

SOLCO LIMITED
ACN 084 656 691

SUPPLEMENTARY PROSPECTUS

IMPORTANT INFORMATION

This is a supplementary prospectus (**Supplementary Prospectus**) intended to be read with the prospectus dated 25 November 2014 (**Prospectus**) issued by Solco Limited (ACN 084 656 691) (**Company**).

This Supplementary Prospectus is dated 12 May 2015 and was lodged with the Australian Securities and Investments Commission (**ASIC**) on that day. ASIC, ASX Limited (**ASX**) and their respective officers do not take any responsibility as to the contents of this Supplementary Prospectus.

Other than as set out below, all details in relation to the Prospectus remain unchanged. To the extent of any inconsistency between this Supplementary Prospectus and the Prospectus, this Supplementary Prospectus will prevail. Unless otherwise indicated, terms defined and used in the Prospectus have the same meaning in this Supplementary Prospectus.

This Supplementary Prospectus will be issued with the Prospectus as an electronic prospectus and may be accessed on the Company's website at www.solco.com.au. The Company will send a copy of this Supplementary Prospectus to all Applicants who have applied for Shares under the Prospectus as at the date of this Supplementary Prospectus.

This is an important document and should be read in its entirety. If you do not understand it you should consult your professional advisors without delay.

Applicants who have been issued Shares under the Prospectus who wish to withdraw may exercise their right of withdrawal at any time within 1 month of the date of this Prospectus. Refer to Section 6 for further details.

1. STATUS OF RE-ADMISSION TO ASX

As announced to the ASX on 30 April 2015, since completing the acquisition of the Go Group in February 2015, Solco has been working with the ASX to satisfy outstanding conditions to re-list on the ASX and has been in discussions with the ASIC to resolve concerns that the ASIC raised on 20 March 2015 about the disclosures in Solco's Prospectus.

Following discussions with the ASIC, Solco has agreed to:

- (a) provide applicants who were issued Shares under the Prospectus a one month right to withdraw and be repaid their subscription funds from the date of this Supplementary Prospectus (**Withdrawal Right**). Shareholders who wish to withdraw from the Prospectus under the Withdrawal Right should refer to Section 6 for further details; and
- (b) provide audited historical accounts for certain Go Group companies and businesses. Solco is currently finalising these audited accounts, which have taken some time to obtain, with its auditors. Once final, Solco plans to lodge an additional supplementary prospectus with the ASIC in early June 2015 (**Second Supplementary Prospectus**). This

Second Supplementary Prospectus will contain updated pro forma accounts for Solco as at 28 February 2015 and an updated Investigating Accountant's Report for the Prospectus.

Before Solco can be re-listed, it must first obtain relief from the Federal Court of Australia (**Court**) to allow the Shares issued under the Prospectus to be validated and quoted on the ASX more than three months after the date of the Prospectus. Solco has applied to the Court for this relief and a hearing has been scheduled for 2 June 2015.

Solco expects to have to offer a further one month withdrawal right to subscribers to the Prospectus when the Second Supplementary Prospectus is lodged with ASIC.

If Court relief is obtained, Solco will look to complete its re-listing on the ASX as soon as practicable after any further withdrawal right has ended, anticipated to be by early July 2015.

While Solco is confident that it can meet all the outstanding conditions to re-list, the final approval of ASX will still be required and the ASIC must not raise any further concerns with the Prospectus.

To provide investors comfort that any withdrawals from the Prospectus will not adversely affect the Company's re-listing, the Urban Group has agreed to:

- (a) waive any withdrawal rights it has in respect of the 70,630,300 Shares it has been issued as part of its underwriting commitment (and associated subscription funds of \$1,412,606); and
- (b) underwrite any withdrawals by subscribers to the Prospectus under the Withdrawal Right to ensure that \$3,000,000 worth of Shares (being 150,000,000 Shares) remain taken up under the Prospectus. If a subscriber elects to withdraw and be repaid its subscription funds, the subscriber's Shares will be transferred to Urban Group or its nominee in return for payment to the Company by Urban Group or its nominee of the subscription amount for those Shares.

In addition, Solco has received binding undertakings from subscribers, who together have been issued \$992,000 worth of Shares under the Prospectus, that they will not withdraw from the Prospectus.

As a result of these undertakings, the maximum amount of subscriptions that may be withdrawn is considered to be approximately \$655,394. While Urban Group has agreed to underwrite withdrawals, the Company has also set aside approximately \$660,000 of the subscription funds in trust to cover any withdrawals.

The Company has agreed to work with Urban Group to allocate Shares from any withdrawing subscribers to nominees of Urban Group so as to ensure there is a sufficient spread of Shareholders for the Company to be re-instated to quotation on the ASX following the expiry of the withdrawal period.

The Company has also determined to keep the Shortfall Offer open under the Prospectus until 9 July 2015 (which the Company may amend without notice) to allow the Company, subject to Court relief being obtained, to raise additional funds under the Shortfall Offer if considered appropriate.

In light of the above, the Company's board is confident that the Company will be able to meet all of the ASX's re-listing conditions in due course and, subject to Court relief being obtained, be re-listed by the ASX in early July 2015.

2. COURT RELIEF TO EXTEND PERIOD TO RE-LIST AND VALIDATE SHARE ISSUE

In accordance with the Corporations Act, if a person offers securities under a disclosure document (e.g. a prospectus) and the disclosure document states or implies that the securities are to be quoted on a financial market (e.g. ASX) and the securities are not admitted to quotation within 3 months after the date of the disclosure document (**Quotation Condition**) then an issue or transfer of securities in response to an application made under the disclosure document is void and the person offering the securities must return the money received by the person from the applicants as soon as practicable.

As of 25 February 2015, the Company had not satisfied all of the conditions for reinstatement and the Quotation Condition was not met.

The Company applied to ASIC on 25 February 2015 for a modification of the Corporations Act to extend the Quotation Condition by a further three (3) months to allow time for the Company to satisfy all of the ASX's conditions for reinstatement, and validate the issue of Shares under the Prospectus. ASIC refused the Company's application on 16 March 2015.

The Company applied to the Court on 21 April 2015 for orders to extend the Quotation Condition and validate the issue of Shares under the Prospectus and a hearing has been set down for 2 June 2015.

3. URBAN GROUP UNDERWRITING DISCLOSURES

Following discussions with the ASX, the Company provides the following additional information in relation to the Urban Group's underwriting commitment under the Prospectus.

When the Company completed the Acquisition on 23 February 2015, it had received valid applications under the Offer and Shortfall Offer for a total of 79,369,700 Shares and cleared subscription funds of \$1,587,394.

Urban Group's \$3 million underwriting commitment was reduced by the above subscriptions, resulting in Urban Group being required to subscribe for 70,630,300 Shares and pay subscription funds totalling \$1,412,606.

As disclosed on page 55 of the Prospectus, the Company had agreed, as part of the consideration for the Acquisition, to reimburse Urban Group for certain amounts paid by Urban Group on behalf of the Go Group. At completion of the Acquisition, these were agreed as \$1,920,775, being:

- (a) amounts paid by Urban Group for project costs to assess the feasibility to develop a 2.294MW solar farm at Mt Majura in the Australian Capital Territory (known as the Mt Majura project) to be repaid from proceeds of the Offer. The amounts due and payable at completion of the Acquisition totalled \$289,924;
- (b) amounts paid by Urban Group for stock purchased by Go Group, with the reimbursement to be paid as and when stock is sold by Go Group. The amounts due and payable at completion of the Acquisition totalled \$613,703;

- (c) amounts paid by Urban Group for Go Group power purchase agreements, to be paid when funds are available under a \$25m Financing Facility. The amounts due at completion of the Acquisition totalled \$868,595; and
- (d) other amounts paid by Urban Group on behalf of the Go Group after 27 October 2014 with the Company's prior written consent. At completion of the Acquisition, these approved reimbursement costs totalled \$148,553.

To simplify the transfer of funds and avoid a round robin of payments, the Company and Urban Group agreed to set off the Urban Group's \$1,412,606 underwriting commitment against these reimbursement payments at completion of the Acquisition (**Set Off**).

As a result of this Set Off, Urban Group did not transfer cleared funds of \$1,412,606 to the Company at completion. Instead, the Company paid Urban Group the net difference between the underwriting commitment and the reimbursement amounts owed to Urban Group, being \$508,169. This amount was paid to Urban Group using the Company's existing cash reserves.

The effect of the set off is that the Company only received cleared subscription funds of \$1,587,394 under the Prospectus as at completion of the Acquisition.

4. MINIMUM SUBSCRIPTION REDUCTION

As a result of the Company only receiving \$1,587,394 in cleared funds under the Offer and Shortfall Offer as at completion of the Acquisition on 23 February 2015, and following discussions with the ASX, the Company has decided to amend the Prospectus to reduce the minimum subscription from \$3 million to \$1,587,394 to ensure the Company has technically satisfied the requirement for receipt of cleared funds and satisfaction of the minimum subscription.

Accordingly, references to a \$3 million minimum subscription in the Prospectus are deleted and replaced with references to a \$1,587,394 minimum subscription.

The Company does not consider this reduction in the minimum subscription to be materially adverse to investors as the Company could have evidenced receipt of \$3 million in subscriptions if the set off detailed in Section 3 above had not been undertaken.

The reduction in the minimum subscription does not affect:

- (a) the use of funds proposed by the Company in the Prospectus. The difference between the new \$1,587,394 minimum subscription and the \$3 million original minimum subscription, being \$1,412,606, was to be used to repay Urban Group the amounts set out in Section 3 above, and those repayments have now been completed; or
- (b) the number of Shares that may be issued under the Prospectus, as the minimum subscription of 150,000,000 Shares were to be, and have already been, issued.

On 24 February 2015, Solco issued a further 3,000,000 Shares to subscribers under the Shortfall Offer, resulting in a total of 153,000,000 Shares being issued under the Prospectus as at 24 February 2015.

5. ADDITIONAL DISCLOSURES

The Company provides the following additional disclosures.

5.1 Trading Performance

Since the release of the Prospectus, Go Group has continued to develop and build market share. Electricity contracts with annual billable volumes of 130,000 MWh (based on historical performance) have been signed. Included in the many electricity contracts signed to date that are worthy of mention is a contract to supply all 154 NSW sites of a large retail chain, 20 sites for a national retailer, and 32 sites for a large industrial customer. These relationships enable opportunities to install solar energy systems where sites can accommodate them.

Underlying operating cash flows, once timing issues and one off factors are considered, for the period to 31 March 2015 were broadly in line with expectations. However, operating cash flows from April to June 2015 are expected to be below original expectations due to a combination of:

- (a) delays in the implementation of certain aspects of the Company's business plan as a result of the delay and management distractions from the ASX re-listing process;
- (b) uncertainty around the RET changes (refer Section 5.3 below) impacting customer's willingness to acquire solar systems. However a deal on the RET looks to be imminent which has the potential to stimulate the renewables sector;
- (c) a longer than anticipated period from the first point of customer contact through to signing sales agreements and the ultimate fulfilment of the contract; and
- (d) increasing competition in the STC aggregation business which has temporarily reduced operating margins, although market share has improved.

5.2 Mt Majura Project update

The Prospectus indicated that the Mt Majura project would commence construction in Q1 2015. The construction of the project has been delayed as the parties to the Memorandum of Understanding continue to actively negotiate on key terms of the project agreement.

5.3 Renewable Energy Target update

Since the announcement of the findings from the RET Review on 28 August 2014, the Federal Government has been actively negotiating with opposition parties to wind back the RET scheme.

The negotiations have centred primarily around the overall targeted level of renewable energy production by 2020. This was established as 41,000 GWh under a previous government.

The RET is split into two components – Small Scale Renewable Energy Scheme (SRES) and the Large Scale Energy Target (LRET). GO Energy's sales are almost

100% made where SRES certificates are created due to the size of the systems involved. It remains uncertain which scheme will be most impacted.

Any changes to the RET scheme requires legislation to be passed by both houses of parliament. In the Senate, the Federal Government does not have a majority of seats and can only pass legislation with agreement of a combination of minor parties.

5.4 New Director Background

Mr Brian Thomas, who was appointed a Director of the Company on 23 February 2015, was, until December 2013, a non-executive director of Noble Mineral Resources Limited (**Noble**), an ASX listed company which was placed into voluntary administration in September 2013. The Directors (other than Mr Thomas) have considered the circumstances surrounding Mr Thomas' involvement in Noble and are of the view that his involvement as a director of Noble prior to Noble being placed into voluntary administration, in no way impacts on his appointment and contribution as a Director of the Company.

Mr Adam Pearce, who was appointed a Director of the Company on 23 February 2015, is a Director of Biosolar Australia Pty Ltd (ACN 167 382 265) (**Biosolar**). Mr Pearce was appointed to the Board of Biosolar in January 2014 as a non-executive Director and representative of Urban Group, a shareholder in Biosolar and its principal secured creditor. Mr Pearce is and remains a Director of Urban Group. In August 2014, Urban Group appointed external administrators to Biosolar pursuant to its security. The Directors (other than Mr Pearce) have considered the circumstances surrounding Mr Pearce's involvement in Biosolar and are of the view that his involvement as a director of Biosolar prior to Biosolar being placed under external administration in no way impacts on his appointment and contribution as a Director of the Company.

5.5 ASX Waiver of Listing Rule 7.1

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period (**15% Placement Capacity**).

ASX Listing Rule 7.2 (exception 3) provides that an issue of securities under the shortfall to a pro rata entitlement issue is an exception to the Company's 15% Placement Capacity, provide that the Company makes the issue of securities within 3 months of the closing date of the offer. In order to qualify for this exception the Company had to issue all securities under the Shortfall Offer by 9 April 2015.

The Company has obtained an ASX waiver of ASX Listing Rule 7.1 to allow the remaining 52,100,100 Shared offered under the Shortfall Offer to be issued up until 9 July 2015 without using up Solco's 15% Placement Capacity.

6. WITHDRAWAL RIGHT

The Company hereby gives all applicants who have subscribed for, and been issued, Shares under the Offer or the Shortfall Offer (**Withdrawing Shareholder**) one (1) month to withdraw their Application from the date of this Supplementary Prospectus and be repaid their application monies.

Any repayments made by the Company pursuant to an applicant exercising their right to withdraw their Application will be made in full without interest.

An applicant who wishes to withdraw their Application and obtain a refund must submit a written request to the Company at the address set out below so that it is received within 1 month of the date of this Supplementary Prospectus (i.e. by 3:00 pm (WST) on 12 June 2015).

By Post to:
Computershare Investor Services Pty Limited
GPO Box 505
Melbourne VIC 3001

Repayments will be made as soon as practicable and within 7 days of the written request being received.

The details for the payment of the refund cheque and address to which it should be sent as set out in the written request must correspond to the details contained in the Application Form lodged by that Applicant.

Withdrawing Shareholders who request a withdrawal of their Application will be deemed to have agreed:

- (a) to the Company selling and transfer the Shares issued to them under the Prospectus and the subject of the withdrawal request (**Withdrawal Shares**) for \$0.02 per Share (being the issue price under the Offers) to Urban Group or its or the Company's nominees;
- (b) not to deal with their Withdrawal Shares in any manner which may prevent legal and beneficial title to the Withdrawal Shares passing to the purchaser of those Shares;
- (c) if required, to vote for any cancellation of the Withdrawal Shares; and
- (d) authorise the Company to do all things necessary on their behalf to effect the transfer or cancellation of the Withdrawal Shares.

7. SHORTFALL OFFER

Applications for Shares under the Shortfall Offer will not be accepted using the application form attached to or accompanying the Prospectus.

If the Court relief sought is obtained, the Company will provide an updated Shortfall Offer Application Form in the Second Supplementary Prospectus to be completed by investors who wish to subscribe for additional Shares under the Shortfall Offer.

8. DIRECTORS' AUTHORISATION

This Supplementary 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 Supplementary Prospectus with the ASIC.



Mr Brian Thomas
Chairman
For and on behalf of
Solco Limited