

FORESTA GROUP HOLDINGS LIMITED

ACN 074 969 056

CLEANSING PROSPECTUS

For an offer of up to 1,000 Shares at an issue price of \$0.01 per Share to raise up to \$10 (before expenses) (**Cleansing Offer**).

This Prospectus also contains Secondary Offers, which are detailed further in Section 1.3 of this Prospectus.

This Prospectus has been prepared primarily for the purpose of section 708A(11) of the Corporations Act to remove any trading restrictions on the sale of Securities issued by the Company prior to the Closing Date.

IMPORTANT NOTICE

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the Securities being offered under this Prospectus or any other matter, then you should consult your professional advisers without delay.

The Securities offered by this Prospectus should be considered as highly speculative.

IMPORTANT NOTICE

This Prospectus is dated 30 January 2025 and was lodged with the ASIC on that date. The ASIC, ASX and their respective officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

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

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

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. The Securities offered by this Prospectus should be considered as highly speculative.

Applications for Securities offered pursuant to this Prospectus can only be submitted on an original Application Form.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus and is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

Representations contained in this Prospectus are made taking into account that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters are publicly available information or may reasonably be expected to be known to investors and professional advisers whom prospective investors may consult.

No Investment Advice

The information contained in this Prospectus is not financial product advice or investment advice and does not take into account your financial or investment objectives, financial situation or particular needs (including financial or taxation issues). You should seek professional advice from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding to subscribe for Securities under this Prospectus to determine whether it meets your objectives, financial situation and needs.

Forward-looking statements

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

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

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important

factors, many of which are beyond the control of the Company, the Directors and the Company's management.

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

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

These forward-looking statements are subject to various risk factors that could cause actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 4.

Applicants outside Australia

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

Continuous disclosure obligations

The Company is a "disclosing entity" (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Securities.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the three months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Please refer to Section 5.2 for further details.

Electronic Prospectus

A copy of this Prospectus can be downloaded from the website of the Company at www.forestagroup.com.au. If you are accessing the electronic version of this Prospectus for the purpose of making an investment in

the Company, you must be an Australian resident and must only access this Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. You may obtain a hard copy of this Prospectus free of charge by contacting the Company by phone on +61 3 8689 9997 during office hours or by emailing the Company at info@forestagroup.com.au.

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

Company Website

No documents or other information available on the Company's website is incorporated into this Prospectus by reference.

Financial forecasts

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

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

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

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

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

Photographs and Diagrams

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

Definitions and Time

Unless the contrary intention appears or the context otherwise requires, words and phrases contained in this Prospectus have the same meaning and interpretation as given in the Corporations Act and capitalised terms have the meaning given in the Glossary in Section 7.

All references to time in this Prospectus are references to Australian Eastern Daylight Time.

Privacy statement

If you complete an Application Form, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your Application, service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, including bidders for your securities in the context of takeovers, regulatory bodies including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the share registry.

You can access, correct and update the personal information that we hold about you. If you wish to do so, please contact the share registry at the relevant contact number set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the Application for Securities, the Company may not be able to accept or process your Application.

Enquiries

If you are in any doubt as to how to deal with any of the matters raised in this Prospectus, you should consult with your broker or legal, financial or other professional adviser without delay. Should you have any questions about the Offers or how to accept the Offers please call the Company Secretary on +61 3 8689 9997.

CORPORATE DIRECTORY

Directors

Mr Pai-Heng (Henry) Cheng
Executive Chairman

Dr Maurizio (Maurice) Fabiani
Executive Director

Mr Russell Allen
Non-Executive Director

Company Secretary

Mark Licciardo

Registered Office

Level 7, 330 Collins Street
Melbourne VIC 3000

Telephone: + 61 3 8689 9997
Email: info@forestagroup.com.au
Website: www.forestagroup.com.au

Auditor*

Hall Chadwick Melbourne Audit
Level 14/440 Collins Street
Melbourne VIC 3000

Share Registry*

Link Market Services Limited
Level 21, 10 Eagle Street
Brisbane QLD 4000

Telephone: +61 1300 554 474
Email: info@linkmarketservices.com.au

Legal Advisers

Steinepreis Paganin
Level 6, 99 William Street
Melbourne VIC 3000

*These entities are included for information purposes only. They have not been involved in the preparation of this Prospectus and have not consented to being named in this Prospectus.

TABLE OF CONTENTS

1.	DETAILS OF THE OFFERS.....	1
2.	PURPOSE AND EFFECT OF THE OFFERS	6
3.	RIGHTS AND LIABILITIES ATTACHING TO SHARES	7
4.	RISK FACTORS.....	9
5.	ADDITIONAL INFORMATION.....	13
6.	DIRECTORS' AUTHORISATION.....	18
7.	GLOSSARY	19

1. DETAILS OF THE OFFERS

1.1 Indicative Timetable

ACTION	DATE
Lodgement of Prospectus with the ASIC and ASX	30 January 2025
Opening Date	30 January 2025
Issue of Securities under the Convertible Note Raise	30 January 2025
Issue of Securities under the Placement	30 January 2025
Closing Date*	7 February 2025 (5:00pm AEDT)
Expected date for quotation of Shares issued under the Cleansing Offer on ASX*	10 February 2025

*These dates are indicative only and may change without notice. The Directors reserve the right to extend the Closing Date at any time after the Opening Date without notice.

1.2 Background to the Offers

Convertible Note Raise

On 13 September 2024, the Company announced that it had entered into a convertible note agreement with an unrelated third party (**Investor**) to raise \$75,000 (before costs) via the issue of 7,500,000 convertible notes with a face value of \$0.01 each, convertible into up to 7,500,000 Shares (**CN Shares**) at a conversion price of \$0.01 (**Convertible Note Raise**) (**Convertible Note Agreement**). Pursuant to the Convertible Note Agreement, for every Share issued at conversion, the Investor will receive one (1) free attaching unlisted Option on the terms set out in Schedule 1 (**CN Options**).

As previously announced, interest is payable on the principal amount at a rate of 10% per annum (**Interest**), capitalised annually and payable upon conversion or redemption which is payable in Shares on the same terms and conditions as the Shares issued on conversion.

As at the date of this Prospectus, the Investor has elected to convert all of the Convertible Notes and to be paid Interest via the issue of Shares. Accordingly, the Company intends to issue the Investor a total of 7,787,671 CN Shares (comprising 7,500,000 Shares on conversion of the convertible notes and 287,671 Shares as payment of the Interest) and 7,787,671 free attaching CN Options.

The proceeds of the Convertible Note Raise provided the Company with general working capital.

Placement

On 22 November 2024, the Company announced that it had received firm commitments from new and existing sophisticated and professional investors to raise approximately \$1,100,000 (before costs) pursuant to a placement of 220,000,00 Shares at an issue price of \$0.005 per Share (**Placement Shares**), together with one (1) free attaching unquoted Option (exercisable at \$0.02 on or before the date that is two years from the date of issue) for every one (1) Placement Share subscribed for and issued (**Placement Options**) (together, the **Placement**).

On 28 November 2024, the Company announced that the initial amount of the Placement had been adjusted to \$1,150,000 (before costs) via the proposed issue of a total of 230,000,000 Shares, together with one (1) free attaching unquoted Option (exercisable at \$0.02 on or before the date that is two years from the date of issue) for every one (1) Placement Share subscribed for and issued.

The Company's Directors, Mr Henry Cheng and Dr Maurice Fabiani, agreed to subscribe for up to 16,000,000 Placement Shares of the total Placement Shares on offer in the amounts of \$30,000 (being 6,000,000 Placement Shares and 6,000,000 free attaching Placement Options) and \$50,000 (being 10,000,000 Placement Shares and 10,000,000 free attaching Placement Options) respectively to raise \$80,000, on the same terms and conditions as unrelated participants in the Placement (**Director Participation**).

On 4 December 2024, the Company issued:

- (a) 95,836,262 Shares and 214,000,000 Options (on the terms and conditions set out in Schedule 2) to participants of the Placement, pursuant to the Company's available placement capacity under ASX Listing Rule 7.1; and
- (b) 118,163,738 Shares to participants of the Placement, pursuant to the Company's available placement capacity under ASX Listing Rule 7.1A.

The issue of Placement Shares and Placement Options pursuant to the Director Participation was subject to the Company obtaining shareholder approval. The Company received such approval at an extraordinary general meeting held on 24 January 2025.

The funds from the Placement have been and will continue to be used for general working capital purposes.

1.3 The Offers

(a) **Cleansing Offer**

Pursuant to this Prospectus, the Company invites investors identified by the Directors to apply for up to 1,000 Shares at an issue price of \$0.01 per Share, to raise up to \$10 (before expenses) (**Cleansing Offer**).

The Offer will only be extended, and Application Forms will only be provided to specific parties on invitation from the Directors.

All of the Shares offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 3 for further information regarding the rights and liabilities attaching to the Shares.

(b) **CN Options Offer**

This Prospectus includes an offer of up to 7,787,671 CN Options to the Investor as part of the Convertible Note Raise (**CN Options Offer**). As set out in Section 1.2, the CN Options are offered free attaching (on a one (1) for one (1) basis) to the CN Shares. Accordingly, no funds will be raised from the issue of the CN Options.

Only the Investor may accept the CN Options Offer and an Application Form in relation to the CN Options Offer will be issued to the Investor, together with a copy of this Prospectus.

The CN Options offered under the CN Options Offer will be issued on the terms and conditions set out in Schedule 1. All Shares issued upon exercise of the CN Options will rank equally with the Shares on issue. Please refer to Section 3 for further information regarding the rights and liabilities attaching to the Shares.

(c) **Director Options Offer**

This Prospectus includes an offer of up to 16,000,000 Placement Options as part of the Director Participation (**Director Options Offer**). As set out in Section 1.2, the Placement Options are offered free attaching (on a one (1) for one (1) basis) to the Placement Shares. Accordingly, no funds will be raised from the issue of the Placement Options.

Only Mr Henry Cheng and Dr Maurice Fabiani (or their respective nominee(s)) will be eligible to apply for the Placement Options under the Director Options Offer and an Application Form in relation to the Director Options Offer will be issued to Mr Henry Cheng and Dr Maurice Fabiani (or their respective nominee(s)), together with a copy of this Prospectus.

The Placement Options offered under the Director Options Offer will be issued on the terms and conditions set out in Schedule 2. All Shares issued upon exercise of the Placement Options will rank equally with the Shares on issue. Please refer to Section 3 for further information regarding the rights and liabilities attaching to the Shares.

1.4 Objective

The primary purpose of this Prospectus is to remove any trading restrictions that may have attached to Shares issued by the Company without disclosure under Chapter 6D of the Corporations Act prior to the Closing Date (including prior to the date of this Prospectus). The Company is not currently able to issue a cleansing notice under section 708A(5) of the Corporations Act due to its Shares having been suspended from trading on ASX for more than 5 trading days within the last 12 months. Accordingly, the primary purpose of this Prospectus is to remove any on-sale restrictions that may affect Securities that may be issued by the Company prior to the Closing Date. The Company is seeking to raise only a nominal amount of \$10 under this Prospectus as the purpose of this Prospectus is not to raise capital.

The purpose of the Secondary Offers are to satisfy the Company's obligations under the arrangements summarised in Section 1.2.

In addition to the above purposes, the Secondary Offers are being made under this Prospectus to remove any trading restrictions attaching to the relevant Options, and any Shares issued on exercise of those Options. The Company confirms that:

- (a) The Options the subject of the Secondary Offers under this Prospectus are being issued with disclosure under this Prospectus (which is a disclosure document under Part 6D.2 of the Corporations Act); and
- (b) The Secondary Offers are being made such that the relief provided under ASIC Corporations (Sale Offers That Do Not Need Disclosure) Instrument 2016/80 with respect to the on-sale provisions of section 707 of the Corporations Act is available.

Relevantly, section 708A(11) of the Corporations Act provides that a sale offer does not need disclosure to investors if:

- (a) the relevant securities are in a class of securities that are quoted securities of the body; and
- (b) either:
 - (i) a prospectus is lodged with the ASIC on or after the day on which the relevant securities were issued but before the day on which the sale offer is made; or
 - (ii) a prospectus is lodged with ASIC before the day on which the relevant securities are issued and offers of securities that have been made under the prospectus are still open for acceptance on the day on which the relevant securities were issued; and
- (c) the prospectus is for an offer of securities issued by the body that are in the same class of securities as the relevant securities.

1.5 Application for Shares

(a) Applications for Shares under the Cleansing Offer

Applications for Shares must be made by investors at the direction of the Company and must be made using the Application Form accompanying this Prospectus.

Payment for the Shares must be made in full at the issue price of \$0.01 per Share.

Completed Application Forms and accompanying electronic payment must be returned to the Company at the address set out in the Application Form by no later than the Closing Date.

(b) Applications for CN Options under the CN Options Offer

The CN Options Offer will only be extended to the Investor. An Application Form will only be provided to the Investor.

(c) **Applications for Placement Options under the Director Options Offer**

The Director Options Offer will only be extended to Mr Henry Cheng and Dr Maurice Fabiani (or their respective nominee(s)). Application Forms will only be provided to Mr Henry Cheng and Dr Maurice Fabiani (or their respective nominee(s)).

1.6 Minimum subscription

There is no minimum subscription.

1.7 Oversubscriptions

No oversubscriptions will be accepted by the Company.

1.8 Underwriting

The Offers are not underwritten.

1.9 Issue of Securities

As noted in Section 1.4, the primary purpose of the Prospectus is to remove any trading restrictions that may have attached to Securities issued by the Company without disclosure under Chapter 6D of the Corporations Act prior to the Closing Date (including prior to the date of this Prospectus).

If the Directors decide to issue Securities under the Offers, the issue of Securities under the Offers will be issued in accordance with the ASX Listing Rules and will take place as soon as practicable after the Closing Date.

Application moneys will be held in a separate subscription account until the Securities are issued. This account will be established and kept by the Company in trust for each Applicant. Any interest earned on the application moneys will be for the benefit of the Company and will be retained by the Company irrespective of whether any Securities are issued and each Applicant waives the right to claim any interest.

The Directors will determine the recipients of all the Securities. The Directors reserve the right to reject any application or to allocate any Applicant fewer Securities than the number applied for. Where the number of Securities issued is less than the number applied for, the surplus monies will be returned by cheque as soon as practicable after the Closing Date. Where no issue of Securities is made, the amount tendered on application will be returned in full by cheque as soon as practicable after the Closing Date. Interest will not be paid on monies refunded.

The Company's decision on the number of Securities to be allocated to an Applicant will be final.

Holding statements for Securities issued under this Prospectus will be mailed as soon as practicable after the issue of Securities as soon as practicable after their issue.

1.10 ASX listing

Application for Official Quotation of the Shares offered pursuant to this Prospectus will be made within 7 days after the date of this Prospectus. If ASX does not grant Official Quotation of the Shares offered pursuant to this Prospectus before the expiration of three months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any Shares and will repay all Application monies for the Shares within the time prescribed under the Corporations Act, without interest.

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

1.11 Applicants outside Australia

The distribution of this Prospectus outside Australia may be restricted by law and therefore persons into whose possession this document comes should seek advice on and observe any such restrictions. Any failure to comply with these restrictions constitutes a violation of those laws.

The Offers do not, and are not intended to, constitute offers in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

Residents of countries outside Australia should consult their professional advisers as to whether any government or other consents are required, or whether any formalities need to be observed should they wish to make an Application to take up Securities on the basis of this Prospectus. The return of a duly completed Application Form will be taken to constitute a representation and warranty that there has been no breach of such laws and that all approvals and consents have been obtained.

2. PURPOSE AND EFFECT OF THE OFFERS

2.1 Purpose of the Offers

The primary purpose of this Prospectus is to remove any trading restrictions that may have attached to Securities issued by the Company prior to the Closing Date (including prior to the date of this Prospectus).

Under the Offers, an amount of approximately \$10 (before expenses) may be raised. The funds raised from the Offers will be applied towards the expenses of the Offers. Refer to Section 5.8 of this Prospectus for further details relating to the estimated expenses of the Offers.

2.2 Effect on capital structure

The effect of the Offers on the capital structure of the Company is set out below.

SHARES ¹	NUMBER
Shares currently on issue	2,629,118,779
Shares offered pursuant to the Director Participation ²	16,000,000
Share offered pursuant to the Convertible Note Raise	7,787,671
Shares offered pursuant to the Cleansing Offer	1,000
Total Shares on issue after completion of the Offers	2,652,907,450

Notes:

1. The rights and liabilities attaching to the Shares are summarised in Section 3 of this Prospectus.
2. Further details in respect of the Director Participation are set out in the ASX announcements released by the Company on 22 November 2024 and 28 November 2024.
3. Further details in respect of the November Placement are set out in the ASX announcements released by the Company on 22 November 2024 and 28 November 2024.

OPTIONS	NUMBER
Options (unquoted) exercisable at \$0.023 on or before 1 March 2025	24,750,000
Options (unquoted) exercisable at \$0.04 on or before 19 July 2025	10,000,000
Options (unquoted) exercisable at \$0.045 on or before 31 December 2025	252,000,000
Options (unquoted) exercisable at \$0.020 on or before 16 October 2025	182,039,234
Options (unquoted) exercisable at \$0.020 on or before 1 December 2025	5,384,616
Options (unquoted) exercisable at \$0.020 on or before 20 May 2027	10,632,500
Options (unquoted) exercisable at \$0.02 on or before 4 December 2026	214,000,000
Options (unquoted) exercisable at \$0.02 on or before 4 December 2025	51,739,726
Options (unquoted) to be issued pursuant to the Director Options Offer ¹	16,000,000
Options (unquoted) to be issued pursuant to the CN Options Offer ²	7,787,671
Total Options on issue after completion of the Offer	774,333,747

Notes:

1. Further details in respect of the Director Participation are set out in the ASX announcements released by the Company on 22 November 2024 and 28 November 2024.
2. Further details in respect of the Convertible Note Raise are set out in the ASX announcement released by the Company on 13 September 2024.

2.3 Financial effect of the Offers

After expenses of the Offers of approximately \$8,206, there will be no proceeds from the Offers. The expenses of the Offers (exceeding \$10) will be met from the Company's existing cash reserves.

As such, the Offers will have an effect on the Company's financial position, being receipt of funds of \$10 less costs of making the Offer of approximately \$8,206.

3. RIGHTS AND LIABILITIES ATTACHING TO SHARES

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

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

(a) **General meetings**

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company. The Company's constitution permits the use of technology at general meetings of shareholders (including wholly virtual meetings) to the extent permitted under the Corporations Act, Listing Rules and applicable law.

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

(b) **Voting rights**

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

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

(c) **Dividend rights**

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

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

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

(d) **Winding-up**

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

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

(e) **Shareholder liability**

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

(f) **Transfer of shares**

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

(g) **Future increase in capital**

The issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of Shares contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

(h) **Variation of rights**

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

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(i) **Alteration of Constitution**

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

4. RISK FACTORS

4.1 Introduction

The Securities offered under this Prospectus should be considered as highly speculative and an investment in the Company is not risk free.

The Directors strongly recommend that prospective investors to consider the risk factors set out in this Section 4, together with information contained in this Prospectus.

The future performance of the Company and the value of the Securities may be influenced by a range of factors, many of which are largely beyond the control of the Company and the Directors. The key risks associated with the Company's business, the industry in which it operates and general risks applicable to all investments in listed securities and financial markets generally are described below.

The risks factors set out in this Section 4, or other risk factors not specifically referred to, may have a materially adverse impact on the performance of the Company and the value of the Securities. This Section 4 is not intended to provide an exhaustive list of the risk factors to which the Company is exposed.

If you do not understand any matters contained in this Prospectus or have any queries about whether to invest in the Company, you should consult your accountant, financial adviser, stockbroker, lawyer or other professional adviser.

4.2 Company specific

(a) Going Concern

The Company's Annual Report for the year ended 30 June 2024 includes notes on the financial condition of the Company and its subsidiaries (**Group**) showing the Group incurred a loss of \$9,650,145 and a negative cash flow from operating activities of \$4,073,919. During this period, the Group made a strategic decision to decommission its Apple Tree Creek site and relocate operations to New Zealand, where it plans to build a new factory. These actions, combined with ongoing challenges in revenue generation, have introduced a significant level of uncertainty, raising doubts about the Group's ability to continue as a going concern. Notwithstanding this, the Directors are satisfied that the Company will have sufficient cash resources to meet its working capital requirements in the future. The Company's ability to continue as a going concern is contingent upon generation of cashflow from successfully raising additional capital. If sufficient additional funds are not raised, the going concern basis may not be appropriate, with the result that the Company may have to realise its assets and extinguish its liabilities, other than in the ordinary course of business and at amounts different from those stated in the financial report. The Company continues to receive strong interest and support from professional investors in its capital raisings.

(b) Additional requirements for capital

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company may require further financing. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programmes as the case may be. There is however no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

(c) Patent Risk

Securing rights to intellectual property, and in particular patents, is an integral part of securing potential product value from the outcomes of research and development. Competition in retaining and sustaining protection of intellectual

property and the complex nature of intellectual property can lead to expensive and lengthy patents disputes for which there can be no guaranteed outcome.

The granting of a patent does not guarantee that the rights of others are not infringed nor that competitors will not develop competing intellectual property that circumvents such patents. The Company's success depends, in part, on its ability to obtain patents, maintain trade secret protection and operate without infringing the proprietary rights of third parties.

Although the Company is not aware of any third-party interests in relation to the intellectual property rights of their respective intellectual property, and each party has taken steps to protect and confirm its interest in these rights, there is always a risk of third parties claiming involvement in technological discoveries, and if disputes arise, they could adversely affect the Company.

Although the Company will implement all reasonable endeavours to protect its respective intellectual property, there can be no assurance that these measures have been or will be sufficient.

(d) **Know-how risk**

There may be information leakage or parties may infringe on the intellectual property of the Company and duplicate its know-how. Non-compete clauses are contained in the employment contracts of all existing management of the Company.

(e) **Counterparty risk**

The Company has entered into various agreements with third parties. Any cessation of or delay in the performance of the counterparty's obligations or the counterparty's failure to comply with its contractual obligations could also have a significant adverse impact on the Company's operations and ultimately the financial performance of the Company and the value of the Company's securities.

As at the date of this Prospectus, the Company has no reason to believe that any of the counterparties it has contracted with will not meet and satisfy their obligations under relevant contracts. In the event that any of the Company's counterparties become insolvent, it may be difficult for the Company to enforce its rights under the relevant agreements. As such, if any of the Company's counterparties cease to be financially viable, this may negatively impact the ongoing financial performance of the Company.

(f) **Increase in costs**

Like any similar business, the Company's profitability could be materially and adversely affected by increases in costs which are in many respects beyond its reasonable control.

(g) **Competition risk**

The industry in which the Company will be involved is subject to domestic and global competition. Although 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's projects and business.

4.3 Industry specific

(a) **Regulatory risk**

The Company is subject to a range of legal, regulatory and industry compliance requirements including those relating to the environment, occupational health and safety, and transport chain of responsibility. There is a risk that changes to such laws, regulations and industry compliance standards would impose substantial increased costs of conducting business and, potentially, render

uneconomic certain commercial activities undertaken by the Company in the ordinary course of conducting its business.

There is also a risk that if the Company fails to comply with these laws, regulations and industry compliance standards, it may result in increased compliance costs, fines, statutory orders, litigation and, potentially, significant reputational damage. All of these may have a materially adverse impact on the Company's revenue and profitability.

(b) **Currency risk**

Some transactions occur in a foreign currency, whereas the income and expenditure of the Company are taken into account in Australian currency, potentially exposing the Company to the fluctuations and volatility of the rate of exchange between foreign currencies and the Australian dollar as determined in international markets. For example, an appreciating Australian dollar may make the Company less competitive globally.

(c) **Commodity price risk**

The Company is intending to derive revenue through the sale of rosin and terpene chemicals, which exposes the potential income of the Company to commodity price and exchange rate risks. The prices for rosin and terpene chemicals fluctuate and are affected by many factors beyond the control of the Company.

The Company intends to sell 100% of its production at market spot rates. The market is defined as a worldwide commodity and both rosin and terpene chemicals are sold by open and closed bidding processes directly to consuming chemical companies and selling agents.

4.4 General risks

(a) **Economic**

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's activities, as well as on its ability to fund those activities.

(b) **Market conditions**

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

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

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

(c) **Dividends**

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

(d) **Taxation**

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Securities from a taxation viewpoint and generally. To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Securities under this Prospectus.

(e) **Litigation**

The Company is exposed to possible litigation risks including intellectual property claims, contractual disputes, occupational health and safety claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position.

Details in respect of ongoing litigation in relation to the Company is set out in Section 5.1.

(f) **Reliance of key personnel**

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

4.5 Speculative investment

The risk factors described above, and other risk factors not specifically referred to, may have a materially adverse impact on the performance of the Company and the value of the Securities. Prospective investors should consider that an investment in the Company is highly speculative. There is no guarantee that the Securities offered under this Prospectus will provide any return on capital, payment of dividends or increases in the market value of those Securities. Before deciding whether to subscribe for Securities under this Prospectus you should read this Prospectus in its entirety and consider all factors, taking into account your objectives, financial situation and needs.

5. ADDITIONAL INFORMATION

5.1 Litigation

On 24 November 2023 the Company announced that the Office of Work Health and Safety Prosecutor (**OWHSP**) had brought a claim and served a summons, statement of fact and complaint on the Company for an offence under section 32 of the *Work Health and Safety Act 2011* (Cth), following an investigation from Work Health and Safety Queensland. The investigation relates to the events on 12 November 2021 at the Group's facility in Apple Tree Creek, Queensland. The maximum financial penalty to the Group is approximately \$1,500,000 (15,000 penalty units). The Court is currently conducting their review of all relevant information, and the Group will inform the market when the matter has been settled.

The contractor that was injured during the explosion at the Apple Tree Creek plant on 12 November 2021 has lodged a liability claim against the Group for medical costs incurred as a result of the injury. The claim is currently administrated on behalf of the Group by the Group's public liability insurer.

5.2 Continuous disclosure obligations

As set out in the Important Notes Section of this Prospectus, the Company is a disclosing entity for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Accordingly, information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - (i) the annual financial report most recently lodged by the Company with the ASIC;
 - (i) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
 - (ii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

Details of documents lodged by the Company with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with the ASIC are set out in the table below.

DATE	DESCRIPTION OF ANNOUNCEMENT
28 January 2025	Quarterly Activities Report and Appendix 4C
24 January 2025	Results of Meeting
13 January 2025	Foresta Flagship Project in NZ Fast-Track Approvals Act
9 January 2025	Proxy Form

DATE	DESCRIPTION OF ANNOUNCEMENT
24 December 2024	Notice of General Meeting
12 December 2024	FORESTA Signs Technology License Agreement with E3 CARBON
11 December 2024	Change of Director's Interest Notice – RA
11 December 2024	Change of Director's Interest Notice – HC, MF
11 December 2024	Notification regarding unquoted securities – FGH
11 December 2024	Application for quotation of securities – FGH
4 December 2024	Notification regarding unquoted securities – FGH
4 December 2024	Application for quotation of securities – FGH
4 December 2024	Notification regarding unquoted securities – FGH
4 December 2024	Application for quotation of securities – FGH
4 December 2024	Cleansing Prospectus
29 November 2024	Results of Annual General Meeting
28 November 2024	Update – Proposed issue of securities – FGH
28 November 2024	Increase in Size of Placement
27 November 2024	Reinstatement to Quotation
26 November 2024	Notification under Listing Rule 4.3D
22 November 2024	FY24 Appendix 4G and Corporate Governance Statement
22 November 2024	FY24 Annual Report

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website, www.forestagroup.com.au.

5.3 Market price of Shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the most recent dates of those sales were:

	PRICE	DATE
Highest	\$0.015	27 November 2024
Lowest	\$0.004	26 November 2024
Last	\$0.010	29 January 2025

5.4 Details of substantial Shareholders

Based on publicly available information as at the date of this Prospectus, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

SHAREHOLDER	SHARES	%
Mr Ramon Dudley Mountfort & Mrs Shirley Joy Mountfort <Mounties1 Family Trust>	432,650,000	16.46%
Russell Wayne Allen	414,213,248 ¹	15.75%

Notes

1. Comprising 35,550,522 Shares directly held by Mr Allen and 378,662,726 Shares indirectly held by SWAT7D Pty Ltd as trustee for SWAT7D Investment Trust.

In the event the Offers are fully subscribed, there will be no change to the relevant interests set out above on completion of the Offers.

5.5 Directors' interests

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

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

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

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

Security holdings

The relevant interest of each of the Directors in the Securities of the Company as at the date of this Prospectus is set out in the table below.

DIRECTOR	SHARES	OPTIONS
Mr Russell Allen	414,213,248 ¹	338,662,803 ²
Dr Maurice Fabiani	52,000,000 ²	47,000,000 ³
Mr Henry Cheng	3,000,000 ⁴	Nil

Notes

1. Comprising 35,550,522 Shares directly held by Mr Allen and 378,662,726 Shares indirectly held by SWAT7D Pty Ltd as trustee for SWAT7D Investment Trust.
2. Indirectly held by SWAT7D Pty Ltd as trustee for SWAT7D Investment Trust.
3. Comprising 42,000,000 Shares indirectly held by Dr FAB Super Pty Ltd as trustee for the Dr FAB Super Fund and 10,000,000 Shares indirectly held by Formosa Executive Pty Ltd.
4. Comprising 42,000,000 unquoted Options indirectly held by Dr FAB Super Pty Ltd as trustee for the Dr FAB Super Fund exercisable and 5,000,000 unquoted Options indirectly held by Formosa Executive Pty Ltd.
5. Indirectly held by Formosa Coal Pty Ltd.

Remuneration

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process. The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$350,000 per annum.

A Director may be paid fees or other amounts (i.e. non-cash performance incentives such as Options, subject to any necessary Shareholder approval) as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The following table shows the total annual remuneration paid to both executive and non-executive Directors as disclosed in the Company's Annual Report for the financial years ended 30 June 2023 and 30 June 2024 and proposed annual remuneration for the financial year ending 30 June 2025.

DIRECTOR	FY ENDED 30 JUNE 2023	FY ENDED 30 JUNE 2024	FY ENDING 30 JUNE 2025
Mr Russell Allen ¹	Nil	Nil	Nil
Dr Maurice Fabiani ²	\$78,150	\$378,900	\$378,900
Mr Henry Cheng ³	\$78,150	\$378,900	\$378,900
Mr Ramond Mountfort ⁴	\$329,232 ⁵	\$325,292	\$29,561

Notes:

1. Mr Allen was appointed as Non-Executive Director on 12 July 2024.
2. Mr Fabiani was appointed as Executive Director on 6 April 2023.
3. Mr Cheng was appointed as Executive Director on 6 April 2023.
4. Mr Mountfort resigned as Managing Director on 12 July 2024.
5. Comprising \$309,241 in salary and fees and \$19,990 in superannuation.

5.6 Interests of experts and advisers

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

- person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- promoter of the Company; or
- underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

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

- the formation or promotion of the Company;
- any property acquired or proposed to be acquired by the Company in connection with:
 - its formation or promotion; or
 - the Offers; or
- the Offers,

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

- the formation or promotion of the Company; or
- the Offers.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offers. The Company estimates it will pay Steinepreis Paganin \$5,000 (excluding GST and disbursements) for these services.

5.7 Consents

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

Each of the parties referred to in this Section:

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

Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus.

5.8 Expenses of the Offer

The total expenses of the Offers are estimated to be approximately \$8,206 (excluding GST) and are expected to comprise legal fees and other administrative expenses, including ASIC fees. The estimated expenses will be paid out of the Company's existing working capital.

6. DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.

7. GLOSSARY

\$ means the lawful currency of the Commonwealth of Australia.

AEDT means Australian Eastern Daylight Time as observed in Melbourne, Victoria.

Applicant means an investor who applies for Shares pursuant to the Offer.

Application means an application for Shares made on an Application Form.

Application Form means an application form either attached to or accompanying this Prospectus.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

ASX Listing Rules means the listing rules of the ASX.

ASX Settlement Operating Rules means the settlement rules of the securities clearing house which operates CHES.

Board means the board of Directors unless the context indicates otherwise.

Cleansing Offer means the offer of Shares referred to in Section 1.3 of this Prospectus.

Closing Date means the date specified in the timetable set out in Section 1.1 of this Prospectus (unless varied).

CN Shares has the meaning set out in Section 1.2.

CN Options has the meaning set out in Section 1.2.

CN Options Offer has the meaning set out in Section 1.3.

Company means Foresta Group Holding Limited (ACN 074 969 056).

Constitution means the constitution of the Company as at the date of this Prospectus.

Convertible Note Agreement means the convertible note agreement entered into by the Company and the Investor on or around 12 September 2024.

Convertible Note Raise has the meaning set out in Section 1.2.

Corporations Act means the *Corporations Act 2001* (Cth).

Director Options Offer has the meaning set out in Section 1.3.

Director Participation has the meaning set out in Section 1.2.

Directors means the directors of the Company as at the date of this Prospectus.

Interest has the meaning set out in Section 1.2.

Investor has the meaning set out in Section 1.2.

Placement has the meaning set out in Section 1.2.

Placement Shares has the meaning set out in Section 1.2.

Placement Options has the meaning set out in Section 1.2.

Offers means the Cleansing Offer and Director Options Offer.

Official Quotation means official quotation on ASX.

Opening Date means the date specified in the timetable set out in Section 1.1 of this Prospectus (unless varied).

Option means an option to acquire a Share.

Prospectus means this prospectus.

Secondary Offer means the Director Options Offer pursuant to this Prospectus.

Section means a section of this Prospectus.

Securities means Shares and/or Options as the context requires.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

SCHEDULE 1 – TERMS OF CN OPTIONS

The terms and conditions of the CN Options are set out below.

(a) **Entitlement**

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

(b) **Exercise Price**

Subject to paragraph (j), the amount payable upon exercise of each Option will be \$0.02 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (AEDT) on the date that is one (1) year from the date of issue (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

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

(e) **Notice of Exercise**

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

(f) **Exercise Date**

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

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

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

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

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

(h) **Shares issued on exercise**

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

(i) **Quotation of Shares issued on exercise**

Application will be made by the Company to ASX for quotation of the Shares issued upon exercise of the Options.

(j) **Reconstruction of capital**

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

(k) **Participation in new issues**

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

(l) **Change in exercise price**

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

(m) **Transferability**

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

SCHEDULE 2 – TERMS OF PLACEMENT OPTIONS

The terms and conditions of the Placement Options are set out below.

(a) **Entitlement**

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

(b) **Exercise Price**

Subject to paragraph (j), the amount payable upon exercise of each Option will be \$0.02 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (AEDT) on the date that is two (2) years from the date of issue (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

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

(e) **Notice of Exercise**

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

(f) **Exercise Date**

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

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

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

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

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

(h) **Shares issued on exercise**

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

(i) **Quotation of Shares issued on exercise**

Application will be made by the Company to ASX for quotation of the Shares issued upon exercise of the Options.

(j) **Reconstruction of capital**

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

(k) **Participation in new issues**

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

(l) **Change in exercise price**

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

(m) **Transferability**

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