

ASX: SOI

28 July 2014



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Company Announcements Office
ASX Limited
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PERTH WA 6000

Penor Project and Company Update

Highlights

- **Soil Sub Technologies Limited** (“**SOI**”, “**the Company**” or “**Soil Sub Technologies**”) is pleased to announce an update in respect to the Penor Project from Malaysian based Platinum JV Developments Sdn Bhd (“**PJVD**”). **SOI** has an option to acquire 100% of **PJVD** (**SOI**, ASX Announcement 23/4/2014).
- **PJVD** has been requested by the National Housing Company of Malaysia (Syarikat Perumahan Negara (“**SPNB**”)) to submit a Pre-Feasibility Study to the **SPNB** to be forwarded to the Ministry of Finance for final approval. This clears the pathway for final Construction Contract negotiations.
- The Penor Project was awarded to **PJVD** on 22 April 2014 as principal developer by Honourable Prime Minister of Malaysia **Yang Mat Berhormat Dato Sri Haji Mohammad Najib bin Tun Haji Abdul Razak**.
- Both the Terengganu and Penor Projects represent potential gross contract values in the order of A\$800 million over a 4-5 year period with the potential to generate significant earnings to **SOI**.

Penor Project

PJVD has been requested to submit a Pre-Feasibility Study to the **SPNB**, the National Housing Company of Malaysia, by late August 2014.

Following approval by the **SPNB**, it is then proposed that this study be submitted to the Ministry of Finance for final approval. The Prime Minister of Malaysia also holds the position of the Chief Finance Minister.

The **SPBN** reports directly to the Malaysian Ministry of Finance and is assisting **PJVD** in respect to the fast tracking of the Penor Project.

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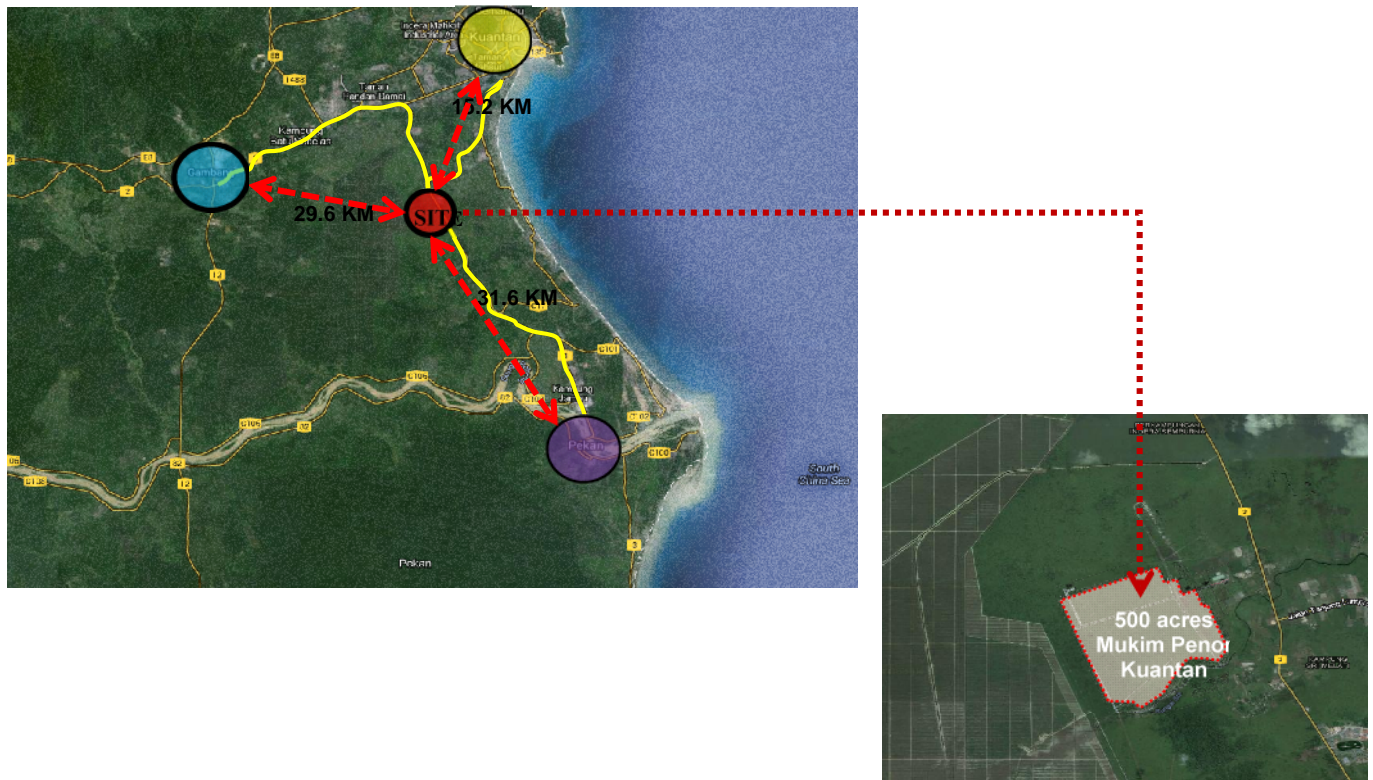
PJVD is in the process of establishing an office within the **SPNB** and it is anticipated that a special committee will be established by the **SPNB** to streamline the Pre-Feasibility Study and ultimately the Construction Contract.

The **Prime Minister of Malaysia**, his Excellency **Dato Sri Haji Mohammed Najib bin Tun Haji Abdul Razak** (the “Prime Minister”) endorsed **PJVD** on 22 April 2014 as the principal developer of 5,000 houses (and up to 20,000 houses at this site and 90,000 houses in total) as part of the first phase of this affordable housing project.

The contract will cover all infra-structure and housing (excluding public works) on a 500 acre site situated approximately 10 kilometres south west of Kuantan, the capital city of Pahang State, Malaysia.

It is anticipated that the rollout of this project will take place in phases and could ultimately lead to an upgrade in the quality of housing and a reduction in the total number houses which currently stands at 5,000.

It is anticipated that, subject to reaching agreement with the current land owners, the State of Pahang, that construction will extend to the surrounding 1,500 acres at this site (up to 20,000 houses in total at this site). For this reason, the current Master plan details infrastructure sufficient for a 2,000 acre development.



PJVD is a private Malaysian owned company that comprises a group of Malaysian and Australian professionals that have aggregated a high-calibre team of companies, professionals and technologies to enable the roll out of a major housing project commencing in Pahang State.

PME Biofuels Mandate

The **PME Biofuels Limited** loan facility mandate provides **SOI** with standby funding for the amount of up to \$1.8 million to assist with **SOI** funding requirements for the progression of South East Asian projects including the Penor and KTCC projects.

The terms of this loan facility mandate are:

- Establishment fee of A\$75,000 payable in shares of **SOI**;
- For any funds drawn down an interest rate of 18% per annum will apply payable on a monthly basis or as agreed, payable in shares of **SOI**.

RM Corporate Finance Mandate

SOI has also executed a Mandate with **RM Corporate Finance Pty Ltd** (an Australian Financial Services Licensee associated with **SOI** Chairman Guy Le Page) effective 1/12/2013. Mr Le Page is a related party under Chapter 2E Corporations Act (Cwth) 2001 and therefore will be excluded from voting at the upcoming General Meeting (in late August/early September 2014) on this Mandate. The Mandate covers the following:

- Provision of advisory services relating to **SOI**'s South East Asian projects at a rate of \$15,000/month (plus GST) payable in **SOI** shares at the lesser of \$0.004 or 10% discount to the 5 day volume weighted average price prior to the end of every month of the Mandate.
- Performance fees:
 - Listing Fee of 6% of the Enterprise Value of **SOI** following the proposed acquisition of various company/companies engaged in property development in south-east Asia to be satisfied by the issue of shares **SOI** at the same price as the Prospectus for re-compliance with Chapter 1 and 2 of ASX Listing Rules.
 - A fee of 1.25% of the gross contract value (payable in **SOI** shares) will also be payable if the Company (or its controlled entities) is successful in executing a contract in respect to a building or development project in Asia to a value of \$50 million or greater. The Shares are to be issued at 20 cents per share (or the re-compliance share price, whichever the greater).
 - A 6% fee will also be payable for raising equity pursuant to the re-compliance in accordance with Chapter 1 and 2 of ASX Listing Rules.
 - A 3% fee will be payable on debt raisings and a Lead Manager fee of \$30,000 (plus GST) will also apply.

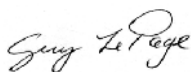
Conclusion

We are delighted with the progress the Company is making on the Penor Project and consider that the direct engagement with **SPNB** (the Project Owner) is a significant milestone in the value creation cycle for the Penor Project. It represents the culmination of the successful navigation of the Malaysian Federal Government's approvals process begun in late 2013.

Further updates on the Terengganu Project are anticipated shortly.

For any further information please contact the Company on +61-8-9488-0800.

Yours Sincerely

A handwritten signature in black ink, appearing to read "Guy T. Le Page".

Guy T. Le Page, MAusIMM, FFIN
Chairman

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