

14 November 2018

ASX: IGE

Amsterdam Update

The board of Integrated Green Energy Solutions Ltd (“IGES” or “the Company”) are pleased to provide the following update.

Update on Site Construction

Onsite construction at the Amsterdam project continues to pass significant milestones. The foundation concrete beams have now been formed with the reinforced trenches filled with concrete. Final excavation work around pile tops has also been completed in readiness for the pouring of the concrete slab which will support the major building structures. These slabs are scheduled to be poured this month. Once the slabs are poured, this will complete a significant phase of construction and from this point, it is anticipated that the construction will progress rapidly.



Photo of Amsterdam site showing concrete filled reinforced trenches and excavated pile tops ready for the concrete slab.



Photo of Amsterdam site showing concreting of reinforced trenches.

Construction of the core production modules continues to progress well with the first modules ready to ship prior to the end of the year.

Funding

In conjunction with the completion of the concrete slab and the commencement of building works, initial funding draw-downs totalling US\$10 million are commencing this month.

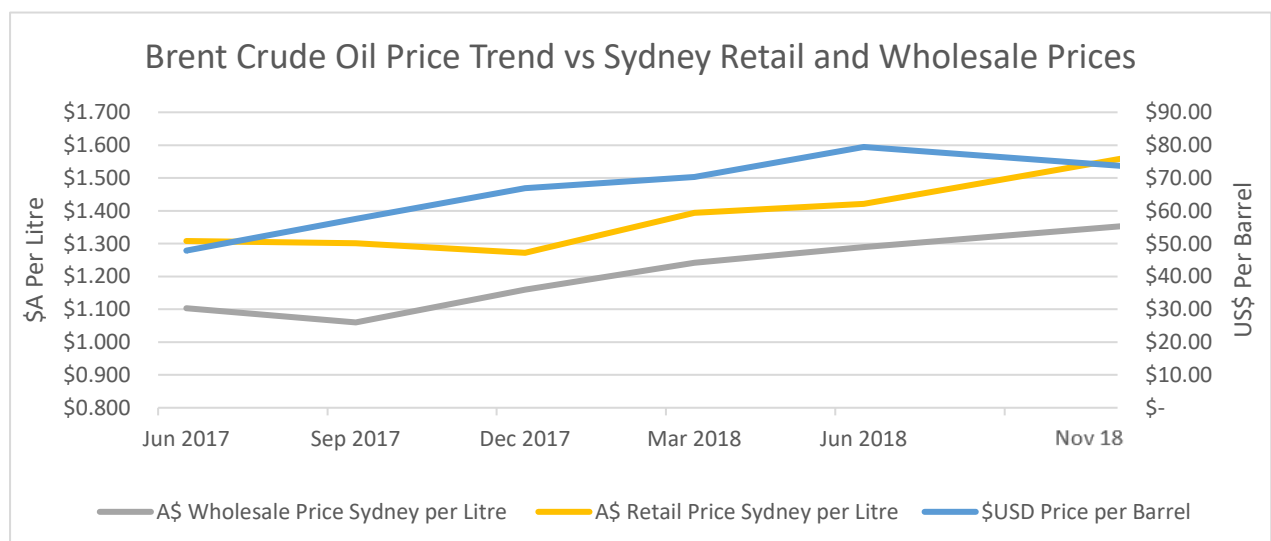
As has been announced previously, IGES has funding of US\$90 million that will be utilised for the design and construction of the IGES facilities across the world. Once drawn down this funding will commence to accumulate interest that will need to be paid in 14 months' time. To manage cash flows the management of IGES has been successful in forming strong partnerships with its key suppliers and has been successful in negotiating attractive trading terms. With the targeted go live date of March 2019, the Amsterdam facility will require large cash draw downs to commence in January through to March 2019.

Market Conditions

Concurrently with the abovementioned building works, our finance team and financiers have been reviewing the economic climate as we prepare to begin fuel production in 2019. It has been noted that although there has been considerable market commentary regarding the recent short-term fall in oil prices, the original financial modelling provided to IGES financiers in 2017 was based upon the contemporaneous Brent Crude Oil price ("Brent Crude") of approximately \$USD50.00 per barrel. Since that time Brent Crude has increased to \$USD75.47 per barrel as at 31 October 2018 (an increase of 51%).

Whilst the Company is currently in the construction phase of its Amsterdam facility, once it enters the fuel production phase the Brent Crude oil price will be of significance to IGES as it, along with other key measures, determines international retail fuel prices. More specifically, Brent Crude Oil is a major trading classification of low sulphur, low density unrefined oil. Brent Crude is quoted on a per barrel basis and directly impacts the wholesale fuel price, known as the Terminal Gate Price (TGP). Consumers pay for fuel at the bowser based on this TGP plus a retail margin. IGES will also calculate its sale price based on this TGP. Therefore, an upward trend in Brent Crude results in an upward pressure on IGES' potential sales price. If the price of Brent Crude falls, then the reverse is true and IGES' potential sale price would face downward pressure.

The below graph shows the upward trend in in the Brent over the past 18 months, as plotted against both retail and wholesale prices of fuel, using Sydney, Australia as an example.

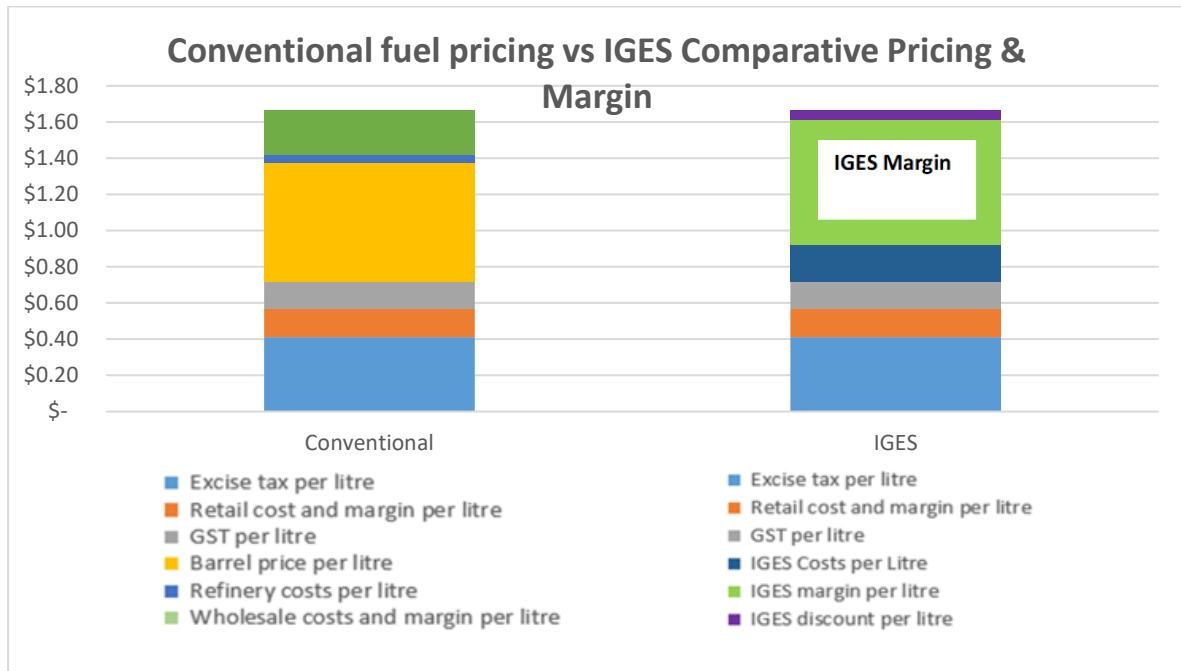


It needs to be noted that notwithstanding the above graph results, past trends are not necessarily an indication of future trends.

Market Pricing Versus IGES Pricing

As at 31 October 2018, the Brent Crude per barrel and costs outlined above, combined with the margins of both wholesalers & retailers, resulted in an average bowser price for diesel of \$1.66 across the Sydney area. The breakdown of the inputs into this price are shown below, utilising Sydney, Australia as an example, and has a comparison to the IGES pricing structure that illustrates the fundamentals of how the IGES margin is calculated.

Please be aware this is for graphical representation only and is not to be relied upon. The Brent price and the bowser price changes regularly and would need to be graphed on a daily basis to accurately assess profitability at a point in time.



Another change in the market since the original financial modelling has been the decrease in plastics costs due to the Chinese ban on the importation of plastics. As announced on 27 August 2018, IGES has entered into long term supply agreements of waste plastic in Amsterdam, where the Company will be paid up to €20 per tonne. This is an improvement in the modelling used in 2017 where a cost impost is now classified as a revenue stream.



Artists impression of completed IGES Facility

About IGES

IGES is focused on creating a cleaner planet for the next generation through the conversion of end of life plastic into valuable fuels. Plastic used in the process would otherwise be sent to landfill or be discarded into the environment. The Company has a patented plastic to fuels process that results in a range of fuels and products, including Naphtha, Marine fuel and Marine Diesel Oil (MDO). The specific products we provide from our range are determined by the territory requirements for each individual site location. The Company believes that utilising its technology will inevitably reduce the amount of plastic entering the environment. It will also help to develop circular economies, thereby creating a cleaner planet for the next generation, while bringing value to shareholders.

FOR FURTHER INFORMATION CONTACT:

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