Resolution 5. The reasons why each Director has made that recommendation are as follows:

- (a) there is no viable alternative to the current proposal;
- (b) the advantages of the proposed transaction set out in paragraph 7.8 above; and
- (c) the Independent Expert has concluded that the terms of the issue of Placement Shares to the Greenenz Group Shareholders are fair and reasonable to non-interested Shareholders.

7.18 **Voting exclusion statement**

A voting exclusion statement is included at paragraph 3.1 of the Notice of Annual General Meeting (Section C).

8. Resolution 6 – Consolidation

8.1 **Background**

Resolution 6 seeks Shareholder approval to consolidate the number of Shares on issue as at the date of the Annual General Meeting on the basis of a ration of 1:10 (one Consolidated Share for each ten Shares held) to be effected immediately following the Annual General Meeting in accordance with the timetable also set out in paragraph 8.3. Pursuant to the Capital Raising, the Company is proposing to offer Consolidated Shares at a price of \$0.20 per Consolidated Share.

The purpose of the Consolidation of Shares is to:

- (a) implement a more appropriate capital structure for the Company going forward; and
- (b) enable the Company to satisfy Chapters 1 and 2 of the ASX Listing Rules and obtain re-quotations of the Consolidated Shares on the ASX (subject to the passing of Resolutions 5, 7, 8 and 9).

If the issue of the Consolidated Shares pursuant to Resolutions 7, 8, 9, 12, 13, 14, 15 and 16 was made in Shares (that is, pre-consolidated Shares), ESM would have approximately 4,964,068,902 Shares on issue. This is a substantial number of Shares

compared to companies listed on the ASX of a similar size and market capitalisation. The Consolidation of Shares should result in a more normal relationship between the price per Consolidated Share and the market capitalisation of the Company.

8.2 Legal requirements

Section 254H of the Corporations Act provides that a company may, by resolution passed in a general meeting, convert all or any of its shares into a larger or smaller number. In compliance with section 254H, the Company is seeking Shareholder approval for the Consolidation of Shares.

ASX Listing Rule 7.20 provides that a company that proposes to re-organise its capital must tell equity security holders in writing each of the following:

- (a) the effect of the proposal on the number of securities and the amount unpaid (if any) on the securities;
- (b) the proposed treatment of any fractional entitlements arising from the reorganisation; and
- (c) the proposed treatment of any convertible securities on issue.

In addition:

- (d) ASX Listing Rule 7.21 provides that the capital of a company may only be reorganised if, in respect of convertible securities, the number of convertible securities or the conversion price, or both, is reorganised so that the holder of the convertible securities will not receive a benefit that holders of ordinary securities do not receive; and
- (e) ASX Listing Rule 7.22.1 provides that a company proposing to re-organise its capital must consolidate the number of options on issue in the same ratio as the ordinary capital and the exercise price must be amended in inverse proportion to that ratio.

The Notice of Annual General Meeting and Explanatory Memorandum provide notice to Shareholders in accordance with ASX Listing Rule 7.20 and contain the information required by that listing rule. The Consolidation of Shares has been structured to satisfy ASX Listing Rules 7.21 and 7.22.1.

8.3 Calculation and effect of Consolidation of Shares

At the date of this Notice of Meeting there are, and at the date of this Annual General Meeting there will be 236,373,500 Shares on issue. The Consolidation of Shares will be undertaken on the basis of the ratio of 1:10, one Consolidated Share for every ten Shares.

Date	Event	Share Capital
Prior to Annual General Meeting	Existing share capital	236,373,492 Shares
Post Annual General Meeting	Shareholders approve Consolidation of Shares	23,637,350 Consolidated Shares

8.4 Fractional entitlements

Not all Shareholders will hold that number of Shares that can be evenly divided in accordance with the formula above. Where a fractional entitlement occurs, the Directors will round that fraction up to the nearest whole Consolidated Share.

8.5 Tax consequences

It is unlikely that any taxation implications will arise for Shareholders once the Consolidation of Shares has been effected. However, Shareholders are advised to seek their own tax advice on the effect of the Consolidation of Shares and neither the Company nor the Directors accept any responsibility for the individual tax implications (if any) that may arise from the Consolidation of Shares.

8.6 Holding statements

From the date of the Consolidation of Shares (being the date of the Annual General Meeting), all holding statements for Shares will cease to have any effect, except as evidence of entitlement to a certain number of Consolidated Shares. Once the Consolidation of Shares has been effected, the Company will arrange for new holding statements for the Consolidated Shares to be issued to Shareholders.

8.7 Indicative timetable for the Consolidation of Shares

Date	Event
	Trading of the Shares has been suspended since 28 September 2016
28 November 2018	Annual General Meeting to approval Consolidation of Shares (among the other Resolutions contained in the Notice)
28 November 2018	Notification of results of Annual General Meeting to the ASX
7 February 2019	Last day to register transfers on a pre-Consolidated Share basis
10 February 2019	First day for Company to send notice to Shareholders of change of holdings as a result of the Consolidation of Shares First day for Company to register Consolidated Shares and for issue of holding statements
10 February 2019	Despatch date Deferred settlement market ends Last day for securities to be entered into Shareholders' security holdings and for the Company to send notice to each Shareholder

9. Resolution 7 – Issue of Placement Shares to the Greenenz Group Shareholders

9.1 Background

As disclosed in relation to Resolution 5 (see paragraph 7 of this Explanatory Memorandum), the Company is proposing to issue the Placement Shares to the Placement Investors, including a total of 252,500,000 Placement Shares to the Greenenz Group Shareholders. On the issue of these 252,500,000 Consolidated Shares at Completion, the Greenenz Group Shareholders will hold 50.87% of the issued capital of the Company and will control the Company (assuming the maximum subscription amount of AUD20,000,000 has been raised pursuant to the Capital Raising). Furthermore, Wayne Breeze and Mark Riddiford will be appointed as Directors of the Company.

The Greenenz Group Shareholders comprise Breeze Solutions, a company controlled by Wayne Breeze, and Winston Development, a company controlled by Mark Riddiford. For the purposes of section 611, item 7, Breeze Solutions and Winston Developments are considered to be acting in concert.

Also at Completion, the Company will, amongst other things:

- (a) acquire the Processing Plant located in the United Kingdom from Lodge Cottrell and receive executed copies of the other First Project Transaction Documents as part of the establishment and operation of the First Project;
- (b) receive the executed Australian Project Transaction Documents;
- (c) receive executed documents regarding the Initial Project Options; and
- (d) receive the executed Exclusivity Deed.

From Completion, the Company will focus on the commercialisation of the Greenenz Technology by the operation of the First Project and the establishment of additional Projects.

For further information, Shareholders are referred to paragraphs of this Explanatory Memorandum: 7.1 Background; 7.3 Greenenz Group; 7.4 Umbrella Placement Agreement; 7.5 Financial information; 7.6 Capital structure; 7.7 Indicative timetable; 7.8 Advantages of the proposed transaction; 7.9 Potential disadvantages of the proposed transaction; 7.10 Risks; 7.11 Alternatives to the proposed transaction; 7.12 Effect of the proposed transaction on the Company; 7.13 Directors' interests; 7.14 Major shareholders; and 7.15 Share price information.

9.2 **Approval under item 7 section 611 of the Corporations Act**

(a) **Relevant interests**

Pursuant to section 606(1) of the Corporations Act, a person, or persons acting in concert, must not acquire a relevant interest in issued voting shares in a company if the person(s) acquiring the interest does so through a transaction in relation to securities entered into by or on behalf of the person(s) and because of the transaction, that person(s)'s or someone else's voting power in the company increases:

- (i) from 20% or below to more than 20%; or
- (ii) from a starting point that is above 20% to below 90%.

The voting power of a person in a company is determined in accordance with section 610 of the Corporations Act. The calculation of a person's voting power in a company involves determining the voting shares in the company in which the person and the person's Associates have a relevant interest.

A person(s) has a relevant interest in securities if they:

- (i) are the holder of the securities;

- (ii) have the power to exercise, or control the exercise of, a right to vote attached to the securities; or
- (iii) have the power to dispose of, or control the exercise of a power to dispose of, the securities.

It does not matter how remote the relevant interest is or how it arises. If two or more people can jointly exercise one of these powers, each of them is taken to have that power.

(b) **Exception to the section 606 prohibition**

Item 7 of section 611 of the Corporations Act provides an exception to the prohibition under section 606 of the Corporations Act. This exception provides that a person(s) may acquire a relevant interest in a company's voting shares with shareholder approval.

In order for the exemption of item 7 of section 611 of the Corporations Act to apply, shareholders must be given all information known to the person making the acquisition and their Associates or the company, that was material to the decision on how to vote on the resolution, including:

- (i) the identity of the person(s) proposing to make the acquisition and their Associates;
- (ii) the maximum extent of the increase in that person(s)' voting power in the company that would result from the acquisition;
- (iii) the voting power that person(s) would have as a result of the acquisition;
- (iv) the maximum extent of the increase in the voting power of each of that person(s)' Associates that would result from the acquisition; and
- (v) the voting power that each of that person(s)' Associates would have as a result of the acquisition.

For responses on these matters, see paragraphs 9.2(c) and 9.3 below.

(c) **Why Shareholder approval is required**

The Company is proposing to issue the Placement Shares to the Placement Investors, including a total of 252,500,000 Placement Shares to the Greenenz Group Shareholders. Each of Breeze Solutions and Winston Developments will subscribe \$290,375 for 126,250,000 Placement Shares each. On Completion, each of Breeze Solutions and Winston Developments will hold a 25.435% interest in the Company.

For the purposes of section 606(1) of the Corporations Act, the two Greenenz Shareholders, Breeze Solutions and Winston Developments, are considered to be acting in concert. As a consequence, their interests will be aggregated, such that each of Breeze Solutions and Winston Developments will have a relevant

interest in 252,500,000 Consolidated Shares representing 50.87% of the issued capital of the Company and will control the Company (assuming the maximum subscription amount of AUD20,000,000 has been raised pursuant to the Capital Raising). In addition, Wayne Breeze (as the controller of Breeze Solutions) and Mark Riddiford (as the controller of Winston Developments) will also be deemed to have a relevant interest in 252,500,000 Consolidated Shares.

9.3 **Information for Shareholders under item 7 of section 611 of the Corporations Act**

The following information is provided to Shareholders for the purposes of the requirements under the Corporations Act in respect of obtaining Shareholder approval for item 7 of section 611 of the Corporations Act:

- (a) The two Greenenz Shareholders, Breeze Solutions and Winston Developments, currently hold not equity interest in the Company.
- (b) In accordance with the terms of the Umbrella Placement Agreement, the Company has agreed to issue the Placement Shares (a total of 307,366,025 Consolidated Shares) of which 252,500,000 Placement Shares are to be issued to the two Greenenz Shareholders.
- (c) For purposes on section 611, item 7, the two Greenenz Shareholders are considered to be acting in concert.
- (d) The Company is to issue the 252,500,000 Placement Shares to the Greenenz Group Shareholders on Completion.
- (e) On Completion, the Greenenz Group Shareholders' interests in the issued capital of the Company will increase from 0.00% to 50.87% (assuming the maximum subscription amount of AUD20,000,000 has been raised pursuant to the Capital Raising).

A more detailed illustration of the capital structure of the Company as a result of this transaction is set out in paragraph 7.6 (Capital structure).

9.4 **Information for Shareholders required by RG 74**

Further information required by ASIC Regulatory Guide 74 (**RG 74**) is set out in the following paragraphs.

- (a) *Identity of the allottee and any person who will have a relevant interest in the Issue Shares*

The Greenenz Shareholders (Breeze Solutions and Winston Developments).

- (b) *Full particulars (including the number and the percentage) of the Shares to which the Greenenz Group Shareholders are or will be entitled immediately*

before and after the proposed allotment of the Placement Shares and considered in relation to the entire issued capital of the Company

The two Greenenz Shareholders, Breeze Solutions and Winston Developments, currently hold no equity interest in the Company. The Company is to issue the 252,500,000 Placement Shares to the Greenenz Group Shareholders on Completion, at which point the Greenenz Group Shareholders' interests in the issued capital of the Company will have increased from 0.00% to 50.87% (assuming the maximum subscription amount of AUD20,000,000 has been raised pursuant the Capital Raising). This information is set out in some detail in paragraphs 7.1 (Background), 7.4 (Umbrella Placement Agreement) and 7.6 (Capital structure).

- (c) *The identity, associations (with the Greenenz Group Shareholders and with any of their Associates) and qualifications of any person who it is intended will become a Director if Shareholders approve the issue of the Placement Shares to the Greenenz Group Shareholders.*

It is proposed that Wayne Breeze and Mark Riddiford become Directors of the Company on Completion, subject to the approval of Shareholders. Approval of the appointment of Breeze and Riddiford as Directors is being sought at this Annual General Meeting, (Breeze, Resolution 10 and Riddiford, Resolution 11).

The Greenenz Group Shareholders are Breeze Solutions and Winston Developments. Breeze Solutions is controlled by Wayne Breeze and Winston Solutions is controlled by Mark Riddiford.

The qualifications and biographies of Wayne Breeze and Mark Riddiford can be found at paragraphs 12 and 13 respectively of this Explanatory Memorandum.

- (d) *A statement of the Greenenz Group Shareholders' intentions regarding the future of the Company if Shareholders agree to the issue of the Placement Shares and, in particular:*

- (i) *any intention to change the business of the Company*

The Company does not currently have an operating business. On Completion, the Company will have the right to commercialise the Greenenz Technology. In particular, the Company will, amongst other things:

- (A) acquire the Processing Plant located in the United Kingdom from Lodge Cottrell as part of the establishment and operation of the First Project;
- (B) receive the executed Australian Project Transaction Documents;
- (C) receive executed documents regarding the Initial Project Options; and
- (D) receive the executed Exclusivity Deed.

- (ii) *any intention to inject further capital into the Company, and if so how*

Other than the Capital Raising, the Company does not have any current plans to raise additional capital.

- (iii) *the future employment of the present employees of the Company*

At present, the Company does not have any employees. Post Completion. This policy is in line with the Company's strategy to minimise costs until the Completion and the Company's re-compliance with Chapters 1 and 2 of the ASX Listing Rules. Post Completion, the Company will utilise the necessary balance of consultants and employees to meet operational requirements.

- (iv) *any proposal whereby any property will be transferred between the Company and the Greenenz Group Shareholders or any Associate of the Greenenz Group Shareholders*

The Company does not currently own any material assets. Other than the granting of a licence by the Greenenz Group to the Company for the use of the Greenenz Technology, there is no other proposal for the transfer of property between the Company and Greenenz Group.

- (v) *any intention to otherwise redeploy the fixed assets of the Company*

The Company has no fixed assets.

- (vi) *any intention of the Greenenz Group Shareholders to change significantly the financial or dividend policies of the Company*

The Company has indicated that it does not intend to pay any dividends for the year ending 30 June 2019. The payment of any dividend in the future will be a matter for decision of the Board at the appropriate time, based on the information available at that time. See also paragraph 7.12(b)(iv) of the Explanatory Memorandum.

- (e) *Particulars of the terms of the proposed allotment and any other contract or proposed contract between the Greenenz Group Shareholders and the Company or any of their Associates which is conditional upon, or directly or indirectly dependent on, Shareholders' agreement to the allotment of the Placement Shares to the Greenenz Group Shareholders*

In accordance with the Umbrella Placement Agreement the Company must issue the Placement Shares to the Placement Investors, including the Greenenz Group Shareholders on the Completion Date, subject to satisfaction or waiver of the Conditions Precedent. A summary of the Umbrella Placement Agreement can be found at paragraph 7.4 of this Explanatory Memorandum.

On Completion, the Company will, amongst other things:

- (i) acquire the Processing Plant located in the United Kingdom from Lodge Cottrell as part of the establishment and operation of the First Project;

- (ii) receive the executed Australian Project Transaction Documents;
 - (iii) receive executed documents regarding the Initial Project Options; and
 - (iv) receive the executed Exclusivity Deed.
- (f) *When the allotment of the Placement Shares to the Greenenz Group Shareholders is to be completed*

On Completion.

- (g) *An explanation of reasons for the proposed allotment*

The Company is proposing to issue Placement Shares to the Greenenz Group Shareholders so as to:

- (i) gain the opportunity to commercialise the Greenenz Technology; and
- (ii) raise additional working capital.

- (h) *The interests of the Directors in Resolution 8*

The interests of the Directors and proposed Directors in Resolution 8 are as set out in the table at paragraph 7.13 of this Explanatory Memorandum.

9.5 **Current and proposed interests in the Company**

The existing capital structure of the Company and the proposed capital structure of the Company at Completion, in both Shares and in Consolidated Shares, are as is set out in paragraph 7.6 of this Explanatory Memorandum.

9.6 **Independent Expert's Report**

In accordance with the requirements of RG 74, the Directors engaged the Independent Expert to prepare and provide the Independent Expert's Report which contains an analysis of whether the proposed issue of Placement Shares to the Greenenz Group Shareholders is fair and reasonable for non-associated Shareholders.

The Independent Expert's Report compares the likely advantages and disadvantages for the non-associated Shareholders if the proposal is agreed to, with the advantages and disadvantages to those Shareholders if it is not.

The Independent Expert has concluded that the proposed issue of the Placement Shares to the Greenenz Group Shareholders is fair and reasonable to the non-associated Shareholders. For a summary of the Independent Expert's findings please refer to pages 9 through 12 of the Independent Expert's Report.

The Independent Expert has given, and not before the date of the Notice withdrawn, its consent to the inclusion of the Independent Expert's Report in Section E of this document and to the references to the Independent Expert's Report in this Explanatory Memorandum being made in the form and context in which each such reference is included.

9.7 Advantages and disadvantages

The advantages and disadvantages of the issue of the Placement Shares to the Greenenz Group Shareholders are set out in paragraphs 7.8 and 7.9 of this Explanatory Memorandum. Potential risks associated with the issue of the Placement Shares to the Greenenz Group Shareholders and the subsequent commercialisation of the Greenenz Technology are set out in paragraph 7.10 of this Explanatory Memorandum.

9.8 Recommendation of the Directors

Each of and Alan Beasley, Anthony Karam and John Rawicki recommends that Shareholders vote in favour of Resolution 7.

The Board has carefully considered the advantages and disadvantages and evaluated their relative weight in the circumstances of the Company. Each of and believes that the sum of the advantages outweighs the sum of the disadvantages and that the issue of the Placement Shares to the Greenenz Group Shareholders is in the best interests of existing Shareholders as a whole for the reasons set out in this Explanatory Memorandum and the Independent Expert's Report.

Each of and Alan Beasley, Anthony Karam and John Rawicki advises that they propose to vote in favour of this Resolution 7.

9.9 ASX Listing Rule requirements

- (a) **ASX Listing Rule 7.2, Exception 16:** *Approval not required under ASX Listing Rule 7.1*

As approval for the issue of the Placement Shares referred to in Resolution 7 is being sought under section 611, item 7 of the Corporations Act, approval of the issue of the Placement Shares is not required under ASX Listing Rule 7.1.

- (b) **ASX Listing Rule 7.3.8:** *A voting exclusion statement*

A voting exclusion statement is included at paragraph 3.2 of the Notice of Annual General Meeting (Section C).

10. Resolution 8 – Issue of Placement Shares to the Third Party Placement Investors

10.1 Background

Pursuant the Umbrella Placement Agreement, the Company agreed to issue the Placement Shares to the Placement Investors on Completion. The Placement Investors comprise the Greenenz Group Shareholders and the Third Party Placement Investors. The issue of Placement Shares to the Greenenz Group Shareholders will result in a change of control of the Company. As a consequence, separate approval is required for the issue of Placement Shares to the Greenenz Shareholders. The Company will also gain the right to commercialise the Greenenz Technology on Completion in

consideration for the issue of Placement Shares to the Greenenz Shareholders. Consequently is being sought pursuant to Resolution 7. Approval for the issue of Placement Shares to the Third Party Placement Investors is being sought pursuant to Resolution 8.

10.2 ASX Listing Rule requirements

Pursuant to ASX Listing Rule 7.3, the following information is provided regarding ASX Listing Rule 7.1 approval:

- (a) **ASX Listing Rule 7.3.1:** *Maximum number of securities to be issued pursuant to Resolution 5*

54,866,025 Consolidated Shares. These Consolidated Shares will be issued to the Third Party Placement Investors for the purposes of raising funds for the Company's operation and development of Projects utilising the Greenenz Technology and additional working capital for the Company

- (b) **ASX Listing Rules 7.3.2 and 7.3.7:** *Date by which securities will be issued and allotted*

If Shareholder approval is obtained, the issue and allotment of the Consolidated Shares to the Third Party Placement Investors will occur on the Completion Date.

- (c) **ASX Listing Rule 7.3.3:** *Issue price of securities*

\$0.0023 per Consolidated Share.

- (d) **ASX Listing Rule 7.3.4:** *Names of allottees*

The allottees are institutional or sophisticated investors, being persons who, because of one or more of sections 708(8), 708(10), 708(11) and 708(12) of the Corporations Act, may subscribe for Placement Shares without receiving a disclosure document issued by the Company in accordance with Part 6D.2 of the Corporations Act. The Third Party Placement Investors are not persons who are related parties of the Company.

- (e) **ASX Listing Rule 7.3.5:** *Terms of securities*

The Company will apply to the ASX to have the Consolidated Shares issued to the Third Party Placement Investors Officially Quoted and these Consolidated Shares will rank equally with all the other Consolidated Shares on issue. In all other respects, the rights and entitlements of the holders in respect of the Consolidated Shares issued to the Third Party Placement Investors will be identical to the rights and entitlements of the holders of existing issued Consolidated Shares.

- (f) **ASX Listing Rule 7.3.6:** *Intended use of the funds*

The funds raised by the issue of 54,866,025 Consolidated Shares to the Third Party Placement Investors will be used to provide funds for the development

and operation of the Projects utilising the Greenenz Technology and additional working capital for the Company.

(g) **ASX Listing Rule 7.3.8:** *A voting exclusion statement*

A voting exclusion statement is included at paragraph 3.3 of the Notice of Annual General Meeting (Section C).

11. Resolution 9 – Issue of Consolidated Shares pursuant to the Prospectus

11.1 Background

Resolution 9 seeks Shareholder approval for the issue and allotment of 100,000,000 Consolidated Shares at an issue price of \$0.20 per Consolidated Share to raise up to a total of \$20 million with 25,000,000 free attaching Loyalty Options on a 1:4 basis, with a minimum raising of \$15 million by way of the issue of 75,000,000 Consolidated Shares with 18,750,000 free attaching Loyalty Options on a 1:4 basis (**Capital Raising**).

The Company intends to conduct the Capital Raising through the issue of the Prospectus as part of its re-compliance with Chapters 1 and 2 of the ASX Listing Rules.

A summary of ASX Listing Rule 7.1 is set out in paragraph above.

The effect of Resolution 9 will be to permit the Company to issue up to 100,000,000 Consolidated Shares and 25,000,000 free attaching Loyalty Options pursuant to the Prospectus on a date or dates which is or are no later than three months after the date of this Annual General Meeting or such later time as deemed appropriate by an ASX waiver.

11.2 ASX Listing Rule requirements

Pursuant to ASX Listing Rule 7.3, the following information is provided regarding ASX Listing Rule 7.1 approval:

(a) **ASX Listing Rule 7.3.1:** *Maximum number of securities to be issued pursuant to Resolution 9*

100,000,000 Consolidated Shares and 25,000,000 free attaching Loyalty Options. These Consolidated Shares will be issued to investors for the purposes of raising funds for the operation and development of Projects utilising the Greenenz Technology and additional working capital for the Company. No Consolidated Shares will be issued to an investor if, as a result of that issue, the investor or other person acquires a relevant interest in Consolidated Shares in breach of section 606 of the Corporations Act. The Loyalty Options are issued for nil consideration.

- (b) **ASX Listing Rules 7.3.2 and 7.3.7:** *Date by which securities will be issued and allotted*

If Shareholder approval is obtained, the issue and allotment of the Consolidated Shares to investors will occur as soon as practicable after the closing date of the offer under the Prospectus or such other date as may be determined by the issue of a supplementary prospectus.

- (c) **ASX Listing Rule 7.3.3:** *Issue price of securities*

\$0.20 per Consolidated Share.

- (d) **ASX Listing Rule 7.3.4:** *Names of allottees*

The allottees are retail and wholesale investors. The investors must be persons who are not related parties of the Company.

- (e) **ASX Listing Rule 7.3.5:** *Terms of securities*

The Company will apply to the ASX to have the Consolidated Shares issued to the investors Officially Quoted and these Consolidated Shares will rank equally with all the other Consolidated Shares on issue. In all other respects, the rights and entitlements of the holders in respect of the Consolidated Shares issued to the investors will be identical to the rights and entitlements of the holders of existing issued Consolidated Shares.

- (f) **ASX Listing Rule 7.3.6:** *Intended use of the funds*

The funds raised by the issue of up to 100,000,000 Consolidated Shares to the investors will be used to provide funds for the development and operation of the Projects utilising the Greenenz Technology and additional working capital for the Company.

- (g) **ASX Listing Rule 7.3.8:** *A voting exclusion statement*

A voting exclusion statement is included at paragraph 3.4 of the Notice of Annual General Meeting (Section C).

12. Resolution 10 – Election of Wayne Breeze as a Director

12.1 Proposed election

Resolution 10 seeks the approval of Shareholders for the election of Wayne Breeze as a Director with effect from Completion. Rule 6.1(c) of the Company's Constitution provides that the Company may by an ordinary resolution elect any natural person to be Director. It is proposed that Wayne Breeze, together with Mark Riddiford (see Resolution 11), become the executive Directors of the Company. The Conditions Precedent to Completion include that, on or prior to Completion, Wayne Breeze executes the Breeze Services Agreement and Mark Riddiford executes the Riddiford Services Agreement.

Wayne Breeze and Mark Riddiford will join the Board to guide the growth and development of the Company based on their knowledge and experience in developing the Greenenz Technology. Wayne Breeze and Mark Riddiford are best placed to oversee the Company's commercialisation of the Greenenz Technology.

12.2 **Biography**

Wayne Breeze has extensive international business development and legal experience. Wayne has held legal positions with several international banks, including as Deputy Head of Legal for Barclays Capital, London, as well as Head of Legal and group Company Secretary positions for other banks in London. He shifted to commercial roles with Barclays opening up new territorial and product line businesses in the UK, South Africa, and then as Head of Solution Sales for Japan Asia Pacific based in Hong Kong. He founded Global Funds Exchange, an independent hedge funds platform with large global investment banks as clients and sold it in 2006. Wayne then returned home to New Zealand and invested in farming and agriculture. In 2007, he co-founded Greenenz Group, a clean technology solutions company, with Mark Riddiford.

Wayne Breeze received an LLB from Victoria University in 1987. He is admitted as a Barrister and Solicitor in New Zealand and as solicitor in England and Wales.

13. Resolution 11 – Election of Mark Riddiford as a Director

13.1 **Proposed election**

Resolution 11 seeks the approval of Shareholders for the election of Mark Riddiford as a Director with effect from Completion. Rule 6.1(c) of the Company's Constitution provides that the Company may by an ordinary resolution elect any natural person to be Director. It is proposed that Mark Riddiford, together with Wayne Breeze (see Resolution 10), become the executive Directors of the Company. The Conditions Precedent to Completion include that, on or prior to Completion, Mark Riddiford executes the Riddiford Services Agreement and Wayne Breeze executes the Breeze Services Agreement.

Mark Riddiford and Wayne Breeze will join the Board to guide the growth and development of the Company based on their knowledge and experience in developing the Greenenz Technology. Mark Riddiford and Wayne Breeze are best placed to oversee the Company's commercialisation of the Greenenz Technology.

13.2 **Biography**

Mr Riddiford, co-founder of Greenenz Group, has 35 years' experience in resource based industry development and management. Mr Riddiford has operated at various times as founder, developer, project manager and owner of innovative companies in the forestry, property, agriculture, food production and energy sectors. He applies the skills and knowhow from this experience to his involvement in the Greenenz Group, a Clean Technology Solutions company he has been actively involved with for the last ten years.

14. Resolution 12 – Issue of Consolidated Shares on conversion of Series A Notes and Series B Notes

14.1 Background

During September 2013, the Company raised new debt funding from investors (**Series A & B Noteholders**) in addition to debt funding the Series A & B Noteholders had already provided to the Company, such that the aggregate balance of this debt funding was \$655,000. The funds raised were used in part to finance the Company's exit from its involvement in a project in Brazil. The Company and the Series A & B Noteholders agreed that this debt amount be made convertible into Shares in the Company and the Company proceeded to issue the Series A Notes and Series B Notes with an aggregate face value of \$650,000 to the Series A & B Noteholders. Subsequently, at various times, the Company has partially paid down the Series A Notes and the Series B Notes and the Series A & B Noteholders have agreed to multiple extensions of the Maturity Date of these notes.

The Series A & B Noteholders have now agreed to the conversion of all of the remaining Series A Notes and the Series B Notes (an **Agreed Notes Balance** of \$300,000), together with all interest that has accrued on those notes (an **Agreed Interest Amount** of \$138,031.09), for the issue of 2,190,156 Consolidated Shares (**Conversion Shares**) on the Completion Date, subject to Completion occurring.

14.2 ASX Listing Rule requirements

Pursuant to ASX Listing Rule 7.3, the following information is provided regarding ASX Listing Rule 7.1 approval:

- (a) **ASX Listing Rule 7.3.1:** *Maximum number of securities to be issued pursuant to Resolution 12*

2,190,156 Consolidated Shares. No Consolidated Shares will be issued to a Series A & B Noteholder if, as a result of that issue, that holder or another person acquires a relevant interest in Consolidated Shares in breach of section 606 of the Corporations Act.

- (b) **ASX Listing Rules 7.3.2 and 7.3.7:** *Date by which securities will be issued and allotted*

If Shareholder approval is obtained, the issue and allotment of the Conversion Shares to the Series A & B Noteholders will occur on the Completion Date. If the Completion Date occurs more than three months after the date of the Annual General Meeting, the Company will seek an ASX waiver to issue the Conversion Shares at a later date.

- (c) **ASX Listing Rule 7.3.3:** *Issue price of securities*

Nil per Conversion Share. The Conversion Shares will be issued for nil consideration on conversion of the Series A Notes and the Series B Notes (at the Agreed Notes Balance) and all interest accrued on those notes (the Agreed

Interest Amount). The Company and the Series A & B Noteholders have agreed that the issue of the Conversion Shares will be in full satisfaction of the Company's obligation to pay the Agreed Notes Balance and the Agreed Interest Amount.

(d) **ASX Listing Rule 7.3.4:** *Names of allottees*

The allottees are the Series A & B Noteholders, being persons who, because of one or more of sections 708(8), 708(10), 708(11) and 708(12) of the Corporations Act, may subscribe for Consolidated Shares without receiving a disclosure document issued by the Company in accordance with Part 6D.2 of the Corporations Act. The Series A & B Noteholders are not related parties of the Company.

(e) **ASX Listing Rule 7.3.5:** *Terms of securities*

- (i) The remaining Series A Notes and the Series B Notes have a face of the Agreed Notes Balance (\$300,000) and that the accrued interest on those notes is the Agreed Interest Amount.
- (ii) The Series A Notes and the Series B Notes are unsecured.
- (iii) In accordance with the terms of the Series A Notes and the Series B Notes, the conversion of:
 - (A) the remaining balance of the Series A Notes and the Series B Notes (at the Agreed Notes Balance) and
 - (B) the accrued interest on the Series A Notes and the Series B Notes (the Agreed Interest Amount),

is to be calculated at the conversion price of \$0.02 per Share (prior the Consolidation of Shares) and amounts to 21,901,560 Shares.

- (iv) On conversion at Completion, the Company will issue the Series A & B Noteholders with the Conversion Shares, which number represents the number of Conversion Shares post the Consolidation of Shares, calculated by applying ASX Listing Rules 7.21 and 7.22.1 in the consolidation of the remaining Series A Notes and the Series B Notes (at the Agreed Notes Balance) and the accrued Agreed Interest Amount in accordance with the Consolidation of Shares, as illustrated in the following table:

Date	Event	Agreed conversion price	Equity to be issued
Date of the Notice of Annual General Meeting	Prior to the Consolidation of Shares	\$0.02 per Share	21,901,560 Shares
Completion	Post the Consolidation of Shares	\$0.20 per Consolidated Share	2,190,156 Consolidated Shares

(v) The Series A & B Noteholders have further agreed that the remaining Series A Notes and the Series B Notes (at the Agreed Notes Balance), together with the accrued Agreed Interest Amount, will convert automatically on Completion, and otherwise expire on 30 April 2019, on which date the Company will be required to repay the Agreed Notes Balance and the Agreed Interest Amount in full to the Series A & B Noteholders.

(vi) The Conversion Shares will rank pari passu in all respects with other Consolidated Shares of the Company on issue at the date of the issue.

(vii) The Series A Notes and the Series B Notes are not listed on the ASX. Upon conversion, the Company will apply to the ASX to have the Conversion Shares Officially Quoted and, subject to any ASX ruling regarding restricted securities, will rank equally with all the other Consolidated Shares on issue. In all other respects, the rights and entitlements of the Series A & B Noteholders in respect of the Conversion Shares to be issued to them will be identical to the rights and entitlements of the holders of all issued Consolidated Shares.

(f) **ASX Listing Rule 7.3.6:** *Intended use of the funds*

No funds will be raised by the issue of the Conversion Shares to the Series A & B Noteholders. The funds raised by the issue of the Series A Notes and the Series B Notes were previously applied towards working capital purposes by the Company.

(g) **ASX Listing Rule 7.3.8:** *A voting exclusion statement*

A voting exclusion statement is included at paragraph 3.5 of the Notice of Annual General Meeting (Section C).

15. Resolution 13 – Issue of Consolidated Shares on conversion of Series E Notes

15.1 Background

During December 2016 to April 2017, the Company raised debt funding from investors (**Series E Noteholders**) totalling \$652,000. The Company and the Series E Noteholders agreed that this debt amount be made convertible into Shares in the Company and the Company proceeded to issue the Series E Notes with an aggregate face value of \$652,000 to the Series E Noteholders (**Agreed Notes Balance**). It was further agreed that each Series E Noteholder will receive six bonus Shares or Consolidated Shares (as the case may be) for each Share or Consolidated Share received.

15.2 ASX Listing Rule requirements

Pursuant to ASX Listing Rule 7.3, the following information is provided regarding ASX Listing Rule 7.1 approval:

- (a) **ASX Listing Rule 7.3.1:** *Maximum number of securities to be issued pursuant to Resolution 12*

22,820,000 Consolidated Shares, comprising:

- (i) 3,260,000 Consolidated Shares on conversion of the Series E Notes at the Agreed Notes Balance (**Conversion Shares**); and
- (ii) 19,560,000 Consolidated Shares as bonus Consolidated Shares on the basis on six bonus Consolidated Shares for each Conversion Share received (**Bonus Shares**).

No Conversion Shares or Bonus Shares will be issued to a Series E Noteholder if, as a result of that issue, that holder or another person acquires a relevant interest in Consolidated Shares in breach of section 606 of the Corporations Act.

- (b) **ASX Listing Rules 7.3.2 and 7.3.7:** *Date by which securities will be issued and allotted*

If Shareholder approval is obtained, the issue and allotment of the Conversion Shares and the Bonus Shares to the Series E Noteholders will occur on the Completion Date. If the Completion Date occurs more than three months after the date of the Annual General Meeting, the Company will seek an ASX waiver to issue the Conversion Shares and the Bonus Shares at a later date.

- (c) **ASX Listing Rule 7.3.3:** *Issue price of securities*

Nil per Conversion Share and Bonus Share. The Conversion Shares and the Bonus Shares will be issued for nil consideration on conversion of the Series E Notes. The Company and the Series E Noteholders have agreed that the issue

of the Conversion Shares and Bonus Shares will be in full satisfaction of the Company's obligation to pay the Agreed Notes Balance.

(d) **ASX Listing Rule 7.3.4: Names of allottees**

The allottees are the Series E Noteholders, being persons who, because of one or more of sections 708(8), 708(10), 708(11) and 708(12) of the Corporations Act, may subscribe for Consolidated Shares without receiving a disclosure document issued by the Company in accordance with Part 6D.2 of the Corporations Act. The Series E Noteholders are not related parties of the Company.

(e) **ASX Listing Rule 7.3.5: Terms of securities**

- (i) The Series E Notes have a face value of the Agreed Notes Balance (\$652,000). No interest has accrued on the Series E Notes.
- (ii) The Series E Notes are unsecured.
- (iii) In accordance with the terms of the Series E Notes, the conversion of the Series E Notes is calculated at the conversion price of \$0.02 per Share (prior the Consolidation of Shares). On conversion, each Series E Noteholder receives six bonus Shares for each Share received on conversion.
- (iv) On conversion at Completion, the Company will issue the Series E Noteholders with
 - (A) the Conversion Shares, which number represents the number of Conversion Shares post the Consolidation of Shares, calculated by applying ASX Listing Rules 7.21 and 7.22.1 in the consolidation of the Series E Notes (at the Agreed Notes Balance); and
 - (B) the Bonus Shares, which number represents six Bonus Shares for each Conversion Share,

as illustrated in the following table:

Date	Event	Agreed conversion price	Equity to be issued
Date of the Notice of Annual General Meeting	Prior to the Consolidation of Shares	\$0.02 per Share	32,600,000 Shares + 195,600,000 bonus Shares
Completion	Post the Consolidation of Shares	\$0.20 per Consolidated Share	3,260,000 Consolidated Shares + 19,560,000 bonus Consolidated Shares

(v) The Series E Noteholders have further agreed that the remaining Series E Notes (at the Agreed Notes Balance) will convert automatically on Completion, and otherwise expire on 30 April 2019, on which date the Company will be required to repay the Agreed Notes Balance in full to the Series E Noteholders, unless the Company and the holders of the Series E Notes agree to extend the maturity date beyond 30 April 2019.

(vi) The Conversion Shares and the Bonus Shares will rank pari passu in all respects with other Consolidated Shares of the Company on issue at the date of the issue.

(vii) The Series E Notes are not listed on the ASX. Upon conversion, the Company will apply to the ASX to have the Conversion Shares and the Bonus Shares Officially Quoted and, subject to any ASX ruling regarding restricted securities, will rank equally with all the other Consolidated Shares on issue. In all other respects, the rights and entitlements of the Series E Noteholders in respect of the Conversion Shares and the Bonus Shares to be issued to them will be identical to the rights and entitlements of the holders of all issued Consolidated Shares.

(f) **ASX Listing Rule 7.3.6:** *Intended use of the funds*

No funds will be raised by the issue of the Conversion Shares and the Bonus Shares to the Series E Noteholders. The funds raised by the issue of the Series E Notes were previously applied towards working capital purposes by the Company.

(g) **ASX Listing Rule 7.3.8:** *A voting exclusion statement*

A voting exclusion statement is included at paragraph 3.6 of the Notice of Annual General Meeting (Section C).

16. Resolution 14 – Issue of Consolidated Shares on conversion of Series F Notes

16.1 Background

During November 2017 to May 2018, the Company raised debt funding from investors (**Series F Noteholders**) totalling \$1,000,000. The Company and the Series F Noteholders agreed that this debt amount be made convertible into Shares in the Company and the Company proceeded to issue the Series F Notes with an aggregate face value of \$1,000,000 to the Series F Noteholders (**Agreed Notes Balance**). It was further agreed that each Series F Noteholder will receive three bonus Shares or Consolidated Shares (as the case may be) for each Share or Consolidated Share received.

16.2 ASX Listing Rule requirements

- (a) **ASX Listing Rule 7.3.1:** *Maximum number of securities to be issued pursuant to Resolution 12*

20,000,000 Consolidated Shares, comprising:

- (i) 5,000,000 Consolidated Shares on conversion of the Series F Notes at the Agreed Notes Balance (**Conversion Shares**); and
- (ii) 15,000,000 Consolidated Shares as bonus Consolidated Shares on the basis on three bonus Consolidated Shares for each Conversion Share received (**Bonus Shares**).

No Conversion Shares or Bonus Shares will be issued to a Series F Noteholder if, as a result of that issue, that holder or another person acquires a relevant interest in Consolidated Shares in breach of section 606 of the Corporations Act.

- (b) **ASX Listing Rules 7.3.2 and 7.3.7:** *Date by which securities will be issued and allotted*

If Shareholder approval is obtained, the issue and allotment of the Conversion Shares and the Bonus Shares to the Series F Noteholders will occur on the Completion Date. If the Completion Date occurs more than three months after the date of the Annual General Meeting, the Company will seek an ASX waiver to issue the Conversion Shares and the Bonus Shares at a later date.

- (c) **ASX Listing Rule 7.3.3:** *Issue price of securities*

Nil per Conversion Share and Bonus Share. The Conversion Shares and the Bonus Shares will be issued for nil consideration on conversion of the Series F Notes. The Company and the Series F Noteholders have agreed that the issue of the Conversion Shares and Bonus Shares will be in full satisfaction of the Company's obligation to pay the Agreed Notes Balance.

(d) **ASX Listing Rule 7.3.4: Names of allottees**

The allottees are the Series F Noteholders, being persons who, because of one or more of sections 708(8), 708(10), 708(11) and 708(12) of the Corporations Act, may subscribe for Consolidated Shares without receiving a disclosure document issued by the Company in accordance with Part 6D.2 of the Corporations Act. The Series F Noteholders are not related parties of the Company.

(e) **ASX Listing Rule 7.3.5: Terms of securities**

- (i) The Series F Notes have a face value of the Agreed Notes Balance (\$1,000,000). No interest has accrued on the Series F Notes.
- (ii) The Series F Notes are unsecured.
- (iii) In accordance with the terms of the Series F Notes, the conversion of the Series F Notes is calculated at the conversion price of \$0.02 per Share (prior the Consolidation of Shares). On conversion, each Series F Noteholder receives six bonus Shares for each Share received on conversion.
- (iv) On conversion at Completion, the Company will issue the Series F Noteholders with
 - (A) the Conversion Shares, which number represents the number of Conversion Shares post the Consolidation of Shares, calculated by applying ASX Listing Rules 7.21 and 7.22.1 in the consolidation of the Series F Notes (at the Agreed Notes Balance); and
 - (B) the Bonus Shares, which number represents three Bonus Shares for each Conversion Share,

as illustrated in the following table:

Date	Event	Agreed conversion price	Equity to be issued
Date of the Notice of Annual General Meeting	Prior to the Consolidation of Shares	\$0.02 per Share	50,000,000 Shares + 150,000,000 bonus Shares
Completion	Post the Consolidation of Shares	\$0.20 per Consolidated Share	5,000,000 Consolidated Shares + 15,000,000 bonus Consolidated Shares

(v) The Series F Noteholders have further agreed that the remaining Series F Notes (at the Agreed Notes Balance) will convert automatically on Completion, and otherwise expire on 30 April 2019, on which date the Company will be required to repay the Agreed Notes Balance in full to the Series F Noteholders, unless the Company and the holders of the Series F Notes agree to extend the maturity date beyond April 2019.

(vi) The Conversion Shares and the Bonus Shares will rank pari passu in all respects with other Consolidated Shares of the Company on issue at the date of the issue.

(vii) The Series F Notes are not listed on the ASX. Upon conversion, the Company will apply to the ASX to have the Conversion Shares and the Bonus Shares Officially Quoted and, subject to any ASX ruling regarding restricted securities, will rank equally with all the other Consolidated Shares on issue. In all other respects, the rights and entitlements of the Series F Noteholders in respect of the Conversion Shares and the Bonus Shares to be issued to them will be identical to the rights and entitlements of the holders of all issued Consolidated Shares.

(f) **ASX Listing Rule 7.3.6:** *Intended use of the funds*

No funds will be raised by the issue of the Conversion Shares and the Bonus Shares to the Series F Noteholders. The funds raised by the issue of the Series F Notes were previously applied towards working capital purposes by the Company.

(g) **ASX Listing Rule 7.3.8:** *A voting exclusion statement*

A voting exclusion statement is included at paragraph 3.7 of the Notice of Annual General Meeting (Section C).

17. Resolution 15 – Issue of Consolidated Shares to Tasman

17.1 Background

The Company and Tasman are parties to a mandate agreement for the provision of corporate services dated 15 December 2016 (**Mandate Agreement**). Pursuant to the Mandate Agreement, Tasman has provided and will continue to provide up to and including Completion, the following services (**Tasman Services**):

- (a) corporate advisory services;
- (b) equity markets advice; and
- (c) assistance to facilitate the Company's fundraising initiatives including the proposed Capital Raising.

The Company is seeking the approval of Shareholders to issue 10,000,000 Consolidated Shares (**Consideration Shares**) to Tasman in consideration of its provision of the Tasman Services up to and including Completion pursuant to the Mandate Agreement.

17.2 ASX Listing Rule requirements

Pursuant to ASX Listing Rule 7.3, the following information is provided regarding ASX Listing Rule 7.1 approval:

- (a) **ASX Listing Rule 7.3.1:** Maximum number of securities to be issued
10 million Consolidated Shares (**Consideration Shares**).
- (b) **ASX Listing Rules 7.3.2 and 7.3.7:** Date by which securities will be issued and allotted

If Shareholder approval is obtained, the issue and allotment of the Consideration Shares to Tasman will occur on the Completion Date. If the Completion Date occurs more than three months after the date of the Annual General Meeting, the Company will seek an ASX waiver to issue the Consideration Shares at a later date.

- (c) **ASX Listing Rule 7.3.3:** *Issue price of securities*
Nil issue price per Consideration Share.
- (d) **ASX Listing Rule 7.3.4:** *Names of allottees*
Tasman.
- (e) **ASX Listing Rule 7.3.5:** *Terms of securities*

Upon issue, the Company will apply to the ASX to have the Consideration Shares Officially Quoted and, subject to any ASX ruling regarding restricted

securities, will rank equally with all the other Consolidated Shares on issue. In all other respects, the rights and entitlements of Tasman in respect of the Consideration Shares to be issued to it will be identical to the rights and entitlements of the holders of all issued Consolidated Shares.

- (f) **ASX Listing Rule 7.3.6:** *Intended use of the funds*

No funds will be raised by the issue of the Consideration Shares to Tasman.

- (g) **ASX Listing Rule 7.3.8:** A voting exclusion statement

A voting exclusion statement is included at paragraph 3.8 of the Notice of Annual General Meeting (Section C).

18. Resolution 16 – Issue of Consolidated Shares to Union Pacific Investments

18.1 Background

The Company and Union Pacific Investments are parties to a mandate agreement for the provision of corporate services dated 13 December 2016 (**Mandate Agreement**). Pursuant to the Mandate Agreement, Union Pacific Investments has provided and will continue to provide up to and including Completion, the following services (**UPI Services**):

- (a) corporate advisory services;
- (b) equity markets advice; and
- (c) assistance to facilitate the Company's fundraising initiatives including the proposed Capital Raising.

The Company is seeking the approval of Shareholders to issue 10,000,000 Consolidated Shares (**Consideration Shares**) to Union Pacific Investments in consideration of its provision of the UPI Services up to and including Completion pursuant to the Mandate Agreement.

18.2 ASX Listing Rule requirements

Pursuant to ASX Listing Rule 7.3, the following information is provided regarding ASX Listing Rule 7.1 approval:

- (a) **ASX Listing Rule 7.3.1:** Maximum number of securities to be issued
- 10 million Consolidated Shares (**Consideration Shares**).

- (b) **ASX Listing Rules 7.3.2 and 7.3.7:** Date by which securities will be issued and allotted

If Shareholder approval is obtained, the issue and allotment of the Consideration Shares to Union Pacific Investments will occur on the Completion Date. If the Completion Date occurs more than three months after the date of the Annual General Meeting, the Company will seek an ASX waiver to issue the Consideration Shares at a later date.

- (c) **ASX Listing Rule 7.3.3:** *Issue price of securities*

Nil issue price per Consideration Share.

- (d) **ASX Listing Rule 7.3.4:** *Names of allottees*

Union Pacific Investments.

- (e) **ASX Listing Rule 7.3.5:** *Terms of securities*

Upon issue, the Company will apply to the ASX to have the Consideration Shares Officially Quoted and, subject to any ASX ruling regarding restricted securities, will rank equally with all the other Consolidated Shares on issue. In all other respects, the rights and entitlements of Union Pacific Investments in respect of the Consideration Shares to be issued to it will be identical to the rights and entitlements of the holders of all issued Consolidated Shares.

- (f) **ASX Listing Rule 7.3.6:** *Intended use of the funds*

No funds will be raised by the issue of the Consideration Shares to Union Pacific Investments.

- (g) **ASX Listing Rule 7.3.8:** A voting exclusion statement

A voting exclusion statement is included at paragraph 3.9 of the Notice of Annual General Meeting (Section C).

Section E - Independent Expert's Report

Section F - Independent Technology Report

Section G - Proxy Form