



RECLAIM
ANNUAL
REPORT



2015

Reclaim Industries Limited

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Corporate Directory

Directors	Mr Stephen Hewitt-Dutton Mr KC Ong Mr David Scoggin
Company Secretary	Miss Deborah Ho
Registered Office	Level 24, 44 St Georges Terrace PERTH WA 6000 Telephone: (08) 6211 5099 Facsimile: (08) 9218 8875
Share Registry	Security Transfer Registrars Pty Limited 770 Canning Highway, APPLECROSS WA 6153 Telephone: (08) 9315 2333 Facsimile: (08) 9315 2233
Website	www.reclaimindustries.com.au
Place of Incorporation	Western Australia
Principal Place of Business	Level 24, 44 St Georges Terrace PERTH WA 6000 Telephone: (08) 6211 5099 Facsimile: (08) 9218 8875
Auditors	BDO (Audit) WA Pty Ltd 38 Station Street SUBIACO WA 6008 Telephone: (08) 6382 4600 Facsimile: (08) 6382 4601
Solicitors	Price Sierakowski Corporate Level 24, 44 St Georges Terrace PERTH WA 6000
Banker	National Australia Bank Limited Ground Floor, 100 St Georges Terrace PERTH WA 6000
Stock Exchange	ASX Limited Exchange Plaza, 2 The Esplanade PERTH WA 6000
ASX Code	RCM

Directors' Report

The directors of Reclaim Industries Limited ("the Company") present their annual report of Reclaim Industries Limited for the financial year ended 30 June 2015.

Directors

The names of the directors in office and at any time during, or since the end of the financial year are:

Mr Stephen Hewitt-Dutton	Appointed 13 th March 2012
Mr KC Ong	Appointed 13 th March 2012
Mr David Scoggin	Appointed 5 th March 2014

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Company Secretary

Ms Deborah Ho	Appointed 7 th November 2012
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Principal Activities

On 15th May 2014, the Company executed a Share Sale Agreement to acquire 100% of all rights and title in all the issued capital of Rision Pty Ltd (formerly Employment Management Systems Pty Ltd). Please refer below to 'Review of Operations' for further detail.

Operating Results

The loss after tax of the Company for the financial year ended 30 June 2015 was \$685,589 (2014: \$532,113).

During the year ended 30 June 2015, the Company incurred additional legal and accounting costs in relation to the acquisition of Rision Pty Ltd. During the prior year, the Company's loss was attributable to working capital costs incurred in the ordinary course of business. There has been no substantial change in operations.

Review of Operations

General Meetings

On 1 July 2014, the Company held a General Meeting where the following resolutions were passed by Shareholders:

1. Ratification of the issue of 56,000,000 fully paid ordinary shares under a Tranche 1 placement; and
2. Approval of the issue of 41,000,000 fully paid ordinary shares under a Tranche 2 placement.

On 30 June 2015, the Company held a General Meeting where the following resolutions were passed by Shareholders:

1. Change in nature and scale of activities of the Company;
2. Approval of Performance Shares;
3. Issue of Consideration Shares to Vendors;
4. Issue of New Shares pursuant to the Capital Raising;
5. Directors' right to apply for Shares under Prospectus;
6. Issue of Facilitation Shares to Trident Capital;
7. Issue of Facilitation Shares to SCM Equities;
8. Change of Company Name;
9. Appointment of Robert Day as Director from completion of the proposed acquisition;
10. Appointment of Anthony Dixon as Director from completion of the proposed;
11. Appointment of Graham Steer as Director from completion of the proposed;
12. Appointment of Kate Cornick as Director from completion of the proposed; and
13. Appointment of Ron Howard as Director from completion of the proposed.

Share Sale Agreement

On 23 September 2014, the Company executed a formal Share Sale Agreement with Rision Pty Ltd. Subsequent to year end the Company announced a revised Heads of Agreement had been entered into between the Company and the Rision Vendors. Refer to Events Since the End of the Financial Year below for details.

Prospectuses

On 25 June 2015, the Company released a Replacement Prospectus disclosure document to offer 200,000,000 New Shares at an issue price of \$0.02 per New Share to raise a minimum of \$4,000,000 before expenses, with a provision to accept oversubscriptions of up to a further 200,000,000 New Shares at an issue price of \$0.02 per New Share to raise up to a total of \$8,000,000. This Replacement Prospectus replaces a previous Prospectus released on 11 June 2015. On 25 August 2015 the Company officially withdrew the Replacement Prospectus. The Company will prepare a new prospectus in relation to the revised acquisition of Rision Pty Ltd.

Directors' Report

Review of Operations (continued)

Share Issue

On 2 July 2014, the Company issued 41,000,000 fully paid ordinary shares at \$0.006 per share.

On 31 July 2014, the Company issued 67,999,996 fully paid ordinary shares at \$0.015 per share.

On 30 January 2015, the Company issued 81,700,000 fully paid ordinary shares at \$0.015 per share.

Likely Developments and Expected Results of Operations

The Company has entered into the Share Sale Agreement with Rision Pty Ltd and its shareholders. The Company will proceed with the acquisition and recompliance with Chapters 1 and 2 of the ASX Listing Rules to complete the acquisition of Rision Pty Ltd.

Share options

During and since the end of the financial year, no options to acquire ordinary shares in the Company were granted under the Company's employee share option plan.

There were no shares options issued during or since the end of the financial year.

Issues with Regulations

The Company is not subject to any significant environmental regulations.

Dividends Paid or Recommended

The Directors recommend that no dividend be paid for the year ended 30 June 2015, nor have any amounts been paid or declared by way of dividend since the end of the previous financial year (2014: nil).

Events Since the End of the Financial Year

Replacement Prospectus Extension

On 25 August 2015, the Company withdrew its Replacement Prospectus dated 25th June 2015 as a result of the current difficult equity market conditions.

Heads of agreement

On 4 September, the Company entered into a new Heads of Agreement ("HOA") with Rision Pty Ltd ("Rision") and Rision's Shareholders ("Vendors"), to acquire 100% of the rights and title in all the issued capital of Rision on amended terms.

Under the terms of the HOA, RCM, Rision and the Vendors are to execute a revised Share Sale Agreement ("**SSA**") to replace the existing Share Sale Agreement within 60 days, and agree as follows:

- RCM will complete a 1 for 2 capital consolidation of all of its issued capital;
- RCM will issue 200,000,000 fully paid ordinary Consideration Shares upon completion of the acquisition;
- RCM will issue 50,000,000 fully paid ordinary shares upon the achievement of the Milestone (see below);
- RCM will issue 40,000,000 fully paid ordinary shares to senior management of Rision under a proposed employee share scheme; and
- RCM will issue 20,000,000 fully paid ordinary Facilitation Shares upon completion of the acquisition.

"Milestone" means: the issue of 50,000,000 Milestone Shares post Consolidation. The Milestone will be met if on or before 30 June 2019:

- a) Rision achieves \$5 million in EBITDA during a consecutive 12 month period; or
- b) Rision being sold by RCM for a minimum of \$150M; or
- c) RCM being valued at not less than \$150M.

Completion of the acquisition is subject to a number of conditions as follows:

- i) RCM consolidating its existing issued capital on the basis of 1 new share for every 2 existing shares;
- ii) RCM successfully completing a capital raising to raise not less than \$3,000,000;
- iii) RCM and Rision obtaining all required shareholder and regulatory approvals; and
- iv) Rision Shareholders agreeing to execute the SSA.

Directors' Report

Events Since the End of the Financial Year (continued)

Placement

The Company is currently in the process of conducting a sophisticated placement to raise between \$1,200,000 and \$1,500,000 by way of convertible notes. The convertible notes will convert into fully paid ordinary shares at completion of the acquisition at \$0.01 per share (post consolidation) with each shares having one free attaching option, exercisable at \$0.03 and expiring on 31 December 2017.

Information on Directors at the date of this report.

Mr. Stephen Hewitt-Dutton

Chairman - Appointed 13 March 2012

Experience

Mr. Hewitt-Dutton has over 20 years of experience in corporate finance, accounting and company secretarial matters. He is an Associate Director of Trident Capital and holds a Bachelor of Business from Curtin University and is an affiliate of the Institute of Chartered Accountants. Previously Mr. Hewitt-Dutton was an Associate Director of Carmichael Corporate where he assisted clients by providing equity market, IPO and M&A advice and assistance. He has also held Financial Controller and Company Secretary positions for both public and private companies for in excess of 17 years.

Interest in Shares and Options

Mr. Hewitt-Dutton holds 2,000,000 shares in the Company.
Nil Options

Directorships held in other listed entities

During the past three years Mr. Hewitt-Dutton has served as a Director for the following other listed companies.

- (a) 3D Medical Limited (formerly Safety Medical Products Ltd) appointed 6 October 2010.
- (b) Flexiroam Limited – appointed 21 May 2010.

Mr David Scoggin

Non- Executive Director - Appointed 5 March 2014

David is a 19 year veteran of the international finance Industry. He began his career as a proprietary trader for ING Baring and Credit Agricole Idosuez, splitting time between Japan and Hong Kong from 1996-2001. In 2001, he began working for Susquehanna International Company as a hedge fund manager and in 2005, David Joined Evolution Capital's Global Opportunities fund. He has spent the past 8 years specialising in the Australian natural resource sector and has been managing a portfolio of small/mid cap resource companies and has been involved in early stage financings in exploration and development projects.

Interest in Shares and Options

Mr Scoggin holds 10,450,000 shares indirectly in the Company.
Nil Options

Directorships held in

During the past three years Mr Scoggin has not held directorship of any ASX listed companies in the last three years.

Mr. KC Ong

Experience

Non-Executive Director - Appointed 13 March 2012

Mr. Ong has over 20 years of extensive and diverse experience in corporate finance and business advisory to corporations in Australia and South-East Asia. Mr. Ong is a Director of Trident Management Services. He is an alumni from Deakin University, Victoria, holding a Bachelor of Commerce degree and is a Certified Practicing Accountant.

Interest in Shares and Options

Mr Ong holds nil shares in the Company.
Nil Options

Directorships held in other listed entities

During the past three years Mr Ong has served as a Director for the following other listed companies;

- (a) Windimurra Vanadium Limited – appointed 30 July 2012, resigned 21 January 2015.
- (b) Iwebgate Limited (formerly My ATM Holdings Limited) appointed 23 July 2012, resigned 9 December 2014.
- (c) CAQ Holdings Limited (formerly Cell Aquaculture Ltd) appointed 2 May 2013.

Directors' Report

Company Secretary

Miss Deborah Ho was appointed Company Secretary on 7 November 2012. Deborah holds a Bachelor of Commerce from Curtin University and is an associate of Governance Institute of Australia Ltd. Deborah has experience in company secretarial matters, corporate compliance and financial accounting areas including the preparation of financial statements.

Indemnifying Officers or Directors

During the financial year the Company paid insurance premiums in respect to Director's and Officer's liability insurance. The insurance policy precludes us from disclosing the amount of coverage. These insurance premiums relate to insurance of the Directors of the Company named in the report and former Directors and Executive Officers of the Company. The policy does not specify the premium for individual Directors and Executive Officers.

The Director's and Officer's liability insurance provides cover against costs and expenses involved in defending legal actions and any resulting payments arising from a liability to persons (other than the Company or a related body corporate) incurred in their position as a Director or Executive Officer unless the conduct involves a willful breach of duty or an improper use of inside information or position to gain advantage.

No liability has arisen under the indemnity as at the date of this report.

Proceedings on Behalf of Company

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is party for the purpose of taking responsibility on behalf of the Company for all or any part of these proceedings. The Company was not a party to any such proceedings during the year.

Non-Audit Services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company are important.

The Directors are also satisfied that the provision of non-audit services by an auditor is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- None of the services undermine the general principles relating to auditor's independence as set out in APES 110 Code of Ethics for Professional Accountants.

During the year the following fees were paid or payable for services provided by the auditor of the Company, its related practices and non-related audit firms:

	2015	2014
	\$	\$
(a) BDO Audit (WA) Pty Ltd		
i. Audit and other assurance services		
Audit and review of financial statements	43,271	36,800
Total remuneration for audit and other assurance services	<u>43,271</u>	<u>36,800</u>
ii. Non-audit services		
Taxation services	31,345	14,382
Corporate finance services	46,003	-
Other	247	-
Total non-audit services	<u>77,595</u>	<u>14,382</u>

The current auditor of the Company is BDO Audit (WA) Pty Ltd.

Directors' Report

Non-Audit Services (continued)

(b) Deloitte Touche Tohmatsu

i. Audit and other assurance services

Audit and review of financial statements	-	3,375
Other assurance services:		
Letter of consent	-	-
Total remuneration for audit and other assurance services	-	3,375

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is included in this Annual Financial Report.

Meetings of Directors

The number of meetings of the company's Board of Directors attended by each Director during the year ended 30 June 2015 was:

	Meetings held while in office	Meetings attended
Stephen Hewitt-Dutton	-	-
David Scoggin	-	-
KC Ong	-	-

There were no meetings held during the year.

The Board of Directors approved six (6) circular resolution during the year ended 30 June 2015 which was signed by all Directors of the Company.

Remuneration Report (audited)

This report outlines the remuneration arrangements in place for Directors and other Key Management Personnel of the Company. There is no link between remuneration and the Company's performance.

Directors and key management personnel disclosed in this report

Non Executive Directors

Mr Stephen Hewitt-Dutton	Appointed 13 th March 2012 to current
Mr KC Ong	Appointed 13 th March 2012 to current
Mr David Scoggin	Appointed 5 th March 2014 to current

Relationship between the Remuneration Policy and Company Performance

The tables below set out summary information about the Company's earnings and movements in shareholder wealth for the five years to June 2015:

	30 June 2015	30 June 2014	30 June 2013	30 June 2012	30 June 2011
Revenue	-	-	-	-	7,316,369
Net (loss) before tax	(685,589)	(532,113)	(1,437,848)	(281,127)	(1,770,044)
Net (loss) after tax	(685,589)	(532,113)	(1,437,848)	(281,127)	(1,770,044)

	30 June 2015	30 June 2014	30 June 2013	30 June 2012	30 June 2011
Share price at beginning of the year	\$0.03	\$0.005	\$0.04	\$0.04	\$0.04
Share price at end of year	\$0.018	\$0.03	\$0.005	\$0.04	\$0.04
Basic loss per share	(0.12) cents	(0.14) cents	(0.60) cents *	(1.24) cents *	(8.25) cents *
Diluted loss per share	(0.12) cents	(0.14) cents	(0.60) cents *	(1.24) cents *	(8.25) cents *

* Loss per share have been updated to reflect the impact of the share consolidation for 2012 and 2013.

Directors' Report

Remuneration Report (audited) (continued)

No dividends have been declared during the five years ended 30 June 2015 and the Directors do not recommend the payment of a dividend in respect of the year ended 30 June 2015. There is no link between the Company's performance and the setting of remuneration except as discussed below in relation to options for Directors and other Key Management Personnel.

Remuneration Philosophy

The performance of the Company depends on the quality of its Directors and other Key Management Personnel and therefore the Company must attract, motivate and retain appropriately qualified industry personnel. The Company embodies the following principles in its remuneration framework:

- provide competitive rewards to attract and retain high calibre Directors and other Key Management Personnel;
- link executive rewards to shareholder value (by the granting of share options);
- link reward with the strategic goals and performance of the Company; and
- ensure total remuneration is competitive by market standards.

Remuneration Governance

Due to its size, the Company does not have a remuneration committee. The Board has not used remuneration consultants in determining the remuneration of Key Management Personnel. The compensation of Directors is reviewed by the Board annually. The compensation of other Key Management Personnel is also reviewed by the Board annually.

The Board assesses the appropriateness of the nature and amount of remuneration of such persons on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum shareholder benefit from retention of high quality Directors and other Key Management Personnel. External advice on remuneration matters is sought whenever the Board deems it necessary but has not been sought during the reporting period.

The remuneration of the Directors and other Key Management Personnel is not dependent on the satisfaction of a performance condition other than set out in this report.

Non-Executive Director Remuneration

The Board seeks to set remuneration of Non-Executive Directors at a level which provides the Company with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost which is appropriate at this stage of the Company's development.

The Directors have resolved that Non-Executive Directors' fees are \$36,000 per annum for each Non-Executive Director and \$48,000 per annum for the Non-Executive Chairman. Following reinstatement of Reclaim Industries Limited in 2012, Directors fees commenced from 1 December 2012.

In addition, Non-Executive Directors are entitled to be paid reasonable travelling, accommodation and other expenses incurred as a consequence of their attendance at meetings of Directors and otherwise in the execution of their duties as Directors.

The maximum annual aggregate directors' fee pool limit is \$250,000 and was approved by shareholders at the annual general meeting held on 26 November 2008.

Executive Remuneration

There were no executive employees during the year.

Directors' Report

Remuneration Report (audited) (continued)

Summary of amounts paid to Key Management Personnel

The table below discloses the compensation of the Key Management Personnel of the Company during the year.

2015	Short-term employee Benefits Salary & Fees	Bonus	Post employment superannuation	Share-based payments	Total	Percentage of total remuneration for the year that consists of options
	\$	\$	\$	\$	\$	%
Directors						
<i>Non Executive Directors</i>						
Mr Hewitt-Dutton ³	48,000	-	-	-	48,000	-
Mr Ong ³	36,000	-	-	-	36,000	-
Mr Scoggin ⁴	36,000	-	-	-	36,000	-
2015 Total	120,000	-	-	-	120,000	-

³ Mr Hewitt-Dutton's and Mr Ong's director fees are paid to Trident Capital Pty Ltd.

⁴ Mr Scoggin's director fees are payable to himself.

2014	Short-term employee Benefits Salary & Fees	Bonus	Post employment superannuation	Share-based payments	Total	Percentage of total remuneration for the year that consists of options
	\$	\$	\$	\$	\$	%
Directors						
<i>Non Executive Directors</i>						
Mr Hewitt-Dutton	48,000	-	-	-	48,000	-
Mr Ong	36,000	-	-	-	36,000	-
Mr Scoggin ¹	11,419	-	-	-	11,419	-
Mr Franzen ²	24,484	-	-	-	24,484	-
2014 Total	119,903	-	-	-	119,903	-

¹ Mr Scoggin was appointed on the 5th March 2014

² Mr Franzen resigned on the 5th March 2014.

Share Options held by Key Management Personnel

During the year ended 30 June 2015 no share options were granted or exercised that relate to Key Management Personnel.

Shares held in escrow that had been issued to Key Management Personnel

No shares have been issued under the Employee Share Scheme to Key Management Personnel during the year.

The Directors' report is signed in accordance with a resolution of directors made pursuant to section 298(2) of the Corporations Act 2001.

Voting and comments made at the Company's 2014 Annual General Meeting

The Company received more than 96% of votes, of those shareholders who exercised their right to vote, in favour of the remuneration report for the 2014 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

Loans to key management personnel

During the year ended 30 June 2015, there were no loans to key management personnel.

Directors' Report

Remuneration Report (audited) (continued)

Key Management Personnel equity holdings

Fully paid ordinary shares issued by Reclaim Industries Limited to Key Management Personnel are as follows:

2015	Balance at 1 July 2014 Number	Allotment of Shares Number	Net other changes Number	Balance at 30 June 2015 Number	Balance Held Nominally Number
DIRECTORS					
Mr S Hewitt - Dutton	2,000,000	-	-	2,000,000	-
Mr KC Ong	-	-	-	-	-
Mr D Scoggin	10,450,000	-	-	10,450,000	-

2014	Balance at 1 July 2013 Number	Allotment of Shares Number	Net other changes ¹ Number	Balance at 30 June 2014 Number	Balance Held Nominally Number
DIRECTORS					
Mr S Hewitt - Dutton	2,000,000	-	-	2,000,000	-
Mr KC Ong	-	-	-	-	-
Mr D Scoggin ¹	10,450,000	-	-	10,450,000	-
Mr B Franzen ²	1,000,000	-	(1,000,000)	-	-

¹ Mr Scoggin was appointed on the 5th March 2014.

² Mr Franzen resigned on the 5th March 2014.

Options

Nil options were issued by Reclaim Industries Limited to Key Management Personnel during the current financial year (2014: Nil).

Other Related Party Transactions

Recapitalisation, corporate advisory and office services:

Trident Capital Pty Ltd ("Trident Capital") is a company which is a substantial shareholder of the Company. Trident Capital also provides recapitalisation services, corporate advisory services and office accommodation. These services provided were based upon normal commercial terms and conditions no more favourable than those available to other parties. The amount paid to Trident Capital for the year ended 30 June 2015 was \$211,283 (incl GST) (2014: \$224,400). The amount payable to Trident Capital as at 30 June 2015 is \$32,000 (excl GST) (2014: \$15,000).

Reimbursement:

The amount paid to Trident Capital for the year ended 30 June 2015 was \$nil (2014: \$314).

Company secretarial and accounting services:

KC Ong is a Director and shareholder of Trident Management Services Pty Ltd ("Trident Management Services"), which provided the Company with accounting and company secretarial services. These services provided were based upon normal commercial terms and conditions no more favourable than those available to other parties. The amount paid to Trident Management Services for the year ended 30 June 2015 was \$75,072 (incl GST) (2014: \$82,569). The amount payable to Trident Management Services as at 30 June 2015 is \$9,184 (excl GST) (2014: \$6,850).

Directors' Report

Remuneration Report (audited) (continued)

Director fees:

Stephen Hewitt-Dutton and KC Ong's director fees are paid to Trident Capital. The amount paid to Trident Capital for the year ended 30 June 2015 was \$84,700 (incl GST) (2014: \$92,400). The amount payable to Trident capital as at 30 June 2015 is \$14,000 (excl GST) (2014: \$7,000).

David Scoggin's director fees are paid to himself. The amount paid to David Scoggin for the year ended 30 June 2015 was \$3,000 (no GST applicable) (2014: \$8,419). The amount payable to David Scoggin as at 30 June 2015 is \$36,000 (no GST applicable) (2014: \$3,000).

End of audited Remuneration Report.

On behalf of the directors



Mr Stephen Hewitt-Dutton
Chairman
Perth, Western Australia, 30 September 2015

DECLARATION OF INDEPENDENCE BY PETER TOLL TO THE DIRECTORS OF RECLAIM INDUSTRIES LIMITED

As lead auditor of Reclaim Industries Limited for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.



Peter Toll

Director

BDO Audit (WA) Pty Ltd

Perth, 30 September 2015



Statement of Profit or Loss and Other Comprehensive Income

For the financial year ended 30 June 2015

	Note	2015	2014
		\$	\$
Revenue from continuing operations		-	-
Other Revenue	3	3,868	19,786
Directors fees		(120,000)	(119,903)
Finance costs	4	(1,629)	(599)
Rent		(24,000)	(24,000)
Administration expenses	6	(543,828)	(407,397)
Loss before income tax		(685,589)	(532,113)
Income tax expense	5	-	-
Loss after income tax for the year		(685,589)	(532,113)
Other comprehensive income		-	-
Total comprehensive loss for the period		(685,589)	(532,113)
Loss per share for the year attributable to the members of Reclaim Industries Limited			
Basic and diluted loss per share (cents per share)	7	(0.12)	(0.14)

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.



Statement of Financial Position

As at 30 June 2015

	Note	2015	2014
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	59,916	437,085
Trade and other receivables	9	38,701	43,625
Other financial asset	10	2,400,000	500,000
TOTAL CURRENT ASSETS		2,498,617	980,710
TOTAL ASSETS		2,498,617	980,710
CURRENT LIABILITIES			
Trade and other payables	11	236,287	376,224
TOTAL CURRENT LIABILITIES		236,287	376,224
TOTAL LIABILITIES		236,287	376,224
NET ASSETS		2,262,330	604,486
EQUITY			
Issued capital	12	5,601,310	3,257,877
Accumulated losses		(3,338,980)	(2,653,391)
TOTAL EQUITY		2,262,330	604,486

The above Statement of Financial Position should be read in conjunction with the accompanying notes.



Statement of Changes in Equity

For the financial year ended 30 June 2015

	Issued Capital	Accumulated Losses	Total
	\$	\$	\$
Balance as at 30 June 2013 (Consolidated)	2,951,341	(2,121,278)	830,063
Loss for the period	-	(532,113)	(532,113)
Total other comprehensive income	-	-	-
Transactions with owner's in their capacity as owners			
Issue of ordinary shares under a placement	336,000	-	336,000
Issue costs	(29,464)	-	(29,464)
Balance as at 30 June 2014 (Company)	3,257,877	(2,653,391)	604,486
Loss for the period	-	(685,589)	(685,589)
Total other comprehensive income	-	-	-
Transactions with owner's in their capacity as owners			
Issue of ordinary shares under a placement	2,491,500	-	2,491,500
Issue costs	(148,067)	-	(148,067)
Balance as at 30 June 2015(Company)	5,601,310	(3,338,980)	2,262,330

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.



Statement of Cash Flows

For the financial year ended 30 June 2015

	Note	2015 \$	2014 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		-	-
Payments to suppliers and employees		(576,254)	(462,997)
Interest received		3,752	19,786
Interest and other costs of finance paid		(2,100)	(599)
Net cash used in operating activities	16	<u>(574,602)</u>	<u>(443,810)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Loan payment		(1,900,000)	(500,000)
Cash disposed on liquidation of subsidiary		-	(100)
Net cash (used in) investing activities		<u>(1,900,000)</u>	<u>(500,100)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share issue applications		2,245,500	582,000
Share issue costs		(148,067)	(29,464)
Net cash provided by financing activities		<u>2,097,433</u>	<u>552,536</u>
Net decrease in cash held		(377,169)	(391,374)
Cash at beginning of financial year		437,085	828,459
Cash at end of financial year	8	<u>59,916</u>	<u>437,085</u>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.



Notes to the Financial Statements

1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below.

Statement of Compliance

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial statements of Reclaim Industries Limited comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The financial statements were authorised for issue by the Directors on 30th September 2015.

Basis of Preparation

The financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted and rounded to the nearest dollar.

Reclaim Industries Limited is a listed public company, incorporated and domiciled in Australia and is a for-profit entity for the purposes of preparing the financial statements.

In the application of the Company's accounting policies, as set out below, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

New accounting standards and interpretations

The following applicable accounting standards and interpretations have been issued or amended but are not yet effective. These standards have not been adopted by the Company for the year ended 30 June 2015, and no change to the Company's accounting policy is:

Reference	Title	Summary	Impact on Company's financial report	Application date for Company
AASB 9	Financial Instruments	<p>Amends the requirements for classification and measurement of financial assets. The available-for-sale and held-to-maturity categories of financial assets in AASB 139 have been eliminated.</p> <p>Under AASB 9, there are three categories of financial assets:</p> <ul style="list-style-type: none"> • Amortised cost • Fair value through profit or loss • Fair value through other comprehensive income. <p>AASB 9 requires that gains or losses on financial liabilities measured at fair value are recognised in profit or loss, except that the effects of changes in the liability's credit risk are recognised in other comprehensive income.</p>	<p>Adoption of AASB 9 is only mandatory for the year ending 30 June 2019.</p> <p>The Company has not yet made an assessment of the impact of these amendments.</p>	1 July 2018



Notes to the Financial Statements

New accounting standards and interpretations (continued)

Reference	Title	Summary	Impact on Company's financial report	Application date for Company
IFRS 15	Revenue from contracts with customers	An entity will recognise revenue to depict the transfer of promised good or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This means that revenue will be recognised when control of goods or services is transferred, rather than on transfer of risks and rewards as is currently the case under IAS 18 Revenue.	Due to the recent release of this standard, the Company has not yet made an assessment of the impact of these amendments.	1 July 2017
AASB 2012-6	Amendments to Australian Accounting Standards - Mandatory Effective Date of AASB 9 and Transition Disclosures	Defers the effective date of AASB 9 to 1 January 2015. Entities are no longer required to restate comparatives on first time adoption. Instead, additional disclosures on the effects of transition are required.	As comparatives are no longer required to be restated, there will be no impact on amounts recognised in the financial statements. However, additional disclosures will be required on transition, including the quantitative effects of reclassifying financial assets on transition.	1 July 2015
AASB 2014-1	Amendments to Australian Accounting Standards	Non-urgent but necessary changes to standards arising from Annual Improvements to IFRSs 2010–2012 Cycle and Annual Improvements to IFRSs 2011–2013 Cycle	There will be no impact on the financial statements when these amendments are first adopted because they apply prospectively or are disclosure impacts only.	1 July 2015, 1 July 2016

The Company has not elected to early adopt any new Standards or Interpretations.

Changes in accounting policies and disclosures

In the year ended 30 June 2015, the Company has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual financial reporting year.

It has been determined by the Company that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Company accounting policies.

Going Concern

The financial report has been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlements of liabilities in the ordinary course of business. The company incurred an operating loss of \$685,589 for the year ended 30 June 2015 (30 June 2014: \$532,113) and a net cash outflow from operating activities amounting to \$574,602 for the year ended 30 June 2015 (30 June 2014: \$463,596).

The ability of the Company to continue as a going concern is principally dependent upon:

- a sophisticated placement raising of between \$1,200,000 and \$1,500,000 by way of convertible notes which the Company is in the process of conducting; and
- a capital raising to be conducted under a Prospectus pursuant to the new Heads of Agreement with Rision Pty Ltd.

This condition indicates a material uncertainty that may cast significant doubt about the ability of the Company to continue as a going concern.

Should the Company be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Company be unable to continue as a going concern and meet its debts as and when they fall due.



Notes to the Financial Statements

Significant Accounting Policies

The following significant accounting policies have historically been adopted in the preparation and presentation of the financial report and are expected to be relevant to the Company:

(a) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments, net of outstanding bank overdrafts. Bank overdrafts, where drawn, are shown within borrowings in current liabilities in the statement of financial position.

(b) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii. for receivables and payables, which are recognised inclusive of GST.

The net amount of GST recoverable from the taxation authority is included as part of receivables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financial activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(c) Income Tax

Current tax

Current tax is calculated by references to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilized. However, deferred tax assets and liabilities are not recognized if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realized or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.



Notes to the Financial Statements

Significant Accounting Policies (continued)

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the statement of profit or loss and other comprehensive income, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognized directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

(d) Financial instruments issued by the Company

Debt and equity instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortized cost using the effective interest rate method, with interest expense recognized on an effective yield basis.

The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

(e) Contributed Equity

Ordinary share are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

(f) Leased Assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognized at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Finance leased assets are amortised on a straight line basis over the estimated useful life of the assets. Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(g) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Interest revenue

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.



Notes to the Financial Statements

Significant Accounting Policies (continued)

(h) Financial Assets

Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Loans and receivables

Trade receivables, loans, and other receivables are recorded at amortised cost less impairment. Interest income is recognised by applying the effective interest rate method.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit and loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly in equity.

(i) Segment Reporting

Operating segments are identified and segment information disclosed on the basis of internal reports that are regularly provided to, or reviewed by, the Company's chief operating decision maker which, for the Company, is the board of directors. In this regard, such information is provided using different measures to those used in preparing the statement of profit or loss and other comprehensive income and statement of financial position. Reconciliations of such management information to the statutory information contained in the interim financial report have been included.

(j) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services.



Notes to the Financial Statements

Significant Accounting Policies (continued)

(k) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment, once they become over due by more than 60 days. A separate account records the impairment.

An allowance for a doubtful debt is made when there is objective evidence that the Company will not be able to collect the debts. The criteria used to determine that there is objective evidence that an impairment loss has occurred include whether the Financial Asset is past due and whether there is any other information regarding increased credit risk associated with the Financial Asset. Bad debts which are known to be uncollectible are written off when identified.

(l) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(m) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Profit or Loss and Other Comprehensive Income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

(n) Critical estimates and judgements

Other financial asset

As at 30 June 2015, \$2,400,000 had been advanced to Rision Pty Ltd under a loan agreement. This amount has been carried at fair value. On 10 September 2015, the Company entered into a general security deed with Rision, which allows the Company to create a PPSA security interest over the loan. Management has made an assessment of the recoverability of the financial asset and believes it to be recoverable in the event that the acquisition of Rision Pty Ltd does not take place.



Notes to the Financial Statements

2. Financial Risk Management

a) Capital risk management

The Company's overall strategy remains unchanged from 2014.

The capital structure of the Company consists of equity attributable to equity holders of the Company, comprise of issued capital and accumulated losses.

Operating cash flows and share issues are used to maintain and expand the Company's operations.

b) Categories of financial instruments

	2015	2014
	\$	\$
Financial assets		
Trade and receivables	38,701	43,625
Cash and cash equivalents	59,916	437,085
Outstanding Financial Asset	2,400,000	500,000
Financial liabilities		
Trade and payables	236,287	376,224

c) Financial risk management objectives

The Company's activities expose it to a variety of financial risks: market risk (interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on the financial performance of the Company. The Company does not use derivative financial instruments; however the Company uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate risks and aging analysis for credit risk.

Risk management is carried out by the Board of Directors with assistance from suitably qualified management.

d) Market risk

The Company's activities expose it primarily to the financial risks of changes in interest rates (refer note 2(e)). The Company does not enter into interest rate caps and/or swaps to mitigate the risk of rising interest rates.

e) Interest rate risk management

The Company is exposed to interest rate risk as entities in the Company hold funds on deposit at floating interest rates.

The Company's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for both non-derivative instruments at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 50 basis point increase or decrease is used when reporting interest rate risk internally to Directors and represents management's assessment of the possible change in interest rates.

At reporting date, if interest rates had been 50 basis points higher or lower and all other variables were held constant, the Company's net revenue would increase by \$300 and decrease by \$300 respectively (2014: \$2,185).



Notes to the Financial Statements

2. Financial Risk Management (continued)

f) Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted the policy of dealing with creditworthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company measures credit risk on a fair value basis.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings:

	2015 \$	2014 \$
Cash and cash equivalents - AA	59,916	437,085
Other assets	2,400,000	500,000

g) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who have built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

g) Liquidity risk management (continued)

Liquidity and interest risk tables

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

Financial Liabilities	Weighted average effective interest rate	Less than	1-5 years	5+ years
		1 year	\$	\$
2015	%			
Non-interest bearing	-	236,287	-	-
Variable interest rate instruments	1.50	-	-	-
Fixed interest rate instruments	-	-	-	-
		236,287	-	-
2014				
Non-interest bearing	-	376,224	-	-
Variable interest rate instruments	2.35	-	-	-
Fixed interest rate instruments	-	-	-	-
		376,224	-	-

The following table details the Company's expected maturity for its non-derivative financial assets. The table below has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Company anticipates that the cash flow will occur in a different period.

Financial Assets	Weighted average effective interest rate	Less than 1	1-5 years	5+ years
		year	\$	\$
2015				
Non-interest bearing	-	38,701	-	-
Variable interest rate instruments	1.50	59,916	-	-
Other	7.00	2,400,000	-	-
		2,498,617	-	-
2014				
Non-interest bearing	-	43,625	-	-
Variable interest rate instruments	2.35	437,085	-	-
Other	7.00	500,000	-	-
		980,710	-	-



Notes to the Financial Statements

2. Financial Risk Management (continued)

h) Fair value of financial instruments

The fair value of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.

The Directors consider that the carrying amount of financial assets and financial liabilities recorded at amortised cost in the financial statements approximates their fair values.

3. Revenue

	2015 \$	2014 \$
Bank Interest	3,751	19,786
ATO Interest	117	-
Total Revenue	<u>3,868</u>	<u>19,786</u>

4. Finance Costs

	2015 \$	2014
Interest expense	(1,629)	(599)
	<u>(1,629)</u>	<u>(599)</u>

5. Income Tax

The reconciliation between tax expense and the product of accounting profit/(loss) before income tax multiplied by the Company's applicable income tax rate is as follows:

	2015 \$	2014 \$
Loss before income tax	(685,589)	(532,113)
Income tax @ 30% (2014:30%)	(205,677)	(159,634)
Tax effect of amounts which are not deductible in calculating taxable income:		
- Entertainment	-	95
- Fines and penalties	22	-
	<u>(205,654)</u>	<u>(159,539)</u>
Permanent differences	-	-
Timing differences not recognised	<u>205,654</u>	<u>159,539</u>
Total Income Tax Expense	<u>-</u>	<u>-</u>

The unrecognised deferred tax assets will be available for offset against future Australian assessable income provided that the rules for loss recoupment are satisfied.



Notes to the Financial Statements

6. Administration expenses

	2015	2014
	\$	\$
Legal fees	(106,097)	(44,883)
Audit and accounting fees	(114,850)	(69,865)
Consulting and corporate fees	(234,000)	(236,000)
Insurance	(18,092)	(18,110)
Other expenses	(70,789)	(38,539)
	<u>(543,828)</u>	<u>(407,397)</u>

7. Loss Per Share

Basic loss per share amounts are calculated by dividing net loss for the year attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year.

The following reflects the income and share data used in the basic loss per share computations:

	2015	2014
	\$	\$
Loss attributable to ordinary equity holders	<u>(685,589)</u>	<u>(532,113)</u>
	Number	Number
Weighted average number of ordinary shares used as the denominator in calculating basic loss per share	571,604,128	384,654,385
	Cents/share	Cents/share
Basic and diluted loss per share	<u>(0.12)</u>	<u>(0.14)</u>

8. Cash and Cash Equivalents

	2015	2014
	\$	\$
Cash at bank	<u>59,916</u>	<u>437,085</u>
	<u>59,916</u>	<u>437,085</u>

The Company's exposure to interest rate risk is discussed in note 2.

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of cash at bank and in hand.

9. Trade and Other Receivables

	2015	2014
	\$	\$
Current		
Trade receivables	<u>38,701</u>	<u>43,625</u>
	<u>38,701</u>	<u>43,625</u>

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances. The Company did not have any receivables past due or impaired.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements. The Company does not hold any collateral as security over any receivable balance, nor does it hold any restrictions of title. Refer to Note 2 for more information.



Notes to the Financial Statements

10. Other Assets	2015	2014
	\$	\$
Other – Loan Rision Pty Ltd (formerly Employment Management Systems Pty Ltd)	2,400,000	500,000
	<u>2,400,000</u>	<u>500,000</u>

During the prior year, a loan advance of \$500,000 was made to Skills Connect Pty Ltd (“SCL”) under a loan agreement entered into on 28 May 2014. During the year, a further loan advance of \$1,900,000 was made to SCL under the loan agreement. On 10 September 2015, the Company entered into a deed of assignment, assumption and amendment, whereby the loan has been assigned from SCL to Rision Pty Ltd (“Rision”). This loan is repayable by 31 December 2015 (subject to the Proposed Transaction not proceeding). The loan is subject to interest of 7% per annum in the event that the acquisition of Rision does not proceed. If the acquisition is not completed by 31 December 2015 interest will accrue from that date and be payable quarterly in arrears.

The loan is repayable in the event that the Proposed Transaction does not proceed or an event of default occurs.

In the event that the Proposed Transaction does proceed, Rision will become wholly-owned by the Company and the loan will no longer be repayable. The recoverability of the loan will be dependent upon the future cash generating ability of Rision.

In the event that the Proposed Transaction does not proceed or an event of default occurs, Rision will be required to repay the loan and interest accrued. Rision Pty Ltd may need to source additional funding to repay the loan. On 10 September 2015, the Company entered into a general security deed with Rision, which allows the Company to create a PPSA security interest over the loan.

11. Trade and Other Payables

	2015	2014
	\$	\$
Trade payables (i)	181,970	72,748
Accrued expenses	54,317	57,476
Subscription monies received (ii)	-	246,000
	<u>236,287</u>	<u>376,224</u>

(i) The average credit period on purchases of goods is 30 days (2014: 30 days). The Company has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

(ii) In June 2014, the Company raised \$246,000 at \$0.006. Following the Shareholder approval received at the Company’s General Meeting held on 1 July 2014, the Company issued 41,000,000 shares in satisfaction of this amount raised.

All amounts are expected to be settled within 12 months, refer to risk management note 2.



Notes to the Financial Statements

12. Issued Capital

	2015 Number	2014 Number	2015 \$	2014 \$
Fully paid ordinary shares	626,699,469	435,999,473	5,601,310	3,257,878
	2015 Number	2014 Number	2015 \$	2014 \$
At the beginning of the financial year	435,999,473	379,999,473	3,257,877	2,951,341
Share transactions:				
- 28 May 2014 ⁽ⁱ⁾	-	56,000,000	-	336,000
- 2 July 2014 ⁽ⁱⁱ⁾	41,000,000	-	246,000	-
- 31 July 2014 ⁽ⁱⁱⁱ⁾	67,999,996	-	1,020,000	-
- 30 January 2015 ^(iv)	81,700,000	-	1,225,500	-
Transaction costs:	-	-	(148,067)	(29,464)
Balance at the end of financial year	<u>626,699,469</u>	<u>435,999,473</u>	<u>5,601,310</u>	<u>3,257,877</u>

(i) On 28 May 2014, the Company completed the first tranche of a Sophisticated Placement and issued 56,000,000 fully ordinary paid shares.

(ii) On 2 July 2014, the Company completed the second tranche of a Sophisticated Placement and issued 41,000,000 fully ordinary paid shares.

(iii) On 31 July 2014, the Company completed a Sophisticated Placement and issued 67,999,996 fully ordinary paid shares.

(iv) On 30 January 2015, the Company completed a Sophisticated Placement and issued 81,700,000 fully ordinary paid shares.

The Company does not have a limited amount of authorised capital and issued shares do not have a par value. Fully paid ordinary shares carry one vote per share and carry the right to dividends.

13. Contingent Liabilities

The directors are of the opinion that there are no contingent liabilities as at 30 June 2015 (2014: nil).

14. Commitments

There were nil commitments in the prior year.

Trident Management Services Pty Ltd

During the year, the Company renewed a service agreement with Trident Management Service Pty Ltd for a period of 1 year. The Company also entered into a corporate advisory fees mandate for a period of 1 year.

Rision Pty Ltd

Following the sophisticated placement completed in September 2015 and pursuant to the loan agreement with Rision Pty Ltd, the Company will advance \$1,000,000 to Rision.

Commitments no longer than 1 year

	2015 \$
Company secretarial and office accommodation services	50,000
Loan advance	<u>1,000,000</u>
	<u>1,500,000</u>

15. Segment Reporting

The Company is in the process of acquiring Rision Pty Ltd and as such, there are currently no operating segments with discrete financial information. The Company also operates in one geographical location, being Australia. The Board of Directors review internal management reports that are consistent with the information provided in the statement of profit or loss and other comprehensive income statements, statement of financial position and statement of cash flows in this Annual Report.



Notes to the Financial Statements

16. Cash Flow Information

Reconciliation of Cash Flow from Operations

	2015	2014
	\$	\$
Loss after income tax	(685,589)	(532,113)
Non-operating cash flows:		
Cash disposed on liquidation of subsidiaries	-	100
Decrease/(increase) in trade and term receivables	132	13,944
Increase/(decrease) in trade payables and accruals	110,855	74,259
Cash flow used in operations	<u>(574,602)</u>	<u>(443,810)</u>

17. Related Party Transactions:

a) Key management personnel

Disclosures relating to key management personnel are set out on page 8.

b) Transactions with Related Parties

Recapitalisation, corporate advisory and office services:

Trident Capital Pty Ltd ("Trident Capital") is a company which is a substantial shareholder of the Company. Trident Capital also provides recapitalisation services, corporate advisory services and office accommodation. These services provided were based upon normal commercial terms and conditions no more favourable than those available to other parties. The amount paid to Trident Capital for the year ended 30 June 2015 was \$211,283 (incl GST) (2014: \$224,400). The amount payable to Trident Capital as at 30 June 2015 is \$32,000 (excl GST) (2014: \$15,000).

Reimbursement:

The amount paid to Trident Capital for the year ended 30 June 2015 was \$nil (2014: \$314).

Company secretarial and accounting services:

KC Ong is a Director and shareholder of Trident Management Services Pty Ltd ("Trident Management Services"), which provided the Company with accounting and company secretarial services. These services provided were based upon normal commercial terms and conditions no more favourable than those available to other parties. The amount paid to Trident Management Services for the year ended 30 June 2015 was \$75,072 (incl GST) (2014: \$82,569). The amount payable to Trident Management Services as at 30 June 2015 is \$9,184 (excl GST) (2014: \$6,850).

Director fees:

Stephen Hewitt-Dutton and KC Ong's director fees are paid to Trident Capital. The amount paid to Trident Capital for the year ended 30 June 2015 was \$84,700 (incl GST) (2014: \$92,400). The amount payable to Trident capital as at 30 June 2015 is \$14,000 (excl GST) (2014: \$7,000).

David Scoggin's director fees are paid to himself. The amount paid to David Scoggin for the year ended 30 June 2015 was \$3,000 (no GST applicable) (2014: \$8,419). The amount payable to David Scoggin as at 30 June 2015 is \$36,000 (no GST applicable) (2014: \$3,000).

c) Key Management Personnel compensation

The aggregate compensation made to key management personnel of the company and the Company is set out below:

	2015	2014
	\$	\$
Short term employee benefits	120,000	119,903
	<u>120,000</u>	<u>119,903</u>

Director fees for KC Ong and Stephen Hewitt-Dutton were paid to Trident Capital Pty Ltd. Directors fees for David Scoggin are paid to him.



Notes to the Financial Statements

18. Events Since the End of the Financial Year

Replacement Prospectus Extension

On 25 August 2015, the Company withdrew its Replacement Prospectus dated 25th June 2015 as a result of the current difficult equity market conditions.

Heads of agreement

On 4 September, the Company entered into a new Heads of Agreement ("HOA") with Rision Pty Ltd ("Rision") and Rision's Shareholders ("Vendors"), to acquire 100% of the rights and title in all the issued capital of Rision on amended terms.

Under the terms of the HOA, RCM, Rision and the Vendors are to execute a revised Share Sale Agreement ("**SSA**") to replace the existing Share Sale Agreement within 60 days, and agree as follows:

- RCM will complete a 1 for 2 capital consolidation of all of its issued capital;
- RCM will issue 200,000,000 fully paid ordinary Consideration Shares upon completion of the acquisition;
- RCM will issue 50,000,000 fully paid ordinary shares upon the achievement of the Milestone (see below);
- RCM will issue 40,000,000 fully paid ordinary shares to senior management of Rision under a proposed employee share scheme; and
- RCM will issue 20,000,000 fully paid ordinary Facilitation Shares upon completion of the acquisition.

"Milestone" means: the issue of 50,000,000 Milestone Shares post Consolidation. The Milestone will be met if on or before 30 June 2019:

- d) Rision achieves \$5 million in EBITDA during a consecutive 12 month period; or
- e) Rision being sold by RCM for a minimum of \$150M; or
- f) RCM being valued at not less than \$150M.

Completion of the acquisition is subject to a number of conditions as follows:

- v) RCM consolidating its existing issued capital on the basis of 1 new share for every 2 existing shares;
- vi) RCM successfully completing a capital raising to raise not less than \$3,000,000;
- vii) RCM and Rision obtaining all required shareholder and regulatory approvals; and
- viii) Rision Shareholders agreeing to execute the SSA.

Events Since the End of the Financial Year (Continued)

Placement

The Company is currently in the process of conducting a sophisticated placement to raise between \$1,200,000 and \$1,500,000 by way of convertible notes. The convertible notes will convert into fully paid ordinary shares at completion of the acquisition at \$0.01 per share (post consolidation) with each shares having one free attaching option, exercisable at \$0.03 and expiring on 31 December 2017.



Notes to the Financial Statements

19. Auditor Remuneration

During the year the following fees were paid or payable for services provided by the auditor of the Company, its related practices and non-related audit firms:

	2015 \$	2014 \$
(c) BDO Audit (WA) Pty Ltd		
i. Audit and other assurance services		
Audit and review of financial statements	43,271	36,800
Total remuneration for audit and other assurance services	<u>43,271</u>	<u>36,800</u>
ii. Non-audit services		
Taxation services	31,345	14,382
Corporate finance services	46,003	-
Other	247	-
Total non-audit services	<u>77,595</u>	<u>14,382</u>

The current auditor of the Company is BDO Audit (WA) Pty Ltd.

(d) Deloitte Touche Tohmatsu

i. Audit and other assurance services

Audit and review of financial statements	-	3,375
Other assurance services:		
Letter of consent	-	-
Total remuneration for audit and other assurance services	<u>-</u>	<u>3,375</u>

Directors' Declaration

In accordance with a resolution of the directors of Reclaim Industries Limited, I state that:

1. In the opinion of the directors:
 - a) the financial statements and notes of Reclaim Industries Limited for the financial year ended 30 June 2015 are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Company's financial position as at 30 June 2015 and its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards (including the Australian Accounting Interpretations), the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 1; and
 - c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2015.

This declaration is made in accordance with a resolution of the board of directors and is signed for and on behalf of the directors by:



Mr Stephen Hewitt-Dutton
Chairman

Perth, Western Australia, 30 September 2015

INDEPENDENT AUDITOR'S REPORT

To the members of Reclaim Industries Limited

Report on the Financial Report

We have audited the accompanying financial report of Reclaim Industries Limited, which comprises the statement of financial position as at 30 June 2015, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Reclaim Industries Limited, would be in the same terms if given to the directors as at the time of this auditor's report.



Opinion

In our opinion:

- (a) the financial report of Reclaim Industries Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 1 in the financial report, which indicates that the ability of the company to continue as a going concern is principally dependent upon a capital raising to be conducted under a Prospectus. This condition, along with other matters as set out in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 10 in the financial report, which indicates that the ability of the company to recover the loan receivable from Rision Pty Ltd is dependent upon the proposed transaction proceeding and the future cash generating ability of Rision Pty Ltd. If the proposed transaction does not proceed, Rision Pty Ltd may need to source additional funding to repay the loan. These conditions, along with other matters as set out in Note 10, indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to recover the loan receivable from Rision Pty Ltd.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Reclaim Industries Limited for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

Peter Toll

Director

Perth, 30 September 2015



ASX Additional Information

Additional information required by the ASX Limited Listing Rules not disclosed elsewhere in this Annual Report is set out below.

1. Shareholdings

The issued capital of the Company as at 29 September 2015 is 626,699,469 ordinary fully paid shares. All issued ordinary fully paid shares carry one vote per share. There are no listed options. The number of ordinary shares subject to voluntary escrow is nil.

Ordinary Shares

Shares Range	Holders
1-1,000	1,089
1,001-5,000	331
5,001-10,000	55
10,001-100,000	142
100,001-9,999,999	389
Total	2,006

Shareholders by Location

Shareholders by Location	No. of Holders
Australian holders	1,899
Overseas holders	107
Total	2,006

Unmarketable parcels

There were 1,512 holders of less than a marketable parcel of ordinary shares.

2. Top 20 Shareholders as at 9 September 2014

Name	Number of Shares	%
1 TRIDENT CAP PTY LTD	38,850,000	6.20%
2 JAMESON NOMINEES PTY LTD <JAMIE MANN FAMILY A/C>	18,000,000	2.87%
3 ARLINGTON CAP PTY LTD	16,666,667	2.66%
4 REEF INV PTY LTD <T D NAIRN S/F A/C>	12,333,334	1.97%
5 ROSS DAVID + ALBARRAN R	12,280,509	1.96%
6 HSBC CUSTODY NOMINEES AUST LIMITED <EUROCLEAR BANK SA>	10,473,489	1.67%
7 BNP PARIBAS NOMINEES PTY LTD <BNP PARIBAS LDN UK>	10,450,000	1.67%
8 HSBC CUSTODY NOMINEES AUST LIMITED	10,423,302	1.66%
9 CITICORP NOMINEES PTY LTD	10,082,689	1.61%
10 TURNER ROBERT E + C W	10,000,000	1.60%
11 J P MORGAN NOMINEES AUST LIMITED	9,813,333	1.57%
12 ZERO NOMINEES PTY LTD	9,301,026	1.48%
13 DAVIS MURRAY KEITH + S G <M&S DAVIS S/F A/C>	7,833,333	1.25%
14 AEGEAN CAP PTY LTD <SPARTACUS A/C>	7,800,000	1.24%
15 PHILATON PTY LTD <GRANT FAM FUND A/C>	7,000,000	1.12%
16 PARKMAN JOHN R + A J <PARKAMAN S/F A/C>	6,693,854	1.07%
17 FEOH PTY LTD	6,666,667	1.06%
18 SWAIN ANDREW PETER + N <A&N SWAIN S/F A/C>	6,460,000	1.03%
19 RAEJAN PTY LTD <MARZEC FAM A/C>	6,333,334	1.01%
20 HELMET NOMINEES PTY LTD <TIM WEIR FAM A/C>	6,333,333	1.01%
	224,414,870	35.80%



ASX Additional Information (continued)

3. Substantial Shareholders as at 29 September 2015

	Name	Number of Shares	%
1	TRIDENT CAPITAL PTY LTD	38,850,000	6.20%

4. Unquoted equity securities

There are currently 149,699,996 unquoted securities of the Company as at 29 September 2015 which is pending the determination of escrow upon the Company's re-compliance with Chapters 1 & 2 of the ASX Listing Rules.

5. Voting Rights

In accordance with the Company's Constitution, on a show of hands every shareholder present in person or by proxy, attorney or representative of a shareholder has one vote and on a poll every shareholder present in person or by proxy, attorney, representative of a shareholder has in respect of fully paid shares, one vote for every share held. No class of option holder has a right to vote, however the shares issued upon exercise of options will rank pari passu with the then existing fully paid ordinary share.



CORPORATE GOVERNANCE STATEMENT

The following governance-related documents can be found on the Company's website at www.reclaimindustries.com.au under the section marked "Corporate Governance":

- (a) Board Charter;
- (b) Board Performance Evaluation Policy;
- (c) Code of Conduct;
- (d) Audit Committee Charter;
- (e) Remuneration and Nomination Committee Charter;
- (f) Security Trading Policy;
- (g) Continuous Disclosure Policy;
- (h) Shareholder Communication and Investor Relations Policy;
- (i) Risk Management Policy; and
- (j) Diversity Policy.

Principle 1: Lay solid foundations for management and oversight

Recommendation 1.1

The Company has established the respective roles and responsibilities of its Board and management, and those matters expressly reserved to the Board and those delegated to management, and has documented this in its Board Charter.

The responsibilities of the Board include but are not limited to:

- (a) setting and reviewing strategic direction and planning;
- (b) reviewing financial and operational performance;
- (c) identifying principal risks and reviewing risk management strategies; and
- (d) considering and reviewing significant capital investments and material transactions.

In exercising its responsibilities, the Board recognises that there are many stakeholders in the operations of the Company, including employees, shareholders, co-ventures, the government and the community.

Recommendation 1.2

The Company undertakes appropriate checks before appointing a person, or putting forward to shareholders a candidate for election as a director and provides shareholders with all material information in its possession relevant to a decision on whether or not to elect a director.

The checks which are undertaken, and the information provided to shareholders, are set out in the Company's Remuneration and Nomination Committee Charter.

Recommendation 1.3

The Company will enter into a written agreement with each of the Directors. The material terms of any employment, service or consultancy agreement the Company, or any of its child entities, has entered into with its directors and any other person or entity who is a related party of the directors will be disclosed in accordance with ASX Listing Rule 3.16.4 (taking into consideration the exclusions from disclosure outlined in that rule).

Recommendation 1.4

The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board. The Company Secretary is responsible for the application of best practice in corporate governance and also supports the effectiveness of the Board by:

- (a) ensuring a good flow of information between the Board, its committees, and Directors;
- (b) monitoring policies and procedures of the Board;
- (c) advising the Board through the Chairman of corporate governance policies; and
- (d) conducting and reporting matters of the Board, including the despatch of Board agendas, briefing papers and minutes.

Recommendation 1.5

The Company has a Diversity Policy, the purpose of which is:

- (a) to outline the Company's commitment to creating a corporate culture that embraces diversity and, in particular, focuses on the composition of its Board and senior management; and
- (b) to provide a process for the Board to determine measurable objectives and procedures which the Company will implement and report against to achieve its diversity goals.

The Board intends to set measurable objectives for achieving diversity, specifically including gender diversity and will review and report on the effectiveness and relevance of these measurable objectives. However, due to the current size of the Board and management, these measurable objectives have not yet been set.



CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Recommendation 1.6

The Board will be responsible for evaluating the performance of the Company's senior executives in accordance with the process disclosed in the Company's Process for Performance Evaluations, which is currently being developed by the Board. There is currently no senior executives and accordingly no performance evaluation was undertaken in the reporting period.

The Chair will be responsible for evaluating the performance of the Company's executive directors in accordance with the process disclosed in the Company's Process for Performance Evaluations, which is currently being developed by the Board. No performance evaluation was undertaken in the reporting period.

Recommendation 1.7

The Chair will be responsible for evaluating the performance of the Board, Board committees and individual directors in accordance with the process disclosed in the Company's Board performance evaluation policy.

This policy is to ensure:

- (a) individual Directors and the Board as a whole work efficiently and effectively in achieving their functions;
- (b) the executive Directors and key executives execute the Company's strategy through the efficient and effective implementation of the business objectives; and
- (c) committees to which the Board has delegated responsibilities are performing efficiently and effectively in accordance with the duties and responsibilities set out in the board charter.

This policy will be reviewed annually. During the reporting period, an evaluation of the Board, its committees and individual directors has not been conducted.

Principle 2: Structure the board to add value

Recommendation 2.1

Due to the size of the Board, the Company does not have a separate nomination committee. The roles and responsibilities of a nomination committee are currently undertaken by the Board.

The duties of the full Board in its capacity as a nomination committee are set out in the Company's Remuneration and Nomination Committee Charter which is available on the Company's website.

When the Board meets as a remuneration and nomination committee is carries out those functions which are delegated to it in the Company's Remuneration and Nomination Committee Charter. Items that are usually required to be discussed by a Remuneration and Nomination Committee are marked as separate agenda items at Board meetings when required.

The Board has adopted a Remuneration and Nomination Committee Charter which describes the role, composition, functions and responsibilities of a Nomination Committee and is disclosed on the Company's website.

Recommendation 2.2

The mix of skills and diversity which the Board is looking to achieve in its composition is:

- (a) a broad range of business experience; and
- (b) technical expertise and skills required to discharge duties.

Recommendation 2.3

The Board considers the independence of directors having regard to the relationships listed in Box 2.3 of the Principles and Recommendations.

Currently the Board is structured as follows:

- (a) Stephen Hewitt-Dutton (Chairman) – appointed on 13 March 2012;
- (b) KC Ong (Non-executive Director) – appointed on 13 March 2012; and
- (c) David Scoggin (Non-executive Director) – appointed on 5 March 2014.

Stephen Hewitt-Dutton is a senior employee of Trident Management Services Pty Ltd, which is a provider of material professional services, and accordingly, is not considered independent. KC Ong is a director of Trident Management Services Pty Ltd, and accordingly, is not considered independent. David Scoggin is an independent Director.

Recommendation 2.4

A majority of the Board are not independent directors. However, due to the expertise of each Director, the composition of the Board is considered appropriate.



CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Recommendation 2.5

As mentioned above, Stephen Hewitt-Dutton is not an independent Chairman. However, due to his expertise and knowledge, he is considered appropriate to be Chairman.

Recommendation 2.6

It is a policy of the Company, that new Directors undergo an induction process in which they are given a full briefing on the Company. Where possible this includes meetings with key executives, tours of the premises, an induction package and presentations.

In order to achieve continuing improvement in Board performance, all Directors are encouraged to undergo continual professional development. Specifically, Directors are provided with the resources and training to address skills gaps where they are identified.

Principle 3: Act ethically and responsibly

Recommendation 3.1

The Company is committed to promoting good corporate conduct grounded by strong ethics and responsibility. The Company has established a Code of Conduct (Code), which addresses matters relevant to the Company's legal and ethical obligations to its stakeholders. It may be amended from time to time by the Board, and is disclosed on the Company's website.

The Code applies to all Directors, employees, contractors and officers of the Company. The Code will be formally reviewed by the Board each year.

Principle 4: Safeguard integrity in corporate reporting

Recommendation 4.1

Due to the size of the Board, the Company does not have a separate Audit Committee. The roles and responsibilities of an audit committee are undertaken by the Board.

The full Board in its capacity as the audit committee is responsible for reviewing the integrity of the Company's financial reporting and overseeing the independence of the external auditors. The duties of the full Board in its capacity as the audit committee are set out in the Company's Audit Committee Charter which is available on the Company's website.

When the Board meets as an audit committee it carries out those functions which are delegated to it in the Company's Audit Committee Charter. Items that are usually required to be discussed by an Audit Committee are marked as separate agenda items at Board meetings when required.

The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises. Candidates for the position of external auditor must demonstrate complete independence from the Company through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Board.

The Board has adopted an Audit Committee Charter which describes the role, composition, functions and responsibilities of the Audit Committee and is disclosed on the Company's website.

Recommendation 4.2

Before the Board approves the Company financial statements for each financial period it will receive from the Chief Executive Officer and the Chief Financial Officer or equivalent a declaration that, in their opinion, the financial records of the Company for the relevant financial period have been properly maintained and that the financial statements for the relevant financial period comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company and the consolidated entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

Recommendation 4.3

Under section 250RA of the Corporations Act, the Company's auditor is required to attend the Company's annual general meeting at which the audit report is considered, and does not arrange to be represented by a person who is a suitably qualified member of the audit team that conducted the audit and is in a position to answer questions about the audit. Each year, the Company will write to the Company's auditor to inform them of the date of the Company's annual general meeting. In accordance with section 250S of the Corporations Act, at the Company's annual general meeting where the Company's auditor or their representative is at the meeting, the Chair will allow a reasonable opportunity for the members as a whole at the meeting to ask the auditor (or its representative) questions relevant to the conduct of the audit; the preparation and content of the auditor's report; the accounting policies adopted by the Company in relation to the preparation of the financial statements; and the independence of the auditor in relation to the conduct of the audit. The Chair will also allow a reasonable opportunity for the auditor (or their representative) to answer written questions submitted to the auditor under section 250PA of the Corporations Act.



CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Principle 5: Make timely and balanced disclosure

Recommendation 5.1

The Company is committed to:

- (a) ensuring that shareholders and the market are provided with full and timely information about its activities;
- (b) complying with the continuous disclosure obligations contained in the Listing Rules and the applicable sections of the Corporations Act; and
- (c) providing equal opportunity for all stakeholders to receive externally available information issued by the Company in a timely manner.

The Company has adopted a Disclosure Policy, which is disclosed on the Company's website. The Disclosure Policy sets out policies and procedures for the Company's compliance with its continuous disclosure obligations under the ASX Listing Rules, and addresses financial markets communication, media contact and continuous disclosure issues. It forms part of the Company's corporate policies and procedures and is available to all staff.

The Company Secretary manages the policy. The policy will develop over time as best practice and regulations change and the Company Secretary will be responsible for communicating any amendments. This policy will be reviewed by the Board annually.

Principle 6: Respect the rights of security holders.

Recommendation 6.1

The Company provides information about itself and its governance to investors via its website at www.reclaimindustries.com.au. The Company is committed to maintaining a Company website with general information about the Company and its operations and information specifically targeted at keeping the Company's shareholders informed about the Company. In particular, where appropriate, after confirmation of receipt by ASX, the following will be posted to the Company website:

- (a) relevant announcements made to the market via ASX;
- (b) media releases;
- (c) investment updates;
- (d) Company presentations and media briefings;
- (e) copies of press releases and announcements for the preceding three years; and
- (f) copies of annual and half yearly reports including financial statements for the preceding three years.

Recommendation 6.2

The Company has a Shareholder Communication and Investor Relations Policy which aims to ensure that Shareholders are informed of all major developments of the Company. The policy is disclosed on the Company's website.

Information is communicated to Shareholders via:

- (a) reports to Shareholders;
- (b) ASX announcements;
- (c) annual general meetings; and
- (d) the Company website.

This Shareholder Communication and Investor Relations policy will be formally reviewed by the Board each year. While the Company aims to provide sufficient information to Shareholders about the Company and its activities, it understands that Shareholders may have specific questions and require additional information. To ensure that Shareholders can obtain all relevant information to assist them in exercising their rights as Shareholders, the Company has made available a telephone number and relevant contact details (via the website) for Shareholders to make their enquiries.

Recommendation 6.3

The Board encourages full participation of Shareholders at meetings to ensure a high level of accountability and identification with the Company's strategies and goals.

However, due to the size and nature of the Company, the Board does not consider a policy outlining the policies and processes that it has in place to facilitate and encourage participating at meetings of shareholders to be appropriate at this stage.

Recommendation 6.4

Shareholders are given the option to receive communications from, and send communication to, the Company and its share registry electronically. To ensure that shareholders can obtain all relevant information to assist them in exercising their rights as shareholders, the Company has made available a telephone number and relevant contact details (via the website) for shareholders to make their enquiries.



CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Principle 7: Recognise and manage risk

Recommendation 7.1

Due to the size of the Board, the Company does not have a separate Risk Committee. The Board is responsible for the oversight of the Company's risk management and control framework.

When the Board meets as a risk committee it carries out those functions which are delegated to it in the Company's Risk Committee Charter. Items that are usually required to be discussed by a Risk Committee are marked as separate agenda items at Board meetings when required. The Board has adopted a Risk Committee Charter which describes the role, composition, functions and responsibilities of the Risk Committee and is disclosed on the Company's website.

The Board has adopted a Risk Management Policy, which is disclosed on the Company's website. Under the policy, responsibility and control of risk management is delegated to the appropriate level of management within the Company with the Chief Executive Officer having ultimate responsibility to the Board for the risk management and control framework.

The risk management system covers:

- (a) operational risk;
- (b) financial reporting;
- (c) compliance / regulations; and
- (d) system / IT process risk.

A risk management model is also being developed and will provide a framework for systematically understanding and identifying the types of business risks threatening the Company as a whole, or specific business activities within the Company.

Recommendation 7.2

The Board will review the Company's risk management framework annually to satisfy itself that it continues to be sound, to determine whether there have been any changes in the material business risks the Company faces and to ensure that the Company is operating within the risk appetite set by the Board.

Arrangements put in place by the Board to monitor risk management include, but are not limited to:

- (a) monthly reporting to the Board in respect of operations and the financial position of the Company; and
- (b) quarterly rolling forecasts prepared.

Recommendation 7.3

The Company does not have, and does not intend to establish, an internal audit function. To evaluate and continually improve the effectiveness of the Company's risk management and internal control processes, the Board relies on ongoing reporting and discussion of the management of material business risks as outlined in the Company's Risk Management Policy.

Recommendation 7.4

Given the speculative nature of the Company's business, it is subject to general risks and certain specific risks.

The Company has identified those economic, environmental and/or social sustainability risks to which it has a material exposure, and disclosed how it intends to manage those risks.

The Company will identify those economic, environmental and/or social sustainability risks to which it has a material exposure, and disclose how it intends to manage those risks.

Principle 8: Remunerate fairly and responsibly

Recommendation 8.1

Due to the size of the Board, the Company does not have a separate remuneration committee. The roles and responsibilities of a remuneration committee are currently undertaken by the Board.

The duties of the full board in its capacity as a remuneration committee are set out in the Company's Remuneration and Nomination Committee Charter which is available on the Company's website.

When the Board meets as a remuneration committee it carries out those functions which are delegated to it in the Company's Remuneration and Nomination Committee Charter. Items that are usually required to be discussed by a Remuneration Committee are marked as separate agenda items at Board meetings when required.

The Board has adopted a Remuneration and Nomination Committee Charter which describes the role, composition, functions and responsibilities of the Remuneration Committee and is disclosed on the Company's website.



CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Recommendation 8.2

Details of the Company's policies on remuneration will be set out in the Company's "Remuneration Report" in each Annual Report published by the Company. This disclosure will include a summary of the Company's policies regarding the deferral of performance-based remuneration and the reduction, cancellation or clawback of the performance-based remuneration in the event of serious misconduct or a material misstatement in the Company's financial statements.

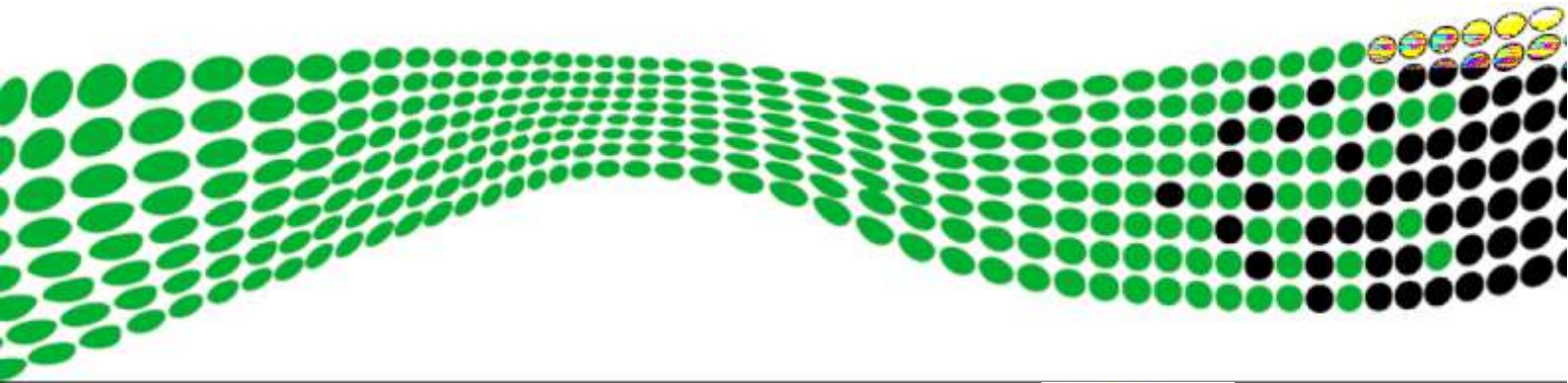
Recommendation 8.3

Due to the current size and nature of the Company, the Company currently does not have an equity-based remuneration scheme.

Security Trading Policy

In accordance with ASX Listing Rule 12.9, the Company has adopted a trading policy which sets out the following information: closed periods in which directors, employees and contractors of the Company must not deal in the Company's securities;

- (a) trading in the Company's securities which is not subject to the Company's trading policy; and
- (b) the procedures for obtaining written clearance for trading in exceptional circumstances.
- (c) The Company's Security Trading Policy is available on the Company's website.



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