



## **SEPTEMBER QUARTERLY REPORT TO SHAREHOLDERS**

The Directors of Integrated Green Energy Solutions Ltd ("IGES" or "the Company") are pleased to provide Shareholders with an update of activities for the Company.

### **New International Partnerships**

As announced on 16 August 2019, IGES executed term sheets with local partners in both the Philippines and Indonesia for the proposed construction and operation of Plastic to Fuel ("PTF") plants in those jurisdictions.

The proposed plants will utilise IGES's patented technology and will ensure both the supply of plastics and local experienced management as IGES implements its global expansion strategy, thus contributing to maximising shareholder value in IGES.

#### **Philippines**

IGES executed a term sheet with Envirotech Waste Recycling Inc ("EWRI"). Under the terms of this agreement, EWRI will have a 10% equity stake in IGES's planned Philippines project and will be responsible for the provision of all feedstock requirements for the facility. This agreement provides IGES local assistance to achieve government approvals and the supply of 200 tonnes per day ("tpd") of feedstock, enough to produce over 70 million litres of road ready diesel and petrol per annum.

IGES is responsible for providing the PTF technology, funding, design, construction and operation of the facility.

#### **Indonesia**

IGES executed a term sheet with PT Hasya Jaya ("PTHJ"). PTHJ is a Javanese recycling and waste company operating in multiple locations in West Java. Under the terms of the agreement, PTHJ will be providing 200 tpd in feedstock, in addition to being responsible for achieving environmental permits for the site. Once operational, the site will produce over 70 million litres of road ready fuel annually.

IGES is responsible for providing the PTF technology, funding, design, construction and operation of the facility.

PTHJ shall be the Company's exclusive partner for any fuel plant constructed or feedstock supply agreement entered within Java, Sumatra, Kalimantan and Bali.

### **Amsterdam Project**

As announced on 23 October 2019, the Amsterdam Competent Authority ("CA") has formally approved amendments to the operating permit previously granted for the Company's Amsterdam facility, allowing for additional storage capacity and an expanded foot-print which will enable future expansion.

In addition to the extended storage capacity and an expanded foot-print, after refinement of the plans and discussion with the CA, the revised operating permit also allows for:

- Process optimisation in the pre-treatment of plastic waste: sorting with metal separators (magnetic tape and Eddy current separator) and two shredders;
- Point suction in the sorting hall to destroy odours;
- Production (with storage and transfer) of K1 liquid (naphtha) by distillation separation.
- Placement of low-pressure gas storage to improve process efficiency;
- Use of electrically driven forklifts and 2 battery charging points;
- Installation of a reverse osmosis unit (RO) for the production of demineralised water.
- Placement of a roof at the tank loading area;
- Installation of a new, 270 m<sup>3</sup> plastic, low pressure gas container for storage of pyrolysis gas; and
- Construction of a new fire pump house.

### **Amsterdam Commissioning Plan Submitted**

Also announced was the lodgment of a comprehensive commissioning plan for the Amsterdam facility to the CA. This plan has been prepared in conjunction with the CA and covers areas such as:

- Cold commissioning:
  - In this stage, all drives are run with free of heat on the system and an absence of feedstock; and
  - Water is pumped through the modules to confirm the plant's integrity as well as calibrate all pumps and instrumentation.
- Hot commissioning:
  - This stage involves testing of the combustion and emission controls systems; and
  - No flammable products or feedstock run through the kilns.
- Solvent extraction test:
  - During this stage IGES will test the parameters to run the solvent extraction facility.
- Other testing:
  - Safety systems such fire detection, firefighting, oil/water sewer, and the emergency flare;
  - Utilities including cooling water, chilled water, hydraulics and pressurised air; and
  - Feed and discharge systems.
- Full process commissioning with plastics:
  - Involves short runs on entire plant using 5 tonnes of plastic feedstock.

Once the cold and hot commissioning is complete and signed off by the CA, commercial production will commence where the plant will be ramped up to its approved 100 tpd capacity over an estimated 3-month period.

This commissioning plan is a critical part of any plant's successful start-up and expansion to full capacity and will be fundamental in both protecting the company's assets and our employees from an occupational health and safety perspective.

### **United Kingdom**

The Company entered into a 10-year feed-stock contract with Recyk Yorkshire Limited ("Recyk") with details regarding the quality, quantity and logistics being finalised. Recyk will be the sole supplier of feedstock for the recently announced Northampton site.

As announced on 14 June 2019, the site selected for the Company's Northampton project has received a full Environment Agency ("EA") permit.

Recyk has established the UK's first category-3 licensed recycling plant. The 4-acre site in East Yorkshire is a state-of-the-art facility with an integrated functionality that takes, shreds, treats, extrudes and pelletises a range of difficult end-of-life items including post-consumer materials, low density polyethylene film and other plastic packaging from food factories.

Under the terms of the feedstock agreement with RECYK, IGES will be paid a minimum of £25 per tonne of plastics delivered to the site, in addition to the revenue generated through the output of approximately 70 million litres of road ready diesel and petrol. The contract is conditional on IGES constructing and commissioning the planned Northampton facility.

## **Funding**

### **New Banking Relationship and Loan Facility Established with Rabobank**

As announced on 2 August 2019, IGES has negotiated a new loan facility with Rabobank, a major multinational banking and financial services company headquartered in Utrecht, Netherlands. This loan facility, totaling €18 million, has been negotiated with the support of the STX Group and has a 10-year term and an interest rate of 4.25%.

This loan facility is specific to the operations of the Amsterdam plant and Rabobank have advised that they are looking to finance IGES's plants in other European countries as well as provide other banking services, including practical support in terms of commodity price risk and foreign exchange risk.

### **Structured Growth Capital**

During the quarter IGES successfully settled on an amendment to its loan facility with their funders Structured Growth Capital Inc ("SGC") that better aligns with the Company's global strategy.

IGES entered a loan agreement on 7 June 2017 with their funders Structured Growth Capital Inc ("SGC") for a loan facility of US\$90 million. As previously disclosed on 21 August 2017, this loan agreement was entered into with Integrated Green Energy UK Limited ("IGE UK"). At the time the funding was committed to be utilised for four plants within the United Kingdom.

Subsequent to that announcement the Company has released information on its many global initiatives. Of note are the three sites that IGES are developing in Amsterdam, the United Kingdom and Thailand. All these sites have attained a full environmental approval to operate and are at various stages of development. The SGC loan facility is needed and will be used to construct all these facilities to varying degrees. To allow this to occur IGES and SGC needed to renegotiate the existing loan facility to reflect these changed operating conditions and the Company is pleased to announce that it has been agreed that the loan monies will be utilised to fund sites in a number of territories, as well as those in the United Kingdom.

The terms of the loan agreement remain unchanged except for:

- (1) It is no longer required that the loan be used exclusively for United Kingdom facilities;  
and
- (2) The loan will be transferred to IGE Singapore.

It was agreed that the SGC funding would be used to purchase and develop the Northampton site (UK), other UK sites and the Prachinburi site in Thailand. Both Northampton and

Prachinburi have respectively achieved a two hundred tonne per day Environmental Approval for the construction and operation of a site to produce 70 million litres per annum of road ready fuel.

In addition to this renegotiation, the President of SGC, Mr Brian Engel, attended the Amsterdam site on 26 September and 27 September 2019 to undertake an audit of the funding package components and in particular, review the status of the site work, confirm the project schedule and verify this by meetings with management as well as major suppliers. These meetings with major suppliers also allowed Mr Engel to provide an update directly to suppliers regarding SGC's involvement and proposed schedule.

Key items reviewed by Mr Engel during his site visit related to ensuring full compliance in the areas of permitting, environmental protection and site safety, included:

- ADR- safe road transport of goods
- CE Marking-safety compliance required for all machinery
- ATEX directive-regarding potentially explosive materials and conditions
- PED- As required under the Pressure Equipment Regulations (1999)
- Waste Directive- As approved by the Dutch Competent Authority
- Restricted site access-CCTV terrain and process
- Central control room procedures
- Permit to work system
- Hazard and Operability Study (HAZOP)
- Risk Inventory and Evaluation (RI&E)
- Fire detection and repression

## **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 EN590 (Road Ready Diesel), EN228 (Road Ready Petrol), 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:**

**Joshua Herbertson, Company Secretary +61(0) 438 771 84**

## Appendix 4C

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

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

**Name of entity**

Integrated Green Energy Solutions Ltd

**ABN**

23 003 669 163

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

30 September 2019

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	-35	-35
(d) leased assets	-	-
(e) staff costs	-453	-453
(f) administration and corporate costs	-287	-287
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-22	-22
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (BAS/VAT)	367	367
<b>1.9 Net cash from / (used in) operating activities</b>	<b>-429</b>	<b>-429</b>

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire:		
	(a) property, plant and equipment	-1,118	-1,118
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-11	-11
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>-1,129</b>	<b>-1,129</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	1,488	1,488
3.6	Repayment of borrowings	-350	-350
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>1,138</b>	<b>1,138</b>

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of quarter/year to date	1,137	1,137
4.2	Net cash from / (used in) operating activities (item 1.9 above)	-429	-429
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-1,159	-1,159
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,138	1,138
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>718</b>	<b>718</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	140	559
5.2	Call deposits	578	578
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>718</b>	<b>1,137</b>

6.	Payments to directors of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	173
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	
Directors fees		



7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	
-	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	143,400	10,000
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		
Interest rate is 8.5% on funds drawn down. Funding is secured by real property and equipment.		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	-
9.3 Advertising and marketing	-
9.4 Leased assets	-
9.5 Staff costs	953
9.6 Administration and corporate costs	1,350
9.7 Other (Construction of Amsterdam Facility)	16,700
<b>9.8 Total estimated cash outflows</b>	<b>19,003</b>

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

### Compliance statement

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

Sign here:   
(Director/Company secretary)

Date: ....31 October 2019.....

Print name: ...Joshua Herbertson.....

### Notes

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