

# Prospectus

For:

**A General Public Offer of up to 76,923,077 New Shares on a post-Consolidation basis at Offer Price of \$0.065 per New Share to raise \$5 million**

This Prospectus is a re-compliance prospectus for the purposes of satisfying Chapters 1 and 2 of the ASX Listing Rules and to satisfy the ASX requirements for re-listing following a change to the nature and scale of the Company's activities.

The Offer is subject to certain conditions precedent, including receiving conditional ASX approval for re-quotations of the Company's Shares on the ASX.

**HRL Holdings Ltd ACN 120 896 371**

**Underwriter** – Tulla Property Partners Pty Ltd ACN 126 992 103

**Lead Manager and Corporate Advisor** – Publica Capital Advisors Pty Limited ACN 128 635 601

This document is important and it should be read in its entirety.

If you are in any doubt as to the contents of this document, you should consult your stockbroker, solicitor, professional adviser, banker or accountant without delay.

The securities offered by this Prospectus are considered to be speculative.

## Important information

This Prospectus seeks to raise up to \$5 million by offering for subscription 76,923,077 New Shares in HRL Holdings Ltd (**HRL** or **the Company**) at an Offer Price on a post-Consolidation basis of \$0.065 per New Share, payable in full on application.

This Prospectus is dated 9 February 2015 and was lodged with ASIC on that date. Neither ASIC nor ASX takes any responsibility for the contents of this Prospectus or the merit of the investment to which this Prospectus relates. The fact that ASX may admit the Company to its official list is not to be taken in any way as an indication of the merits of the Company. The Company will apply to ASX for listing and quotation of the New Shares on ASX within seven days after the date of the Prospectus. No New Shares will be allotted or issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify the New Shares, New Options or the Offer, or to otherwise permit a public offering of securities, in any jurisdiction outside Australia and New Zealand. The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. Applications can only be made by completing the Application Form in full, in accordance with instructions contained on the reverse of the Application Form.

## Incorporation by reference

The Company's Corporate Governance Charter is not contained in this document, but has been lodged with ASIC and is taken by law to be included in this Prospectus (refer to Section 9.9). If you are unsure whether you require the information contained in the Corporate Governance Charter to decide whether or not to invest in the Company, it is recommended that you obtain a copy of the Corporate Governance Charter. A copy of the Corporate Governance Charter can be obtained during the application period free of charge by contacting the Company on +61 7 3105 5960 or by email at [admin@hrlholdings.com](mailto:admin@hrlholdings.com) or by downloading the Corporate Governance Charter from the Company's website at [www.hrlholdings.com](http://www.hrlholdings.com).

## Conditional Offer and Consolidation

Completion under this Prospectus is subject to a number of conditions, including:

- (a) Shareholders approving all resolutions put forward at the EGM;
- (b) the Consolidation of the share capital being completed; and
- (c) ASX providing a conditional approval letter to the Company confirming that, subject to completion of the Precise Consulting Acquisition, the equity securities of the Company will be re-admitted to Official Quotation.

For the Company's equity securities to be re-admitted to Official Quotation, the Company will need to, inter alia, re-comply with Chapters 1 and 2 of the ASX Listing Rules, complete the Offer and finalise the Consolidation and complete the Precise Consulting Acquisition.

Further details of the outstanding conditions precedent to Completion are set in Section 1.4. If these conditions precedent are not met, the Company will not proceed with the Offer and will repay all Application Monies received, without interest and in accordance with the Corporations Act.

Unless stated otherwise, all references to securities of the Company as set out in this Prospectus are on the basis that the Consolidation has occurred.

## Exposure Period

In accordance with ASIC Class Order 00/168 there is no exposure period as the New Shares offered by this Prospectus are of the same class as the Company's existing Shares which, at the time of lodgement of this Prospectus, are quoted on the ASX which is a prescribed financial market.

## Web Site – Electronic Prospectus

This Prospectus, with an accompanying Application Form, may be viewed online. The Offer constituted by this Prospectus in electronic form is only available to Australian and New Zealand residents accessing an electronic version of this Prospectus in Australia or New Zealand. It is not available to persons in other jurisdictions. Persons who access the electronic version of this Prospectus should ensure that they download and read the entire Prospectus. Until the Closing Date, a paper copy of this Prospectus (including an Application Form) will be provided free of charge upon request by contacting the Share Registry on +61 1300 733 154 or by emailing the Company at [admin@hrlholdings.com](mailto:admin@hrlholdings.com).

Applications for New Shares under the Offer may only be made on the Application Form attached to or accompanying this Prospectus in its paper copy form, or in its electronic form as downloaded in its entirety from the Company's website: [www.hrlholdings.com](http://www.hrlholdings.com). Photocopies of an Application Form will not be accepted. By making an Application, you declare that you were given access to the Prospectus together with an Application Form. The Corporations Act prohibits any person from passing on to another person the Application Form unless it is attached to or accompanies a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

## Note to Applicants

This Prospectus provides information for investors who wish to invest in HRL. It is not financial product advice and does not take into account the investment objectives, financial situation and particular needs of investors. It is important that investors read this Prospectus in its entirety before deciding to invest in the Company and in order to make an informed assessment of the assets and liabilities, financial position and performance, profits and losses and prospects of HRL and the rights and liabilities attaching to the New Shares. There are significant risks associated with investing in the Company. In considering the Prospects for the Company, investors should consider the risk factors that could affect the performance of the Company, and carefully consider these factors in the light of their personal circumstances (including financial and taxation issues) and seek professional guidance from their broker, solicitor, professional adviser or accountant before deciding whether to invest. Some risk factors that investors should consider are outlined in Section 8. There may be risk factors in addition to these that should be considered in light of your personal circumstances.

Neither the Company, nor any of its Directors, nor the Lead Manager or any other party associated with the preparation of this Prospectus guarantee that any specific objective of the Company will be achieved or that any particular performance of the Company or of its Shares, including those offered by this Prospectus, will be achieved.

The New Shares offered under this Prospectus should be considered speculative.

## Forward-looking statements

This Prospectus contains forward-looking statements which are identified by words such as "may", "could", "believes", "estimates", "expects", "intends" and other similar words. Investors should note that these statements are inherently subject to uncertainties in that they may be affected by a variety of known and unknown risks, variables and other factors which could cause actual values or results, performance or achievements to differ materially from anticipated results, implied values, performance or achievements expressed, projected or implied in the statements. These risks, variables and factors include, but are not limited to, the risks described in Section 8. HRL and the Lead Manager give no assurance that the

anticipated results, performance or achievements expressed or implied in those forward-looking statements will be achieved.

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

## **Disclaimer**

No person is authorised to give any information or to make any representation in connection with the Offer and issue of the New Shares described in this Prospectus, which is not contained in this Prospectus. Any information or representation not so contained may not be relied upon as having been authorised by the Company, its Directors, their advisers or any other person in connection with the Offer.

## **Privacy**

The privacy obligations and policy relating to this Prospectus are contained in the privacy disclosure statement in Section 13.20.

## **Financial information**

Section 10 sets out in detail the financial information referred to in this Prospectus. The basis of preparation of that information is set out in Section 10.

Financial amounts expressed in this Prospectus are in Australian dollars unless otherwise indicated. Any discrepancies between totals and sums of components in tables contained in this Prospectus are due to rounding.

## **Company's website**

Any references to documents included on the Company's website are provided for convenience only, and none of the documents or other information on the website is incorporated in this Prospectus by reference unless specified in this Prospectus.

## **Glossary**

Certain words and terms used in this Prospectus have defined meanings which appear in Section 14.

## **Foreign Applicants**

This document does not constitute an offer of New Shares in any jurisdiction in which it would be unlawful. New Shares may not be offered or sold in any country outside Australia except to the extent permitted below.

The Offer is not being extended to, and does not qualify for distribution or sale by, and no New Shares will be issued to Applicants having registered addresses outside of Australia and New Zealand.

The Company has not made any investigation as to the regulatory requirements that may prevail in the countries, outside of Australia and New Zealand, in which the Applicants may reside. It is the responsibility of overseas Applicants to ensure compliance with all laws of any country relevant to their Acceptance. The Offer does not constitute an offer in any place in which or to any person to whom, it would be unlawful to make such an offer.

The distribution of this Prospectus in jurisdictions outside of Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe those restrictions. Any failure to comply with restrictions might constitute a violation of applicable securities laws.

See Section 2.16 for further information on Offer restrictions with respect to Applicants who do not have registered addresses in Australia.

### **Important information for New Zealand investors**

This Offer to New Zealand investors is a regulated Offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act 2001 and Regulations. In New Zealand, this is Part 5 of the Securities Act 1978 (New Zealand) and the Securities (Mutual Recognition of Securities Offerings – Australia) Regulations 2008.

This Offer and the content of the Offer document are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act 2001 and Regulations (Australia) set out how the Offer must be made.

There are differences in how securities are regulated under Australian law. For example, the disclosure of fees for collective investment schemes is different under the Australian regime.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian securities may differ from the rights, remedies, and compensation arrangements for New Zealand securities.

Both the Australian and New Zealand securities regulators have enforcement responsibilities in relation to this Offer. If you need to make a complaint about this Offer, please contact the Financial Markets Authority, Wellington, New Zealand. The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian securities is not the same as for New Zealand securities.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

The Offer may involve a currency exchange risk. The currency for the securities is not New Zealand dollars. The value of the securities will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.

If you expect the securities to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

If the securities are able to be traded on a securities market and you wish to trade the securities through that market, you will have to make arrangements for a participant in that market to sell the securities on your behalf. If the securities market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the securities and trading may differ from securities markets that operate in New Zealand.

Neither the Company nor its Shares will be listed or quoted on the New Zealand Stock Exchange.

### **United States**

This document may not be released or distributed in the United States. This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. Any securities described in this document have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, registration under the US Securities Act and applicable US state securities laws.

### **How to apply for New Shares**

Existing Shareholders can apply for New Shares by completing and returning the Application Form which is accompanying this Prospectus or making payment of Application Monies by BPAY® in accordance with the instructions set out in this Prospectus and on the Application Form. An electronic Application Form can also

be lodged on the offer website and a corresponding BPAY® payment can be made to complete the application.

New shareholders can apply for New Shares by completing and returning the Application Form attached to this Prospectus. An electronic Application Form can also be lodged on the offer website and a corresponding BPAY® payment can be made to complete the application.

This Prospectus is available in electronic form on the Internet at [www.hrlholdings.com](http://www.hrlholdings.com). If you wish to obtain a free paper copy of this Prospectus, please contact the Share Registry on +61 7 3105 5960.

### **Enquiries**

If you have any questions in relation to the Offer, please contact your stockbroker or professional adviser. If you have questions in relation to the Shares and how to complete the Application Form, please call the Share Registry on 1300 733 154 (within Australia) or +61 1300 733 154 (from outside Australia).

### **Deciding to Accept the Offer**

No person named in this Prospectus, nor any other person, guarantees the performance of the Company, the repayment of capital or the payment of a return on the New Shares.

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## Key dates

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| Event  | Date             |
|--|------------------|
| Notice of Meeting sent to Shareholders (announcement of Offer and Consolidation)   | 27 January 2015  |
| Lodge Prospectus (lodge Appendix 3B)   | 9 February 2015  |
| Offer opens (despatch of offer document and application forms)   | 12 February 2015 |
| General Meeting to consider the Resolutions  | 2 March 2015     |
| Suspension of trading in the Company's securities  | 2 March 2015     |
| Notification to ASX of results of General Meeting  | 2 March 2015     |
| Consolidation commences  | 3 March 2015     |
| Offer closes   | 6 March 2015     |
| Consolidation completes  | 17 March 2015    |
| Issue of Shares under Prospectus on a post-Consolidation basis   | 19 March 2015    |
| Completion of Precise Consulting Acquisition   | 20 March 2015    |
| Expected date for re-quotation of the Company's shares on the ASX (subject to satisfaction of Chapters 1 and 2 of ASX Listing Rules) | 26 March 2015    |

This timetable is indicative only. The Company reserves the right to vary the dates, which includes closing the Offer early or extending the close of the Offer, without notifying any recipients of the Prospectus or any Applicants. Investors are encouraged to submit their Applications as soon as possible after the Offer opens. Furthermore, dates are dependent upon Completion, and as such, satisfaction of all conditions precedent of the Offer, which includes ASX providing the Conditional Approval. We note however the proposed dates are merely indicative and subject to a number of factors outside the control of the Company.

## Key Offer statistics

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### General Public Offer

Number of New Shares to be issued on a post-Consolidation basis: ..... 76,923,077\*  
Offer Price: ..... \$0.065

\*Excludes any New Shares which may be issued in the event that any Options are exercised prior to the Offer.



## Letter from the Chief Executive Officer

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9 February 2015

Dear existing and prospective Shareholders,

It is my pleasure to present this Prospectus and to invite you to apply for New Shares in HRL Holdings Limited (the **Offer**).

As announced on 6 February 2015 the Directors wish to provide the opportunity for existing and prospective Shareholders to invest in New Shares under the Offer. The Offer is an offer to the public of up to 76,923,077 at an Offer Price of \$0.065 per New Share to raise up to \$5 million. The Offer Price represents a 23.24% discount to the 10 day volume-weighted average Share price as at 5 February 2015.

Shareholders of HRL as well as prospective shareholders who have a registered address in Australia or New Zealand are invited to participate in the Offer. It is proposed that the funds raised from the Offer and existing cash on hand will be used to partly fund the completion of the acquisition of Precise Consulting, a New Zealand based Environmental Consulting and Hazardous Materials Laboratory testing business (if the acquisition is approved by Shareholders at the EGM), as well as to cover the costs of the Offer and to provide working capital to the Company.

The Company previously intended to make the offer by way of a rights issues and general public offer. Unfortunately, due to timing constraints and regulatory requirements, the Company was required to remove the rights issue component from the current offer.

Having said this, the Company strongly encourages all Shareholders and prospective investors alike to participate in the proposed offer and notes that it still retains the support of its Directors and Major Shareholders, representing a 60% interest in the Company, who intend to make an application for New Shares under the Offer.

The Directors, in determining allocation of the New Shares will give consideration to Shareholders who are applying to top up their existing holdings in order to hold, upon Completion, a Marketable Parcel as well as new shareholders who will assist the Company in achieving spread for the purposes of relisting (as outlined below).

ASX has required the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules and to satisfy the ASX requirements for re-listing following a change to the nature and scale of the Company's activities as a consequence of the recent acquisition of OCTIEF Pty Ltd and the proposed acquisition of Precise Consulting.

An Application Form is attached to or accompanies this Offer Document and sets out the process to apply for New Shares. For New Shareholders applications can be made by completing and returning the Application Form which is attached to this Prospectus with a cheque or by completing an electronic Application Form and making payment of Application Monies by BPAY® in accordance with the instructions set out below and on the offer website. Existing shareholders will be mailed a copy of their personalised Application Form along with this Prospectus, and can make an application by completing and returning their Application Form with a cheque, paying by BPAY® in accordance with the instructions on the form, or may complete an electronic Application Form and make payment of Application Monies by BPAY® in accordance with the instructions set out below.

The Issue will be fully underwritten by Tulla Property Partners Pty Ltd ACN 126 992 103, a company associated with Kevin Maloney, the Chairman of the Company, subject to shareholder approval. Additionally, Integrated Holdings Group Pty Ltd, a company associated with Kevin Maloney and Darren Anderson, a director of the Company, has committed to sub-underwrite some \$1,500,000 of the Offer.

On behalf of the Directors, I thank you for your continued support and I invite you to consider this investment opportunity.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'S. Dabelstein', with a stylized flourish at the end.

Steven Dabelstein  
Chief Executive Officer  
HRL Holdings Ltd

## 1. Investment overview

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The information set out in this section is not intended to be comprehensive and should be read in conjunction with the full text of this Prospectus.

### 1.1 Overview of HRL

HRL listed on the ASX on 14 November 2007. HRL was initially identified on the ASX as a clean energy provider under the GICS Utilities Sector, which encompasses companies considered to be electric, gas or water utilities, or companies that operate as independent producers and/or distributors of power.

In 2014, the Company undertook a restructuring strategy due to difficulties facing the resource industry and, in particular, the geothermal sector, caused by contraction of investment within global capital markets and inhibiting legislative amendments being introduced.

HRL subsequently sold its geothermal projects in Chile and Peru, which were not able to create Shareholder value in the foreseeable future, so to dramatically reduce the Company's costs. Furthermore, there is continued uncertainty around Commonwealth and State government support, along with increased regulatory risks associated with decreasing electricity prices for renewable energy. These uncertainties produced an ongoing negative impact on investment and development of renewable energy projects in Australia.

The Board of HRL subsequently decided to pursue an expansion of its activities to provide opportunities to grow shareholder value.

On 15 September 2014 the Company announced the completion of the acquisition of an environment services business, OCTIEF Pty Ltd ACN 163 772 478 (**OCTIEF**). This transaction saw the Company acquire all of the issued capital of OCTIEF from the OCTIEF Vendors (**OCTIEF Acquisition**).

Since the acquisition of OCTIEF, the Company has identified the opportunity to acquire Precise Consulting and Laboratory Limited (Company Number no. 3772580) (Precise Consulting), an environment services business based in New Zealand. The Board considers that the addition of Precise Consulting to the Combined Group represents a significant investment opportunity for the Company and its Shareholders which has the potential to increase Shareholder value.

### 1.2 Precise Consulting Acquisition

As announced to the ASX on 24 December 2014, the Company has entered into a share sale agreement (**Share Sale Agreement**) with the shareholders of Precise Consulting, Andre Halkyard and Donna Frith (**Precise Consulting Vendors**) to acquire all of the issued capital (**Sale Shares**) in Precise Consulting (**Precise Consulting Acquisition**). Further details on the SSA and the conditions precedent to its completion are outlined in Section 3 and 12.

Operating out of Christchurch, New Zealand, Precise Consulting offers a number of services to assist companies with the identification and remediation of risks posed to health and safety of both humans and the environment. Further details in relation to the business operations of Precise Consulting are outlined in Section 6.

ASX have advised that the acquisition of Precise Consulting must be considered in aggregate with the previous transaction of the Company to acquire OCTIEF. As such, the Precise Consulting Acquisition, considered as a combined effect with the OCTIEF Acquisition, will result in a significant change in the nature and scale of HRL's activities. ASX requires the Company to obtain Shareholder approval for the purposes of Listing Rule 11.1.2, as well as re-comply with Chapters 1 and 2 of the Listing Rules pursuant to Listing Rule 11.1.3. Further detail in relation to re-compliance with Chapters 1 and 2 is contained in Section 1.3 and 2.6.

An extraordinary general meeting of the Company's Shareholders (**EGM**) has now after a short postponement been scheduled for 2 March 2015, and a notice of meeting (**NOM**) was despatched

to Shareholders on 27 January 2015, seeking Shareholder approval for, among other things, the Company to change the nature and scale of its operations in accordance with Chapter 11.1.2 and proceed with the Precise Consulting Acquisition. The Company proposes to issue an Addendum to the NOM as well for consideration at the EGM on 2 March 2015.

### 1.3 Admission to the Official List

As identified in Section 1.2, pursuant to Chapter 11 of the ASX Listing Rules, ASX has advised that the Company must:

- (a) obtain Shareholder approval for the purposes of Listing Rule 11.1.2, and
- (b) re-comply with Chapters 1 and 2 of the ASX Listing Rules pursuant to Listing Rule 11.1.3.

In order to comply with the listing requirements in Chapters 1 and 2 of the ASX Listing Rules, subject to the Company obtaining Shareholder approval at the EGM, the Company will undertake a Consolidation of its Share capital. Further details of the Consolidation are outlined in Section 1.7 below.

The Company's Shares will be placed in suspension from the commencement of trading on the date of the shareholder's meeting to approve the transaction, pending the outcome of the EGM and the Company's re-compliance with Chapters 1 and 2 of the Listing Rules.

### 1.4 The Offer

The Offer is an offer to the public of 76,923,077 New Shares at \$0.065 per Share to raise \$5 million (**General Public Offer**).

The Offer Price of \$0.065 per New Share represents a 23.24% discount to the 10 day volume-weighted average price for Shares as at 5 February 2015.

Where fractions arise, they will be rounded up to the next whole number of New Shares.

This Prospectus is a re-compliance prospectus for the purposes of satisfying Chapters 1 and 2 of the ASX Listing Rules and to satisfy the ASX requirements for re-listing following a change to the nature and scale of the Company's activities.

Completion under this Prospectus is subject to the following conditions precedent:

- (a) Shareholders approving all resolutions at the EGM;
- (b) the Consolidation being completed; and
- (c) the Company receiving Conditional Approval for re-quotations of the Company's Shares on the ASX.

If these conditions precedent are not met, the Company will not proceed with the Offer and will repay all Application Monies received, without interest and in accordance with the Corporations Act.

The New Shares offered under this Prospectus will rank equally with the existing Shares on issue. The key information relating to the Offer and references to further details are set out below.

**Detailed information in relation the Offer is contained in Section 2.**

### 1.5 The General Public Offer

The Prospectus provides for a general public offer of up to 76,923,077 New Shares (on a post-Consolidation basis) at an Offer Price of \$0.065 per New Share to raise \$5 million.

On the same date as lodging the Offer documents, the Company applied to the ASX for the New Shares to be granted Official Quotation on the ASX. Official Quotation of the New Shares is expected to occur on or about 26 March 2015.

The Directors may at any time decide to withdraw this Prospectus and the offer of New Shares made under this Prospectus, in which case the Company will return all Application Monies (without interest) within 28 days of giving notice of such withdrawal.

#### 1.6 **Minimum subscription**

Unless the Company receives Application Monies totaling \$5 million the Offer will not proceed and all Application Monies will be refunded to Applicants as set out in Section 4.6.

Further, all Application Forms and escrow agreements (if any) that are received by the Company or Share Registry will be declined and destroyed.

#### 1.7 **Share Consolidation**

The Company is seeking Shareholder approval to consolidate all of its 1,009,142,649 existing issued Shares on issue on the basis that every 13 Shares be consolidated into 1 Share (**Consolidation**). Fractions of a Share will be rounded up to the next whole share.

The 1,009,142,649 existing shares are calculated assuming no other securities are issued prior to completion of the consolidation.

If the Consolidation is approved by Shareholders at the EGM, each Shareholder will still (subject only to the rounding up of fractions) hold the same proportion of the Company's issued share capital as held prior to the share consolidation. All existing rights attaching to the Shares held by Shareholders set out in Constitution of the Company will not be affected.

Having regard to the existing share capital of 1,009,142,649 Shares in the Company, Consolidation will result in the total number of issued Shares decreasing from 1,009,142,649 Shares to approximately 77,626,358 Shares.

The Consolidation will also result in the total number of Options on issue in the Company reducing from 21,000,000 to 1,615,385.

The Consolidation will not result in any change to the substantive rights and obligations of existing Shareholders. The Company's balance sheet and tax position will also remain unaltered as a result of the Consolidation.

Where the Consolidation results in an entitlement to a fraction of a Share, that fraction will be rounded up to the nearest whole number of Shares.

#### 1.8 **Summary of key risks**

Investing in the Company involves risk. There are factors, both specific to the Company and of a general nature, which may affect the future operating and financial performance of the Company. Some of these factors can be mitigated by appropriate commercial action.

However, many are outside the control of the Company, dependent on the policies adopted and approaches taken by regulatory authorities, or cannot otherwise be mitigated. If you are unsure about subscribing for New Shares, you should first seek advice from your stockbroker, accountant, financial or other professional adviser.

Before investing, prospective investors are advised to consider the risk elements, the most significant of which are summarised below and described in greater detail in Section 8.

| Risk  | Details  |
|---|--|
| Precise Consulting Acquisition Risk                   | <p>Whilst the Company has agreed to acquire Precise Consulting pursuant to a Share Sale Agreement dated 24 December 2014, completion of the Share Sale Agreement is subject to various conditions, including obtainment of approval of Shareholders at the EGM.</p> <p>ASX has advised that the Share Sale Agreement is not able to complete until such time as the consolidation has completed and ASX has issued its Conditional Approval to the Company confirming that the equity securities of the Company will be re-admitted to official quotation. No assurance can be given that Shareholders will approve the acquisition at the EGM and failure to do so may result in the Company's business being materially and adversely affected.</p> <p>No assurance can be given by the Company that ASX will provide the Conditional Approval to the Company. However, as at the date of this prospectus the Directors have no reason to believe that the Company will not be able to obtain the Conditional Approval.</p> <p>No assurance can be given that all of the milestones to the Share Sale Agreement which impact on the total Purchase Price payable will be achieved in full, and failure to do so, may result in the Company's business being materially and adversely affected.</p> |
| Operational Risks and Costs                           | <p>The Precise Consulting Acquisition is large relative to HRL. Integration may not produce expected cost savings or increased revenue, and may occupy significant management time and may result in further restructuring costs.</p> <p>Increased competition from existing and new competitors may adversely affect HRL's market share and results of operations.</p> <p>HRL is seeking to become a conglomerate business which may from time to time buy and sell businesses. Acquisitions and disposals may lead to a change in the source of HRL's earnings and result in variability in earnings over time, and may give rise to liabilities. Integration of new businesses into the Combined Group may be costly and may occupy a large amount of HRL management's time.</p> <p>The operations of HRL may be disrupted by a variety of risks and hazards which are beyond the control of the company such as unforeseen weather events, natural disasters or accidents.</p>   |
| OCTIEF Milestone 3 Achievement Risk and Dilution Risk | <p>Under the terms of the OCTIEF Acquisition, the owners of the shares in OCTIEF are entitled to receive three (3) tranches of further Shares in the Company upon achievement of three (3) separate milestones (<b>Milestones</b>). Milestone 1 and 2 have been achieved since the acquisition by HRL resulting in the issue of a further 256,603,484 Shares. If Milestone 3 is achieved a further 64,150,871 will issue to the Major Shareholders.</p> <p>Whilst no assurance can be given that Milestone 3 will be achieved, the issue of some or all of the Milestone 3 Shares</p>  |

| <b>Risk</b>                           | <b>Details</b>   |
|---------------------------------------|--|
|                                       | will be dilutive to existing Shareholders. Additionally, no assurance can be given that Milestone 3 will be achieved in full, and failure to do so, may result in the Company's business being materially and adversely affected.  |
| Dilution Risk                         | Existing Shareholders should be aware that to the extent that they do not participate in the Offer their interest in the Company may be significantly diluted.   |
| Regulatory risk and government policy | Changes in relevant taxation, interest rates, other legal, legislative and administrative regimes, and Government policies in Australia (at Federal and State level) and New Zealand, may have an adverse effect on the assets, operations and ultimately the financial performance of HRL.  |
| Credit and Market Risk                | <p>HRL's ability to refinance debt and raise further finance on satisfactory terms in the future, and its cost of funds, depend on market conditions and its own performance, and cannot be assured.</p> <p>HRL may be adversely affected by a downturn in economic conditions affecting the Australian and New Zealand markets.</p> <p>HRL may be adversely affected by changes in exchange rates.</p>        |
| Additional requirements for capital   | The Company may require additional funds in the future to achieve its objectives. There is no assurance that these funds will be available in the future, or if they are available, that they will be on commercially acceptable terms to the Company. If adequate additional funding is not available or acceptable on the Company's terms, the Company's business will be materially and adversely affected. |

The New Shares offered under this Prospectus carry no guarantee of profitability, dividends, return of capital or the price at which they may trade on ASX. The past performance of the Company should not necessarily be considered a guide to their future performance.

### 1.9 Key terms and conditions of the Offer

| <b>Question</b>                       | <b>Answer</b>  |
|---------------------------------------|--|
| Who is the issuer of this Prospectus? | HRL Holdings Ltd   |
| What is the Offer?                    | The Offer is an general public offering in Australia and New Zealand by invitation of HRL of 76,923,077 New Shares   |
| What is the purpose of the Offer?     | <p>The purpose of the Offer is to enable the Company to:</p> <ul style="list-style-type: none"> <li>(a) partly fund the acquisition of Precise Consulting; and</li> <li>(b) re-comply with Chapters 1 and 2 of the ASX Listing Rules pursuant to Listing Rule 11.1.3.</li> </ul> <p>The proceeds from the Offer will also be used for costs of the Offer and any other obligations to be paid on Completion (net of tax refunds and deductions). This is described further in Section 2.3 below.</p> |

|   |   |
|---|---|
| Will the Shares be listed?  | HRL will apply for admission to the official list of the ASX and quotation of Shares on the ASX under the code HRL.ASX. Completion of the Offer is conditional on ASX approving this application. If approval is not given within three months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.                                      |
| How is the Offer structured?  | The Offer is a general public offer.  |
| Is the Offer underwritten?  | The Offer is underwritten to \$5,000,000 by Tulla Property Partners Pty Ltd ACN 126 992 103, a company associated with Kevin Maloney, the Chairman of the Company, subject to shareholder approval. Additionally, Integrated Holdings Group Pty Ltd, a company associated with Kevin Maloney and Darren Anderson, a director of the Company, has committed to sub-underwrite some \$1,500,000 of the Offer.   |
| How can I apply?  | <ul style="list-style-type: none"> <li>• You may apply for New Shares under the Offer by completing a valid Application Form.</li> <li>• Applicants may access the Prospectus via the Offer website.</li> <li>• To the extent permitted by law, an application by an Applicant under the Offer is irrevocable.</li> </ul>   |
| What is the allocation policy?  | The Company, in consultation with the Underwriter has discretion regarding the allocation of New Shares and may reject any Application, or allocate a lesser amount of New Shares than those applied for, in its absolute discretion. Small Parcel Shareholders applying for up to 30,769 Offer Shares will be given priority in the allocation of Offer Shares ahead of remaining Applicants.  |
| When will I receive confirmation that my Application has been successful? | It is expected that initial holding statements will be dispatched by standard post on or around 23 March 2015.  |
| Is there brokerage, commission or stamp duty payable by Applicants?       | No brokerage, commission or stamp duty is payable by Applicants on acquisition of Shares under the Offer.   |
| What are the tax implications of investing in the New Shares?             | Shareholders may be subject to Australian tax on any future dividends paid. The tax consequences of any investment in the Shares will depend upon an investor's particular circumstances, particularly for non-resident Shareholders. Applicants should obtain their own tax advice prior to deciding whether to invest.  |
| Where can I find more information about this Prospectus or the Offer?     | <ul style="list-style-type: none"> <li>• Call the HRL Offer Information Line on 1300 733 154 or +61 1300 733 154 between 8.30am and 5.30pm (AEDT) Monday to Friday between Monday 9 February 2015 and Friday 13 March 2015.</li> <li>• If you are unclear in relation to any matter or are uncertain as to whether HRL is a suitable investment for you, you should seek professional guidance from your solicitor, stockbroker, accountant or other independent and qualified professional adviser before deciding whether to invest.</li> </ul> |
| Can the Offer be withdrawn?   | <ul style="list-style-type: none"> <li>• HRL reserves the right not to proceed with the Offer at any time before</li> </ul>   |



the issue of New Shares to successful Applicants.

- If the Offer does not proceed, Application Monies will be refunded by the Registry, your Broker, or the Company.
- No interest will be paid on any Application Monies refunded as a result of the withdrawal of the Offer.

#### 1.10 Key investment attributes

The Board of HRL believes the key attributes of the Company's investment case include the following:

- Acquisition of a highly profitable business (Precise Consulting) with significant growth potential.
- Exposure to New Zealand market, in particular the Christchurch rebuild which has created significant demand for environmental services.
- The ability of HRL to share resources and staff across both Australia and New Zealand to maximise efficiency and revenue.
- The opportunity for the Company to evaluate new acquisition opportunities of low cost, high quality business in the future.

#### 1.11 Purpose of the Offer

The purpose of the Offer is to enable the Company to:

- partly fund the acquisition of Precise Consulting;
- re-comply with Chapters 1 and 2 of the ASX Listing Rules pursuant to Listing Rule 11.1.3; and
- pay the expenses of the Offer.

Following the Offer, the Directors are satisfied that HRL will have sufficient funds to meet its stated objectives.

#### 1.12 New Share terms

Upon issue, each New Share will rank equally with all existing Shares on issue. A summary of the rights attaching to the New Shares is set out in Section 13.

#### 1.13 Application for New Shares

Existing shareholders can apply for New Shares by completing and returning the Application Form which is accompanying this Prospectus, by making payment of Application Monies by BPAY® in accordance with the instructions set out in this Prospectus and on the Application Form, or by completing an electronic Application Form on the offer website and making a payment of Application Monies by BPAY®.

New shareholders can apply for New Shares by completing and returning the Application Form attached to this Prospectus or by completing an electronic Application Form on the offer website and making a payment of Application Monies by BPAY®.

Application Monies should be rounded up to the nearest cent.

Application Monies for the New Shares must be received by the Company at its Share Registry by the Closing Date. Please refer to the timetable for the important dates of the Offer.

## 1.14 Directors' Intentions

As at the date of this Prospectus and subject to Shareholder approval at the EGM, all of the Directors (or nominees of) of HRL intend to apply for New Shares. Set out below is a table summarising the current holding of each Director (on a pre-Consolidation basis) and the maximum number of Shares they intend to either apply for or have reserved a right to apply for.

| Director                   | Current number of Shares held pre Consolidation directly or through associated entities | Current Relevant Interest in the Company | New Shares to be Subscribed For by each Director or an associated entity | Number of Shares held by the Director or an associated entity upon completion of the Offer <sup>1</sup> | Relevant Interest in the Company upon completion of the Offer |
|----------------------------|---|--|--|---|---|
| Darren Anderson            | 96,226,307  | 9.54%                                    | 23,491,514 <sup>2</sup>  | 30,893,538  | 19.99%  |
| Kevin Maloney <sup>3</sup> | 288,678,920   | 28.61%                                   | 22,010,522 <sup>4</sup>  | 28,807,537  | 28.61%  |
| Mark Elliott               | 31,832,228  | 3.15%                                    | 400,000  | 3,179,568   | 1.84%   |
| John Taylor                | 2,000,000   | 0.20%                                    | 769,231  | 199,582   | 0.60%   |

Tulla, an entity associated with Mr Maloney has reserved the right to apply for a maximum of 22,016,522 New Shares subject to shareholder approval being obtained at the EGM. Mr Anderson has reserved the right to apply for a maximum of 23,491,514 New Shares subject to shareholder approval being obtained at the EGM. No assurance is given that these New Shares will be subscribed for which may be dependent upon various factors including the take up generally by Investors under the Offer and the level of any resulting shortfall.

Mr Kevin Maloney and Mr Darren Anderson (along with their associated entities) have stated their intention to continue to support the Company and have no intention of disposing of any HRL shares in the short or medium term.

## 1.15 Directors Interests - Voluntary Escrow

Mr Kevin Maloney, Mr Darren Anderson and their respective associated entities current shareholdings are subject to voluntary escrow for the period of 12 months from the date of the issue and allotment of each tranche of the Shares issued in relation to the OCTIEF acquisition.

## 1.16 Allocation Policy

The Directors reserve the right to issue any New Shares not allocated under the Offer within 3 months following the Closing Date at a price not less than the Offer Price.

<sup>1</sup> This takes into account the Consolidation.

<sup>2</sup> Darren Anderson is a director of Integrated Holdings Pty Ltd and has a 16.66% interest in that company which has committed to sub-underwrite some \$1,500,000 of the Offer. See section 2.14 for further details.

<sup>3</sup> Kevin Maloney is associated with Tulla Property Partners Pty Ltd, the Underwriter to the Offer. See Sections 2.5 and 12.1 for details.

<sup>4</sup> Kevin Maloney is a director of Integrated Holdings Pty Ltd and has a 50% interest in that company which has committed to sub-underwrite some \$1,500,000 of the Offer. See section 2.14 for further details.

For further details regarding New Shares and the Company's allocation policy, please refer to Sections 13 and 2.6.

New Shares to be issued will only be issued to the extent that such issue is in compliance with the takeover provisions of the Corporations Act, which restrict a person and their associates from having a Relevant Interest in the Company of not more than 19.99%, subject to a number of exemptions.

#### 1.17 Outlook for key product markets

##### **New Zealand**

The Christchurch rebuild presents a unique opportunity for HRL. The mass disturbance of 20+ year old buildings has created significant demand for asbestos and other hazardous material related services. The rebuild effort will take many years and the New Zealand government is committed spending on the rebuild lends support to the industry over the medium term.

Asbestos services are a niche industry with only a handful of participants. With high barriers to entry (such as accreditation), there is more than enough work to satisfy the capacity of the existing asbestos service providers.

Christchurch's historically low unemployment is currently limiting Precise Consulting's growth as it becomes constrained by lack of suitable staff. The potential of sharing resources with Australia highlights an ability to grow business immediately.

To date Precise Consulting has been primarily focused on laboratory work. Other services that HRL currently provide are also in demand and there exists the potential to expand the service offering in the Christchurch market.

The wider New Zealand market, whilst not as strong as the Canterbury region, is still performing quite well – especially in property and construction. Geographic expansion into other regions in New Zealand is also a possibility in the future.

#### 1.18 Significant Interests of Key People and Related Party Transactions

Information pertaining to Directors' interests in HRL Shares and Options is outlined in Section 9.8.

At the date of this Prospectus, Directors and their associated entities hold in aggregate 611,190,068 Shares (on a pre-Consolidation basis), representing 60.57% of the Shares on issue, which have been acquired over time through a variety of transactions. For more details see Sections 9.8 and 13.8.

Since incorporation, the Company has entered into a number of transactions with related parties which have either been approved by Shareholders at a General Meeting or fallen within an exception under Chapter 2E of the Corporations Act and have not required Shareholder approval. The transactions, set out in detail in Section 13.10, include the following:

- (a) the Underwriting Agreement between the Company and Tulla Property Partners Pty Ltd ACN 126 992 103 (**Tulla** or the **Underwriter**) dated 6 February 2015 pursuant to which Tulla has agreed to underwrite the Offer.
- (b) OCTIEF Pty Ltd, a wholly owned subsidiary of HRL, currently leases its Yatala office and lab facilities from Paget Developers, a related entity of Darren Anderson and Kevin Maloney. The key terms of the lease are:
  - (a) 5 year lease expiring November 2018, with 5 year option
  - (b) outgoings paid 100% by OCTIEF;
  - (c) annual rental of \$96,000; and

- (d) annual increase of the greater of 3% or CPI.
- (c) From time to time, OCTIEF, a wholly owned subsidiary of HRL, will engage the software development services of OCTFOLIO Pty Ltd ABN 86 163 772 496 (**OCTFOLIO**), a related entity of Darren Anderson and Kevin Maloney. The value of these services is approximately \$10,000 per month.

#### 1.19 **Underwriting arrangements**

The Offer is underwritten by Tulla, a company associated with Kevin Maloney, the Chairman of the Company, subject to shareholder approval at the EGM. The Company will pay to the Underwriter an underwriting fee of 5% of the funds raised by the Offer.

Additionally, Integrated Holdings Group Pty Ltd, a company associated with Kevin Maloney and Darren Anderson, a director of the Company, has committed to sub-underwriter some \$1,500,000 of the Offer.

See Section 12 for further details as to the Underwriting Agreement between HRL and the Underwriter.

Tulla currently holds 288,678,920 Shares in the Company prior to Consolidation and subject to shareholder approval being obtained at the EGM has reserved the right to apply for a maximum of 22,010,522 New Shares.

Depending upon the level of any Shortfall under the Offer, there may be potential control effects on the Company arising from performance by the Underwriter. See sections 2.5, 2.14 and 12.1 for details.

The Offer will be managed by the Corporate Advisor. Upon successful Completion, the Lead Manager will be entitled to a fee of \$100,000 plus GST, as well as payment for any additional services rendered throughout the course of engagement. Further details of the engagement of the Lead Manager are included in Section 12.

#### 1.20 **Financial position**

HRL's present financial position and its financial position after Completion is set out in Section 10.

#### 1.21 **Dividend policy**

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

## 2. Details of the Offer

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Detailed information in relation the Offer is contained in Section 4.

### 2.1 The General Public Offer

The Prospectus provides for a General Public Offer of up to 76,923,077 New Shares (on a post-Consolidation basis) at Offer Price of \$0.065 per New Share to raise \$5 million.

Where fractions arise, they will be rounded up to the next whole number of New Shares.

On the same date as lodging the Offer documents, the Company applied to the ASX for the New Shares to be granted Official Quotation on the ASX. Official Quotation of the New Shares is expected to occur on or about 26 March 2015.

The Directors may at any time decide to withdraw this Prospectus and the offer of New Shares made under this Prospectus, in which case the Company will return all Application Monies (without interest) within 28 days of giving notice of such withdrawal.

No stamp duty, brokerage or handling fees are payable by the applicant for New Shares offered by this Prospectus.

The Directors, subject to the requirements of the Listing Rules and the Corporations Act, reserve the right to vary any of the important dates set out in this Offer, including extending the Offer.

### 2.2 Purpose of the Offer

The purpose of the Offer is to enable the company to:

- (a) partly fund the acquisition of Precise Consulting; and
- (b) re-comply with Chapters 1 and 2 of the ASX Listing Rules pursuant to Listing Rule 11.1.3.

The proceeds from the Offer will also be used for costs of the Offer and any other obligations to be paid on Completion (net of tax refunds and deductions). This is described further in Section 2.3 below.

### 2.3 Sources and Use of funds

|  | \$m          |
|--|--------------|
| <b>Source of funds</b>   |              |
| Cash as at 31 December 2014  | 1.76         |
| Bank financing   | 3.50         |
| Funds raised under the offer   | 5.00         |
| <b>Total funds</b>   | <b>10.26</b> |
| <b>Use of funds</b>  |              |
| Precise Consulting Acquisition – initial payment   | 4.78         |
| Precise Consulting Acquisition – earn out payment  | 2.39         |
| To fund the cost of the Offer (accounting, legal and other miscellaneous costs associated with the Precise Consulting Acquisition and Offer) | 0.51         |
| Ongoing working capital for future business development of HRL, including Precise Consulting and OCTIEF.                                     | 2.58         |
| <b>Total</b>   | <b>10.26</b> |

The Company will not allocate or issue New Shares where it is aware that to do so would result in a breach of the Corporations Act, the Listing Rules or any other relevant legislation or law.

For further details regarding New Shares and the Company's allocation policy, please refer to Section 4.4.

## **2.4 Underwriting arrangements**

The Offer is underwritten by Tulla, a company associated with Kevin Maloney, the Chairman of the Company, subject to Shareholder approval. The Company will pay to the Underwriter an underwriting fee of 5% of the funds raised by the Offer.

Tulla is also the holder of 50% of the issued capital of Integrated Holdings Pty Ltd which has committed to sub-underwrite some \$1,500,000 of the Offer. Darren Anderson, a Director, is also a director of Integrated Holdings Pty Ltd and has a 16.66% interest in that company.

See Section 12.1 for further details as to the Underwriting Agreement between HRL and the Underwriter.

The Underwriter currently holds 28,807,537 Shares in the Company being 28.61% of the issued capital and has reserved the right to apply for a maximum of 22,206,071 New Shares subject to shareholder approval being sought at the EGM.

This interest may increase as a consequence of both the Underwriting Agreement and the sub-underwriting commitment of Integrated Holdings Pty Ltd.

Depending upon the level of any Shortfall under the Offer, there may be potential control effects on the Company arising from performance by the Underwriter. See sections 2.14 and 12.1 for details.

## **2.5 Allotment and allocation policy**

The Company will proceed to allocate New Shares as soon as possible after the Consolidation has occurred and receiving ASX permission for official quotation of the New Shares.

Allotment of New Shares under the Offer is expected to occur upon completion of the Consolidation as well as receipt of the ASX Conditional Approval. At this stage it is anticipated that allotment will occur on or around 19 March 2015 however, as noted this is an indicative date only and may be subject to change. From this date, applicants may call the Company's Share Registry to seek confirmation of this allocation. In respect of New Shares, the allocation policy is set out in Sections 4.4 and 4.6.

The allocation of New Shares will be determined by HRL in consultation with the Lead Manager.

Apart from the priority to be afforded to Small Parcel Shareholders under section 4.1, there is no assurance that any Investor applying in the General Public Offer will be allocated any New Shares, or the number of New Shares for which it has bid. HRL, in consultation with the Lead Manager, have discretion regarding the allocation of New Shares to Investors and may reject any Application, allocate a lesser amount of New Shares than those applied for, or reject or aggregate multiple Applications in determining final allocations in its absolute discretion.

Successful Applicants will be notified in writing of the number of New Shares allocated to them as soon as possible following the allocation being made.

It is the responsibility of Applicants to confirm the number of New Shares allocated to them prior to trading in New Shares. Applicants who sell New Shares before they receive notice of the number of New Shares allocated to them do so at their own risk. No New Shares will be allotted or issued on the basis of this Prospectus later than 13 months after the date of issue of this Prospectus.

## 2.6 Re-compliance with Chapters 1 and 2

As outlined in 1.2, the Company has entered into the Share Sale Agreement to acquire Precise Consulting.

ASX have advised that the Precise Consulting Acquisition is to be considered in aggregate with the previously completed OCTIEF Acquisition, when determining the impact completion of the Share Sale Agreement will have on the nature and scale of the Company's activities.

ASX confirmed that the combination of these transactions produces an effect on the Company which amounts to a significant change in the nature and scale of its current business activities, which are perceived to consist solely of the geothermal exploration activities. Subsequently, the combined effect of the two acquisitions has triggered the application of Chapter 11 of the ASX Listing Rules.

Pursuant to Chapter 11 of the ASX Listing Rules, ASX has advised the Company that the Company must:

- (a) obtain Shareholder approval for the purposes of Listing Rule 11.1.2, and
- (b) re-comply with Chapters 1 and 2 of the ASX Listing Rules, pursuant to Listing Rule 11.1.3.

On the date of the EGM, the Company will be suspended from quotation on ASX. Provided that the Shareholders of the Company approve the Resolutions, the Shares will continue to be suspended from trading and will not be reinstated to Official Quotation until the ASX approves HRL's re-compliance with Chapters 1 and 2 of the ASX Listing Rules.

The Company's Shares will remain suspended from Official Quotation from the date of the General Meeting and will not be reinstated until the ASX approves the Company's re-compliance with Chapters 1 and 2 of the ASX Listing Rules.

There is a risk that the Company may not be able to meet the requirements of the ASX for re-quotation of its Shares on the ASX. In the event the Company does not receive Conditional Approval for re-quotation on the ASX then the Company will not proceed with the Offer and will repay all Application Monies received.

## 2.7 Capital Structure

### (a) Share and Option Capital Structure

The capital structure of the Company following Completion and Consolidation is as summarised in Tables 1 to 3 below.

*Table 1 Fully Paid Ordinary Shares in the Company*

| <b>Capital Structure</b>  | <b>Shares</b>      |
|---|--------------------|
| Shares currently on issue (including the Milestone 1 Shares) <sup>1</sup> | 1,009,142,649      |
| <b>Consolidation of Company's issued capital (at 1:13)</b>                | 77,626,358         |
| Issue of Shares under the Offer (post Consolidation)                      | 76,923,077         |
| <b>Total Shares on issue upon completion of the Offer</b>                 | <b>154,549,435</b> |

<sup>1</sup> The Milestone 1 Shares were issued on 4 February 2015.

Table 2 Options on Issue in the Company

| Capital Structure                                      | Options          |
|--|------------------|
| Options currently on issue                             | 21,000,000       |
| <b>Total Options on issue post Consolidation Issue</b> | <b>1,615,385</b> |

The effect of the Consolidation on the exercise price of the Company's Options is outlined in Table 3 below (ignoring the effect of fractional entitlements):

Table 3 Exercise Price of Options post-Consolidation

| Options<br>Expiry | Pre Consolidation |            | Post Consolidation |           |
|-------------------|-------------------|------------|--------------------|-----------|
|                   | Exercise Price    | Number     | Exercise Price     | Number    |
| 30 November 2015  | \$0.04            | 21,000,000 | \$0.52             | 1,615,385 |

(b) **Milestone Shares**

In consideration for the OCTIEF Acquisition, HRL agreed to issue Shares to the OCT Vendors in three tranches upon the satisfaction of certain milestones (Milestone Shares) by OCTIEF. Details of the Milestone Shares are as outlined in the table below. The Milestone 1 and Milestone 2 Shares have been issued.

The Milestone 3 Shares still remain to convert to Shares upon achievement of that milestone.

| Milestones  | Milestone Shares   | Date to be achieved  |
|---|--|--|
| 1. OCT achieving revenue for the 6 months to 31 December 2014 which equals or exceeds \$1.75 million. | 160,377,178, being 25% of the total consideration for the Transaction. | 31 December 2014<br>(these shares were issued on 4 February 2015)  |
| 2. OCT establishing a laboratory in Darwin.   | 96,226,306, being 15% of the total consideration for the Transaction.  | 31 December 2014<br>(these shares were issued on 13 November 2014) |
| 3. OCT achieving revenue for the 12 months to 30 June 2015 which equals or exceeds \$4.25 million.    | 64,150,871, being 10% of the total consideration for the Transaction.  | 30 June 2015   |
| <b>Total Milestone Shares</b>   | <b>320,754,355</b>   |  |

The issue of the 64,150,871 Shares (on a pre-Consolidation Issue basis) under the OCTIEF Acquisition are expected to be issued upon the satisfaction of Milestone 3, which, at the latest, must be met by 30 June 2015.

It is not expected that these Shares would be issued prior to completion of the Share Sale Agreement. As such, the OCT Vendors and the Company have entered into a Deed of Variation under which it is agreed that in the event there is a reconstruction of the



Company's Share capital (such as the Consolidation) the Milestone Shares shall be reduced in the same proportion as that under the Consolidation. Accordingly, if the Consolidation is effected, the Milestone 3 Shares will be reduced to 4,934,659.

## 2.8 Restricted Securities

### ***ASX Restricted Securities***

Application has been made to ASX for relief in respect of classification of Shares and Options held by the Major Shareholders and each of the Directors as restricted securities.

ASX may, as a condition of granting HRL's application for re-admission to ASX, classify certain Shares and Options of HRL held by the Major Shareholders and each of the Directors as restricted securities, which has potential to have an impact on the liquidity of trading in securities of the Company. If so, prior to re-admission to ASX, the holders of the Shares and Options that are to be classified as restricted securities will be required to enter into appropriate restriction agreements with HRL.

### ***Voluntary Escrow***

All of the Shares issued in accordance with the OCTIEF Acquisition are subject to voluntary escrow for a period of 12 months from the date of issue. Further information in relation to the Company's restricted securities are outlined in Section 9.

There are limited circumstances in which the restrictions will be released, namely:

- (a) a takeover bid is made in respect of the Company by a person other than the restricted party, provided that the securities must continue to be subject to the restrictions if the bid does not become unconditional; or
- (b) a scheme of arrangement is implemented in respect of the Company under the Corporations Act with a view to the person other than the restricted party acquiring all of the issued share capital of the Company.

In aggregate, 577,357,840 Shares (on a pre-Consolidation basis) held by the OCTIEF Vendors are subject to voluntary restriction arrangements. On completion of the Offer these Shares will represent approximately 28.74% of all the Shares. This is not expected to have a material effect on the liquidity of trading in Shares on the ASX.

## 2.9 ASX Listing

On the same date as lodging the Offer documents, the Company applied to the ASX for the New Shares to be issued pursuant to this Prospectus to be listed for Official Quotation by the ASX.

Although the issue and allotment of the New Shares is expected to occur on or about 19 March 2015, quotation of the New Shares will not commence until ASX has confirmed that the Company has successfully re-complied with Chapters 1 and 2 of the Listing Rules and is re-admitted to the Official List. It is the responsibility of the Applicants to determine their allocation of New Shares prior to trading. ASX Participating Organisations (as defined in the ASX Business Rules) cannot deal in the New Shares either as principal or agent until official quotation is granted.

Should the New Shares not be granted official quotation on the ASX within 3 months after the date of this Prospectus, none of the New Shares offered under this Prospectus will be issued and all Acceptance Monies will be refunded without interest to Applicants within the time prescribed by the Corporations Act

## 2.10 Holding statements

Each successful Applicant under the Offer will be provided with a holding statement which sets out the number of New Shares issued to that applicant under the Offer, and other information required by the Corporations Act.

Holding statements for the New Shares issued under the Offer are expected to be dispatched on or about 19 March 2015 upon completion of the Consolidation and the issue of New Shares. It is the responsibility of applicants to be sure of their respective holdings of New Shares prior to trading in them. Applicants who sell Shares before they receive their holding statements will do so at their own risk.

## 2.11 CHESS

The Company will apply to ASX Settlement for the New Shares to participate in the Securities Clearing House Electronic Subregister System known as CHESS.

The Company will not issue certificates to Shareholders with respect to the New Shares. After allotment of the New Shares, those who are issuer sponsored holders will receive an issuer sponsored statement and those who are CHESS holders will receive an allotment advice.

The CHESS statements, which are similar in style to bank account statements, will set out the number of New Shares allotted to each successful applicant pursuant to this Prospectus. The statement will also advise holders of their Holder Identification Number. Further statements will be provided to holders which reflect any changes in their holding in the Company during a particular month.

## 2.12 Minimum subscription

Unless the Company receives Application Monies totalling \$5 million the Offer will not proceed and all Application Monies will be refunded to Applicants in the manner set out in Section 4.6. Further, all Application Forms and escrow agreements (if any) that are received by the Company or Share Registry will be declined and destroyed.

## 2.13 Substantial Shareholders

Those Shareholders holding 5% or more of the Shares on issue both as at the date of this Prospectus and on completion of the Precise Consulting Acquisition and the issue of securities pursuant to the Offer are set out in the respective tables below.

Table 4 below identifies that number of Shares held by the Substantial Shareholders as at the date of this Prospectus.

**Table 4 Substantial Shareholdings in the Company (pre-Consolidation)<sup>1</sup>**

| <b>Name</b>                                  | <b>Shares</b> | <b>%</b> |
|--|---------------|----------|
| DG and JE Anderson Family Trust              | 96,226,307    | 9.54%    |
| CA and AM Anderson Family Trust              | 96,226,307    | 9.54%    |
| GJ and NJ Anderson Family Trust              | 96,226,307    | 9.54%    |
| Tulla Property Partners Pty Ltd <sup>2</sup> | 288,678,920   | 28.61%   |

The impact to the number of Shares held by the Substantial Shareholders upon completion of the Precise Consulting Acquisition, the Offer and the Consolidation, is outlined in Table 5 below. It is noted that, although the number of Shares held by the Substantial Shareholders decreases, the percentage of the Shares in the Company held by the Substantial Shareholders remains the same.

<sup>1</sup> These Share figures are before the Offer is made.

<sup>2</sup> Tulla Property Partners Pty Ltd is the Underwriter to the Offer and this interest may increase as a consequence of all or any of the Underwriting Agreement, the sub-underwriting commitment by Integrated Holdings Pty Ltd and the reservation by Tulla to subscribe for up to a maximum of 22,010,522 New Shares.

**Table 5 Substantial Shareholders in the Company (post completion of Offer and Consolidation)**

| <b>Name</b>                                  | <b>Current Number of Shares held (post Consolidation ) – directly or through associated entities</b> | <b>Potential “take-up” of New Shares under the Offer - directly or through associated entities<sup>1</sup></b> | <b>Relevant Interest in the Company upon Completion of the Offer<br/>%</b> |
|--|--|--|--|
| DG and JE Anderson Family Trust              | 9,602,512  | 23,491,514   | 19.99%   |
| Tulla Property Partners Pty Ltd <sup>2</sup> | 28,807,537   |  | 28.61%   |

#### 2.14 Control implications of the Offer

The Underwriter post Consolidation and before completion of the Offer will hold some 28,807,537 Shares or 14.37% of the Company.

The Underwriter has reserved the right to apply for a maximum of 22,010,522 New Shares subject to shareholder approval being obtained at the EGM.

The Underwriter is also the holder of 50% of the issued capital of Integrated Holdings Pty Ltd which has committed to sub-underwriter some \$1,500,000 of the Offer which represents some 23,076,923 New Shares. Darren Anderson, a Director, is also a director of Integrated Holdings Pty Ltd and has a 16.66% interest in that company.

At completion of the Offer, if the Underwriter was required to subscribe for all of the Offer, then after taking into account the sub-underwriting commitment of Integrated Holdings Pty Ltd, it is possible that the Underwriter may acquire a relevant interest in at least a further 23,076,923 Shares and potentially a relevant interest in a maximum of 76,923,077 New Shares, which would result in it holding 105,730,614 Shares in the Company, or 67.97% of the voting power in the Company. The table below indicates the shareholding position of the Underwriter depending upon the extent of the Shortfall under the Offer and after taking into account the relevant interest that Tulla will acquire in the 23,076,923 Shares arising from the sub-underwriting commitment above;

| <b>Percentage Shortfall under the Offer</b> | <b>Number of Shortfall Shares issued to Underwriter</b> | <b>% of Share Capital Held by The Underwriter</b> |
|---|---|---|
| 100   | 76,923,077  | 67.97   |
| 75  | 57,692,308  | 55.61   |
| 50  | 38,461,538  | 43.25   |

<sup>1</sup> Tulla has reserved the right to apply for a maximum of 22,010,522 New Shares subject to shareholder approval being obtained at the EGM which would take its relevant interest to 28.61%. The DG and JE Anderson Family Trust has reserved the right to apply for a maximum of 23,491,514 New Shares subject to shareholder approval being obtained at the EGM which would take its relevant interest to 19.99%.

<sup>2</sup> This figure assumes Tulla is not required to take up any Shares under the Underwriting Agreement and that Integrated Holdings Pty Ltd which has committed to sub-underwrite the Offer in the sum of \$1,500,000 is not required to take any Shares under the sub-underwriting commitment.

| <b>Percentage Shortfall under the Offer</b>   | <b>Number of Shortfall Shares issued to Underwriter</b> | <b>% of Share Capital Held by The Underwriter</b> |
|---|---|---|
| Only sub-underwriting commitment <sup>1</sup> | 23,076,923  | 33.57   |

## 2.15 Option Holders

The Company currently has 21,000,000 unlisted Options on issue, each of which entitles the holder to subscribe for 1 Share in HRL. The exercise price of the Options is \$0.04.

The terms of some of the Options provide for an adjustment in their exercise price according to a formula based on the formula in rule 6.22.2 of the Listing Rules.

The exercise price adjustment takes effect upon issue of the New Shares offered under the Offer and is, in part, dependent on the difference between the price under the Offer and the volume weighted average closing price (VWAP) of Shares sold on ASX for the 5 trading days ending on the day before the “ex-date” for the Offer. Accordingly, that market price will be determined after the “ex-date” and if there is any change to the exercise price of any Options in consequence, HRL will notify ASX of the change in accordance with Listing Rule 3.1.2.

The effect of the Share Consolidation on the Company’s options is outlined in Table 3 in Section 2.7(a). Having regard to the exercise price of the Options and the Offer Price, the Directors believe that it is unlikely that any Options will be exercised prior to the Record Date.

## 2.16 Overseas shareholders

The Company has not made investigations as to the regulatory requirements that may prevail in the countries outside of Australia and New Zealand in which the Company’s Shareholders reside.

The distribution of this Prospectus outside of Australia and New Zealand may be restricted by law. No action has been taken to register or qualify the Shares or the Offer, or otherwise to permit an offering of the Shares, in any jurisdiction outside Australia and New Zealand.

This Prospectus is not intended to, and does not, constitute an offer of securities in any place which, or to any person to whom, the making of such offer would not be lawful under the laws of any jurisdiction outside Australia and New Zealand. Applicants resident in countries outside Australia and New Zealand should consult their professional advisers as to whether any governmental or other consents are required, or other formalities need to be observed to enable them to apply for New Shares. The failure to comply with any applicable restrictions may constitute a violation of securities law in those jurisdictions.

In particular this Offer is not made in the United States or to persons (including nominees or custodians) acting for the account or benefit of a person in the United States, or to any person who is ineligible under applicable securities laws in any country to receive an offer under the Offer Document without any requirement for a prospectus to be lodged or registered.

It is the responsibility of any overseas resident Applicant to ensure compliance with all laws of any country relevant to their Application. The return of a duly completed Application Form will be taken by the Company to constitute a representation and warranty made by the Applicant to the Company and agrees with the Company that:

- (a) there has been no breach of such laws and that all necessary approvals and consents have been obtained;

<sup>1</sup> This assumes Tulla does not apply for any New Shares under the Offer.

- (b) they are an Australian citizen or resident in Australia, are located in Australia at the time of such Application and are not acting for the account or benefit of any person in the United States, a United States person or any other foreign person; and
- (c) they will not offer, sell, pledge, transfer or otherwise dispose of the Shares or Options in the United States or in any other jurisdiction outside Australia or to a United States person, exempt in transactions exempt from registration under the United States Securities Act of 1933 as amended and in compliance with all applicable laws in the jurisdiction in which such Shares and Options are offered and sold.

#### **Notice to nominees and custodians**

Nominees and custodians may not distribute any part of this document in the United States or in any other country outside of Australia and New Zealand, except to beneficial shareholders in another country (other than the United States) where the Company may determine it is lawful and practical to make the Offer. Any person in the United States with a holding through a nominee may not participate in the Offer.

#### **2.17 Electronic prospectus**

An electronic version of this Prospectus is available on the Internet at [www.hrlholdings.com](http://www.hrlholdings.com).

The Application Form may only be distributed together with a complete and unaltered copy of the Prospectus. The Company will not accept a completed Application Form if it has reason to believe that the investor has not received a complete paper copy or electronic copy of the Prospectus or if it has reason to believe that the Application Form or electronic copy of the Prospectus has been altered or tampered with in any way.

While the Company believes that it is extremely unlikely that in the Offer period the electronic version of the Prospectus will be tampered with or altered in any way, the Company cannot give any absolute assurance that it will not be the case. Any investor in doubt concerning the validity or integrity of an electronic copy of the Prospectus should immediately request a paper copy of the Prospectus directly from the Company or the Share Registry or a financial adviser.

#### **2.18 Corporate Governance**

To the extent applicable, commensurate with the Company's size and nature, the Company has adopted The Corporate Governance Principles and Recommendations (Third Edition) as published by the ASX Corporate Governance Council (**Recommendations**).

The Company's main corporate governance policies and practices as at the date of this Prospectus are outlined in Section 9.9 of this Prospectus and the Company's compliance and departures from the Recommendations are set out in Section 9.9(l) of this Prospectus.

In addition, the Company's full Corporate Governance Charter may be requested from the Company Secretary on +61 7 3105 5960 or by email at [admin@hrlholdings.com](mailto:admin@hrlholdings.com).

### 3. Transaction rationale

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#### 3.1 Overview

As announced on 24 December 2014, the Company entered into Share Sale Agreement with the shareholders of Precise Consulting and Laboratory Limited Company Number 3772580 (Precise Consulting) to acquire all of the issued capital in Precise Consulting and Laboratory Limited Company Number 3772580 (Precise Consulting Acquisition or the Transaction).

Under the terms of the Share Sale Agreement, the Company will acquire 100% of the issued capital of Precise Consulting from Andre Halkyard and Donna Firth (Precise Consulting Vendors).

In consideration for all of the Sale Shares, the Company will pay a maximum purchase price of NZD\$7,500,000 to the Sellers (Purchase Price). The Purchase Price is to be paid as follows:

- (a) partial payment on completion of the Precise Consulting Acquisition of NZD\$5,000,000 in cash; and
- (b) an earn-out consideration of up to NZD\$2,500,000.

The amount of earn out consideration is calculated based on Precise Consulting's earnings before interest and taxes (EBIT) for the year 1 January 2015 to 31 December 2015. The following framework for the amount of earn-out consideration to be paid to the Sellers has been agreed:

| EBIT                    | Earn Out Consideration NZD |
|-------------------------|----------------------------|
| Less than \$1.9 million | Nil                        |
| \$1.9 – 2.1 million     | \$700,000                  |
| \$2.1m to \$2.3 million | \$1,300,000                |
| \$2.3m to \$2.5 million | \$1,900,000                |
| More than \$2.5 million | \$2,500,000                |

One third of the earn-out consideration will be paid in early 2016. Payment of the remaining two thirds of the earn-out consideration will be paid in 24 equal monthly instalments from February 2016 onwards.

Payment of the earn-out consideration is contingent on Mr Halkyard's ongoing service with Precise Consulting. Mr Halkyard will remain General Manager of Precise Consulting for a minimum period of three years after acquisition. In the situation where Mr Halkyard's employment is terminated prior to the minimum three year period, the earn-out consideration will be reduced proportionately to the length of time not employed.

As the Purchase Price for the acquisition of the Precise Consulting shares will be paid solely in cash consideration, the Precise Consulting Acquisition will not have any impact on the current issued capital of the Company and therefore, will not subsequently cause any dilutionary effect to Shareholders. However, in order to complete the Precise Consulting Acquisition, the Company is required to undertake this Offer which may result in dilution to the existing Shareholders.

Completion of the Share Sale Agreement is conditional upon, amongst other things, the Company receiving satisfactory finance. In order to partially fund the payment of the Purchase Price, the Company has received an indicative loan offer from the Company's bankers with respect to a facility of up to \$3,500,000. Formal approval and loan documentation has yet to be provided by the bank. One of the covenants of the indicative loan offer is that the Company undertake and complete a raising of at least \$1,000,000, which the Company intends to fulfil by undertaking the Offer. For completeness, it is noted that the letter of intended offer identifies other covenants, as

well as security interests required and general terms which are standard in nature in regard to a transaction of this kind.

The timing and completion of the Precise Consulting Acquisition will depend on the satisfaction of the conditions precedent, which in some cases are not within the control of the Company. If the conditions precedent are not satisfied or waived by the agreed date, either party may elect to not proceed with the Precise Consulting Acquisition.

### 3.2 **Conditions Precedent**

The completion of the Share Sale Agreement is subject to the following conditions precedent, including:

- all necessary ASX and ASIC approvals, waivers and confirmations being obtained by HRL in respect of the Precise Consulting Acquisition;
- all necessary Board and Shareholder approvals being obtained by both HRL and Precise Consulting in respect of the Precise Consulting Acquisition;
- HRL receiving finance for payment of the Purchase Price;
- Precise Consulting doing all things necessary to assist HRL in receiving finance for payment of the Purchase Price;
- Precise Consulting having nil debt as at the date of completion of the Precise Consulting Acquisition; and
- Precise Consulting having a minimum working capital position of NZD \$100,000 as at the date of completion of the Precise Consulting Acquisition.

### 3.3 **Management**

Upon completion of the Precise Consulting Acquisition, the current owner Mr Andre Halkyard will be engaged as the General Manager of Precise Consulting for a minimum period of three years. It is not intended that any changes be made to the HRL Board as a result of the Precise Consulting Acquisition.

The existing Precise Consulting team will remain in place after Completion.

### 3.4 **Benefits of the Precise Consulting Acquisition and the Combined Group**

The Company has identified the following key benefits of acquiring Precise Consulting:

- (a) the opportunity to become shareholders in a larger business;
- (b) greater market capitalisation that may provide for greater liquidity of security trading.
- (c) Immediate exposure and access to the New Zealand market, in particular the Christchurch and wider Canterbury area.
- (d) ensures value is retained by seeking to continue to develop other aspects of the Company's assets and expanding its business, importantly, while the moratorium is in place in relation to geothermal permits and until further consideration is afforded to this issue by the incoming Victorian Government;
- (e) Precise Consulting is an IANZ accredited laboratory and employs a number of IANZ accredited staff – a significant barrier to entry for potential competitors. IANZ is part of the Testing Laboratory Registration Council and New Zealand's premier accreditation body.

- (f) OCTIEF Pty Ltd, a wholly owned subsidiary of HRL, provides a similar suite of services to Precise Consulting. With Christchurch's historically low unemployment providing an impediment to Precise Consulting's growth through lack of access to suitable staff, there may exist the ability to share resources with Australia to maximize the Combined Group's efficiency and revenue.
- (g) To date Precise Consulting has been largely focused on laboratory work. Other services that OCTIEF Pty Ltd currently provides are also in demand and there exists the potential to expand the number of service offerings in the Christchurch market.
- (h) The current General Manager, Mr Andre Halkyard will remain engaged as the General Manager of Precise Consulting for a minimum period of three years. Mr Halkyard has an array of experience in Occupational Hygiene within the built industry including asbestos, lead-based paint, PCB's. Furthermore he is an approved identifier for asbestos air monitoring with Proficiency Testing Australia and is an approved Asbestos Assessor within all states of Australia.
- (i) The earn-out component of the Purchase Price has been structured to safeguard that HRL only pays around 3 times Precise Consulting's EBIT for the 2015 calendar year, representing an attractive Purchase Price multiple.
- (j) As the consideration for the acquisition of the Precise Consulting shares will be paid solely in cash consideration, the Precise Consulting Acquisition will not have any impact on the current issued capital of the Company and therefore, will not subsequently cause any dilutionary effect to HRL Shareholders. However, it is noted that the Offer will have a dilutionary effect.

### 3.5 **Disadvantages of the Precise Consulting Acquisition**

The Directors consider the following non-exhaustive list of disadvantages may be relevant to investors to consider:

- (a) HRL has incurred transaction costs as a result of the Precise Consulting Acquisition and associated due diligence activities.
- (b) HRL has limited management resources and their focus will be split between both Australia and New Zealand operations moving forward.
- (c) The Precise Consulting Acquisition will partly funded by debt finance and HRL will incur interest and other finance costs.
- (d) The dilution to existing Shareholders as a result of the Offer which is required to complete the proposed Precise Consulting Acquisition.

### 3.6 **Significant risks and potential disadvantages**

Shareholders should be aware that if the proposed Precise Consulting Acquisition is approved, the Company will be subject to various risk factors. Based on the information available, a list of the identified major risk factors is set out in Section 8.2 and 8.3 below. The list is not exhaustive.

- (a) the Company will be changing the nature of its activities to include becoming a conglomerate entity which is multi-faceted in nature as opposed to solely undertaking geothermal exploration or clean energy industry operations, which may not be consistent with the objectives of all Shareholders.
- (b) Precise Consulting is a relatively immature business and may not experience its current level of growth going forward.
- (c) Precise Consulting's ongoing IANZ accreditation is reliant on the company and its staff maintaining best practice.



- (d) Precise Consulting is largely focused on the Christchurch region and the associated rebuild program. A withdrawal of support by the New Zealand Government for the rebuild would significantly impact Precise Consulting's business.
- (e) The Precise Consulting Acquisition will be partly funded by debt finance, exposing the Combined Group to enhanced interest rate and liquidity risk.
- (f) Precise Consulting's revenue is generated in NZD, exposing the Combined Group to foreign exchange risk.

## 4. How to apply

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### 4.1 General Public Offer

The Company is offering a Subscription of up to 76,923,077 New Shares at an Offer Price of \$0.065 per New Share under the General Public Offer.

The General Public Offer is open to Investors, who are persons who have a registered address in Australia or New Zealand.

#### *Existing Shareholders*

If you wish to participate in the General Public Offer, you should complete the Application Form attached to this Prospectus and return it with a cheque comprising your Application Monies, or make a payment of Application Monies via BPAY® by following the instructions on the Application Form. Alternatively you may also complete an electronic Application Form on the offer website and make a corresponding BPAY® payment of Application Monies. Payment for the New Shares must be made in full at the Offer Price of \$0.065 per New Share. Applicants may apply for a minimum parcel of 30,769 New Shares representing a minimum investment of \$2,000, and thereafter in multiples of 500 New Shares.

A reduced minimum number of New Shares applies to an applicant who is a Shareholder holding less than 30,769 Shares in the Company as at the date of this Prospectus.

Those Shareholders (**Small Parcel Shareholders**) are eligible to apply for a minimum number of Offer Shares calculated as the number of Offer Shares which would take their holding to 30,769 Shares.

Small Parcel Shareholders applying for up to 30,769 Offer Shares will be given priority in the allocation of Offer Shares ahead of remaining Applicants.

Completed Application Forms and accompanying cheques must be mailed to:

#### **Hand Delivery**

HRL Holdings Limited  
C/- Link Market Services Limited  
1A Homebush Bay Drive  
Rhodes NSW 2138

#### **Postal Address**

HRL Holdings Limited  
C/- Link Market Services Limited  
GPO Box 3560  
Sydney NSW 2001

Applications received by the Company that do not meet these requirements may be refused at the discretion of the Directors.

Cheque(s) must be in Australian dollars and drawn on an Australian branch of an Australian bank, must be crossed "Not Negotiable" and must be made payable to "HRL Holdings Limited". Payment by cheque will be deemed to be made when the cheque is honoured by the bank on which it is drawn. Completed Application Forms must be received at the above address by no later than the Closing Date, being 27 February 2015 (unless varied). HRL reserves the right to close the Offer early without notice.

The amount payable on acceptance will not vary during the period of the Offer and no further amount is payable on allotment. Application Monies will be held in trust in a subscription account until allotment of the New Shares. The subscription account will be established and kept by the

Company on behalf of the Applicants. Any interest earned on the Application Monies will be retained by the Company irrespective of whether allotment takes place.

No stamp duty, brokerage or handling fees are payable by the Applicant for the New Shares offered by this Prospectus.

#### *New Shareholders*

If you wish to participate in the General Public Offer, you should complete the Application Form attached to this Prospectus and return it with a cheque comprising your Application Monies. Alternatively you may also complete an electronic Application Form on the offer website and make a corresponding BPAY® payment of Application Monies. Payment for the New Shares must be made in full at the Offer Price of \$0.065 per New Share. Applicants may apply for a minimum parcel of 30,769 New Shares representing a minimum investment of \$2,000, and thereafter in multiples of 500 New Shares.

Completed Application Forms and accompanying cheques must be mailed to:

#### **Hand Delivery**

HRL Holdings Limited  
C/- Link Market Services Limited  
1A Homebush Bay Drive  
Rhodes NSW 2138

#### **Postal Address**

HRL Holdings Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235

Applications received by the Company that do not meet these requirements may be refused at the discretion of the Directors.

Cheque(s) must be in Australian dollars and drawn on an Australian branch of an Australian bank, must be crossed "Not Negotiable" and must be made payable to "HRL Holdings Limited". Payment by cheque will be deemed to be made when the cheque is honoured by the bank on which it is drawn. Completed Application Forms must be received at the above address by no later than the Closing Date, being 27 February 2015 (unless varied). HRL reserves the right to close the Offer early without notice.

The amount payable on acceptance will not vary during the period of the Offer and no further amount is payable on allotment. Application Monies will be held in trust in a subscription account until allotment of the New Shares. The subscription account will be established and kept by the Company on behalf of the Applicants. Any interest earned on the Application Monies will be retained by the Company irrespective of whether allotment takes place.

No stamp duty, brokerage or handling fees are payable by the Applicant for the New Securities offered by this Prospectus.

#### **4.2 Binding effect of Application Form**

A completed and lodged Application Form, or a payment made through BPAY®, constitutes a binding offer to acquire New Shares on the terms and conditions set out in this Prospectus and, once lodged or paid, cannot be withdrawn. If the Application Form is not completed correctly it may still be treated as a valid application for New Shares. The Directors' decision whether to treat an acceptance as valid and how to construe, amend or complete the Application Form is final.

By completing and returning your personalised Application Form with the requisite Application Monies or making a payment by BPAY®, you will also be deemed to have acknowledged, represented and warranted on behalf of each person on whose account you are acting that:

- (a) you are an eligible investor and are not in the United States and are not a person (including nominees or custodians) acting for the account or benefit of a person in the United States and are not otherwise a person to whom it would be illegal to make an offer or issue New Shares under the Offer;
- (b) you acknowledge that the New Shares have not been, and will not be, registered under the US Securities Act or under the laws of any other jurisdiction outside of Australia and New Zealand; and
- (c) you have not and will not send any materials relating to the Offer to any person in the United States or to any person (including nominees or custodians) acting for the account or benefit of a person in the United States.

#### 4.3 Application Monies

Applicants under the General Public Offer whose Applications are not accepted, or who are allocated a lesser dollar amount of New Shares than the amount applied for, will receive a refund of all or part of their Application Monies either from the Share Registry or from their Broker as applicable. Interest will not be paid on any monies refunded.

Applicants whose Applications are accepted in full will receive the whole number of New Shares calculated by dividing the Application Amount by the Offer Price. Where the Offer Price does not divide evenly into the Application Amount, the number of New Shares to be allocated will be determined by the Company in consultation with the Lead Manager or the Applicant's Broker as appropriate.

You should ensure that sufficient funds are held in the relevant account(s) to cover the amount of the cheque(s). If the amount of your cheque(s) or bank draft(s) for Application Monies (or the amount for which those cheque(s) or bank draft(s) clear in time for allocation) is less than the amount specified on the Application Form, you may be taken to have applied for such lower dollar amount of New Shares as for which your cleared Application Monies will pay (and to have specified that amount on your Application Form) or your Application may be rejected.

If you intend to pay for the New Shares by BPAY®, there is no need to return the Application Form but you must ensure that your payment is received by no later than 5:00pm (Brisbane time) on the Closing Date or such later date as the Directors determine, keeping in mind that payments made by BPAY® may take 1 or more Business Days to clear. Please refer to the information below regarding payment by BPAY®.

#### 4.4 Allocations under the Offer

The allocation of New Shares will be determined by HRL in consultation with the Corporate Advisor.

Apart from the priority to be afforded to Small Parcel Shareholders under section 4.1, there is no assurance that any Investor applying in the General Public Offer will be allocated any New Shares, or the number of New Shares for which it has bid. HRL, in consultation with the Lead Manager, have discretion regarding the allocation of New Shares to Investors and may reject any Application, allocate a lesser amount of New Shares than those applied for, or reject or aggregate multiple Applications in determining final allocations in its absolute discretion.

You should note that HRL is not required to issue any New Shares to a person accepting the Offer under this Prospectus unless:

- (a) Payment is made in Australian currency and cheques and BPAY® payments are drawn on an Australian bank, credit union or building society; and
- (b) the Share Registry receives a completed Application Form and a cheque for the full amount due in respect of the New Shares by 5:00 pm (AEDT) on the Closing Date, and there are sufficient funds in the account on which the cheque is drawn so that the cheque clears in favour of HRL when it is first presented for payment; or

- (c) payment is received via the BPAY® facility for the relevant number of New Shares by 5:00 pm (AEDT) on the Closing Date.

#### 4.5 **ASX listing of New Shares**

Application will be made within seven days of the date of this Prospectus to ASX for the New Shares issued pursuant to this Prospectus, as well as all other existing issued Shares in HRL, to be granted Official Quotation by ASX.

Official Quotation, if granted, of the New Shares offered or issued by this Prospectus will commence as soon as practicable after the issue of holding statements to allottees. ASX takes no responsibility for the contents of this Prospectus, including the experts' report which it contains. In the event that ASX does not grant permission for the Official Quotation of the New Shares within three months after the date of issue of this Prospectus, none of the New Shares offered by this Prospectus will be allotted or issued unless ASIC grants HRL an exemption permitting the allotment or issue. If no allotment or issue is made, all Application Monies for the New Shares under the Offer will be refunded without interest within the time period set out under the Corporations Act.

#### 4.6 **Return of surplus Application Monies**

Application Monies received but not applied towards subscriptions for New Shares will be refunded as soon as reasonably practicable following the allocation of the New Shares. No interest will be paid on Application Monies held and returned.

#### 4.7 **Withdrawal of Offer**

HRL may withdraw the Offer at any time before the issue of New Shares to successful Applicants in the Offer. If the Offer does not proceed, all relevant Application Monies will be refunded (without interest). HRL and the Lead Manager also reserve the right to close the Offer, extend the Offer, accept late Applications or reject any Application.

#### 4.8 **General**

If you have any queries concerning your Application, please contact the Share Registry on 1300 733 154 (within Australia) or +61 1300 733 154 (from outside Australia) or contact your stockbroker or professional adviser.

## 5. HRL Overview

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### 5.1 History and Company Structure

HRL listed on the ASX on 14 November 2007. HRL is identified on the ASX as a clean energy provider. The GICS Utilities Sector encompasses companies considered to be electric, gas or water utilities, or companies that operate as independent producers and/or distributors of power.

### 5.2 Current Operations

#### (a) Geothermal

The Company currently has two geothermal permits in the Otway Sedimentary Basin of Victoria, Australia. Geothermal Exploration Permits (**GEP**) GEP-6 and GEP-8 have just been renewed and will expire on 13 December 2018. The work programs include targeting for high flow rate, hot water areas in fractured sedimentary aquifers, re-interpreting 2D seismic data, completing 3D seismic surveys, drilling and testing.

A moratorium is currently in place on onshore gas exploration in Victoria. As a result of this moratorium, HRL is currently not able to pursue drilling programmes on its GEPs in the Otway Sedimentary Basin of Victoria.

Further information on the Company's GEP's may be obtained from past Annual and Quarterly Reports available on the Company's website at [www.hrlholdings.com](http://www.hrlholdings.com).

#### (b) Environmental Services

OCTIEF, a subsidiary of HRL, operates an environmental consulting and hazardous materials analytical laboratory business with offices and laboratory facilities in Brisbane and Darwin.

OCTIEF specialises in advising organisations in maintaining environmental and occupational compliance and managing related industry risks. Due to the increasing constraints and public awareness, environmental and occupational management is a significant issue for many organisations.

Recognising the impacts of these issues on business, OCTIEF aims to help maintain and improve performance by employing best environmental and workplace practices to manage resultant risks to people, property, business and government organisations.

Part of the services offered are industrial hygiene, asbestos and hazardous materials management, environmental services (air, water and soil including contaminated land), building contamination assessment, and specialised NATA-accredited laboratory analysis and on-site testing and monitoring.

In addition OCTIEF carry out studies, including at mine sites, contaminated land sites, buildings, soils and water, which need to be done as part of government and council development approvals for new project developments. These studies are commonly part of project development stages such as prefeasibility, feasibility, construction, operations and site restoration post operations. In conjunction with these studies, OCTIEF undertakes ongoing testing of soils, noise, dust and vibration, water and materials for contamination issues and noise monitoring during operations.

### 5.3 Competition and Market

There is increasing public and government concern for the environment, and health and safety, with monitoring and regulation increasing in these areas. Businesses are also paying greater attention to these areas to avert potential legal liabilities and loss of business. These factors are expected to promote an expansion in testing, and in the range of laboratory tests that are made available.

Given the high degree of diversification within the industry, the demand determinants vary considerably between markets and services supplied. The key determinant of demand across all industry segments is the growth in expenditure and investment by downstream user industries and public sector agencies. Demand from these industries is largely affected by the pace of growth across the Australian and global economies.

The industry's geographic spread is largely determined by the demand for testing services across each state. The majority of technical services are located within the urban and capital cities of Australia. This is due to client requirements for fast turnaround time for results, complying with local requirements and proximity to their clients.

The industry is characterised by a low level of market share concentration, with the top four players (ALS, SGS, Bureau Veritas and Coffey International) accounting for around a quarter of industry revenue. The industry is highly fragmented, mixing a few large companies with many small players servicing specific industries or market segments.

The industry has medium barriers to entry and the trend is increasing. Key barriers include the initial capital outlay, regulations governing testing laboratories, the dominance of existing players within narrow markets, and the recruitment of skilled staff. The cost of acquiring or leasing laboratory equipment can be expensive, which can exclude new entrants, particularly those without an existing client base. Clients normally seek providers who are reputable in the industry with years of expertise in the related field before providing a contract for services. The cost of gaining customer acceptance and a critical mass of customers is high.

#### **5.4 Accreditation**

OCTIEF is accredited with NATA. NATA is the authority responsible for the accreditation of laboratories, inspection bodies, calibration services, producers of certified reference materials and proficiency testing scheme providers throughout Australia. It is also Australia's compliance monitoring authority for the OECD Principles of GLP.

NATA provides independent assurance of technical competence through a proven network of best practice industry experts for customers who require confidence in the delivery of their products and services. NATA formally recognises that these facilities produce reliable technical results which make the world a safer and more certain place. NATA's work increases community confidence and trust in a facility's services, mitigates risk, improves tendering success and facilitates trade.

#### **5.5 Employees and Management**

HRL and its Subsidiaries currently have around 25 employees across its Brisbane and Darwin offices.

Refer to Section 9 for details on HRL's Board and management

#### **5.6 Premises and Assets**

HRL has offices and laboratory facilities in both Brisbane and Darwin.

HRL has a limited number of fixed assets comprising mostly laboratory and office equipment. HRL owns a number of company vehicles to facilitate onsite work.

#### **5.7 Financial Position and Performance**

Copies of HRL's reviewed accounts for the 6 months ended December 2014, as well as previous financial reports are available at [www.hrlholdings.com](http://www.hrlholdings.com).

#### **5.8 Material Contracts**

A summary of key provisions in material contracts to which the Company is a party is set out in Section 12.

## **6. Precise Consulting Overview**

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### **6.1 History and Company Structure**

Precise Consulting & Laboratory Limited (Precise Consulting) is New Zealand company limited by shares which was incorporated on 5 April 2012.

Precise Consulting has 2 shareholders, Andre Halkyard and Donna Frith (the **Precise Consulting Vendors**).

The sole director of Precise Consulting is Andre Halkyard. Mr Halkyard will step down as director upon completion of the Precise Consulting Acquisition.

### **6.2 Services**

Precise Consulting offers a number of services to assist companies with the identification and remediation of risks posed to health and safety of both humans and the environment.

Precise Consulting provide a range of services and analysis including:

- contaminated land analysis;
- soil sampling;
- dust monitoring;
- air quality monitoring; and
- asbestos auditing and building contamination assessment.

These studies are carried out in laboratories accrediting by IANZ. Precise Consulting also offers a number of specialised environmental services, including the identification, monitoring and testing of asbestos materials and other occupational hygiene issues.

### **6.3 Competition and Market**

To date Precise Consulting has been largely focused on laboratory work in and around the Christchurch region.

Laboratory work is a niche service in Christchurch and Precise Consulting's main competitors to date have been similarly sized small laboratories. The lengthy IANZ accreditation process provides a barrier to entry for new market participants.

Precise Consulting's key customers are construction companies focused on the rebuild efforts.

Precise Consulting is registered as a preferred contractor on a number of insurance and rebuild related panels.

Precise Consulting's growth has been limited by access to suitably qualified staff more than any other factor. The Christchurch region is currently experiencing record low unemployment making recruitment difficult.

The non-laboratory services is an area in which Precise Consulting has a minimal footprint. Precise Consulting are seeking to expand their suite of services into asbestos auditing, air monitoring and contaminated land audits but are currently constrained by resources.

### **6.4 Accreditation**

Precise Consulting is accredited with IANZ. IANZ operates according to the global accreditation standard set by the International Organisation for Standardisation (ISO).



Accreditation is achieved after IANZ has assessed an organisation for the following:

- competence and experience of its staff;
- integrity and traceability of its equipment and materials;
- technical validity of its methods; and
- compliance with international standards for quality and technical management.

To maintain the highest professional standards, accredited organisations are usually assessed annually.

## **6.5 Employees and Management**

Precise Consulting currently has 12 employees including the two Precise Consulting Vendors. Of these 9 are permanent employees and 3 are office staff casuals.

Precise Consulting is led by Andre Halkyard. Andre has an array of experience in Occupational Hygiene within the built industry including asbestos, lead-based paint and PCB's. Furthermore he is an approved identifier for asbestos air monitoring with Proficiency Testing Australia and is an approved Asbestos Assessor within all states of Australia. Coupled with this technical experience, Andre has also had exposure to the planning and execution of numerous large programs detailing hazardous materials.

## **6.6 Premises and Assets**

Precise Consulting currently operates out of a small industrial unit in southern Christchurch, New Zealand. The unit houses both the office and laboratory facilities.

Precise Consulting has a limited number of fixed assets comprising mostly laboratory and office equipment. Several vehicles are leased to facilitate onsite work.

## **6.7 Material Contracts**

Precise Consulting is not party to any material contracts.

## **7. Outlook for the Combined Group**

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### **7.1 Geothermal**

A moratorium is currently in place on onshore gas exploration in Victoria. As a result of this moratorium, HRL is currently not able to pursue drilling programmes on its GEPs in the Otway Sedimentary Basin of Victoria.

HRL will not focus any further resources on its geothermal assets until it is satisfied that the projects can be commercially viable.

### **7.2 Environmental Services**

OCTIEF and Precise Consulting both provide a similar suite of asbestos related services to clients and utilise very similar systems. The Combined Group will look to share resources across both Australia and New Zealand to maximize the Combined Group's efficiency and revenue. Similarly, the combined geographic presence will lead to a larger pool for new recruitment.

To date Precise Consulting has been largely focused on laboratory work. Other services that OCTIEF currently provides are also in demand and the Combined Group will explore the potential to expand the number of service offerings in the Christchurch market.

The Combined Group will investigate organic growth options through both the expansion into new geographic areas in Australia and New Zealand as well as increasing market share in its existing locations.

### **7.3 New Acquisitions/Opportunities**

HRL management will continue to evaluate acquisition opportunities of low cost, high quality business in the future. HRL's Board and management have a successful track record of identifying high growth businesses at an early stage to the benefit of shareholders.

HRL continues to monitor and seeks to identify opportunities with respect to its assets which may enhance Shareholder value. In this regard, the Company from time to time may undertake an amendment of acquisition opportunities which may involve the conduct of detailed technical and financial due diligence. The Company will keep the market (upon relisting) up to date with respect to such enquiries or discussions in accordance with its obligations under the Corporations Act and Listing Rules.

## **8. Investment risks**

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### **8.1 Introduction**

An investment in HRL will be exposed to a number of key risks related to its specific business operations. Key risks are risks that the Directors and senior management of HRL focus on when managing the business and which would have the potential, upon occurrence, to significantly affect HRL and the value of investments in HRL. An overview of these key risks is provided in Section 8.2.

An investment in HRL is also subject to general risks which are common to all investments in shares and are not specific to the business model and operations of HRL. These include, for example, the volatility of the share prices as a result of economic conditions, macroeconomic and fiscal decisions, currency movements and acts of terrorism or war. An overview of these general risks is provided in Section 8.3.

The future performance of HRL and the future investment performance of the Shares may be influenced by these key and general risks. Investors should note that the occurrence or consequences of some of the risks described in this section of the Prospectus are partially or completely outside of the control of HRL, its Directors and senior management. Prior to making any decision to accept the Offer, investors should carefully consider the risk factors applicable to HRL set out in this section, in addition to their own knowledge and enquiries.

Investors should be aware that this section does not purport to list every risk that HRL may have exposure to now or in the future and the list should not be seen as exhaustive. The specific risks considered and others not specifically referred to in this section may in the future materially affect the financial performance of HRL and the value of the New Shares offered under this Prospectus. Investors should satisfy themselves that they have sufficient understanding of the risks of investing in HRL, and have regard to their own investment objectives, financial circumstances and taxation before making an investment decision. Investors should read this Prospectus in its entirety and consult their professional advisers before deciding whether to apply for New Shares pursuant to this Prospectus.

### **8.2 Key risks specific to an investment in HRL**

#### **(a) Risks relating to the change in nature and scale of activities**

There are risks associated with a change in the nature of the Company's activities and associated with its proposed business and assets.

The acquisition of Precise Consulting constitutes a significant change in the nature and scale of the Company's activities and the Company needs to re-comply with Chapters 1 and 2 of the ASX Listing Rules as if it were seeking admission to the Official List of ASX. There is a risk that the Company may not be able to meet the requirements of the ASX for reinstatement of its Shares to trading on the ASX.

Should this occur, the Shares will not be able to be traded on the ASX until such time as those requirements can be met, if at all. Shareholders may be prevented from trading their Shares should the Company be suspended until such time as it does re-comply with the ASX Listing Rules.

#### **(b) Risks relating to the Company's operation's and assets**

(a) Both OCTIEF and Precise Consulting are relatively immature businesses and may not experience the current level of growth going forward.

(b) Both OCTIEF and Precise Consulting's ongoing laboratory and staff accreditations are reliant on the company and its staff maintaining best practice.

- (c) Precise Consulting is largely focused on the Christchurch region and the associated rebuild program. A withdrawal of support by the New Zealand Government for the rebuild would significantly impact Precise Consulting's business.
- (d) The Precise Consulting Acquisition will be primarily funded by debt finance, exposing the Combined Group to enhanced interest rate and liquidity risk.

(c) OCTIEF Milestone 3 Achievement Risk and Dilution Risk

Under the terms of the OCTIEF Acquisition, in addition to receiving the issue of 320,754,355 Shares, the Major Shareholders are entitled to receive three (3) tranches of further Shares in the Company upon achievement of three (3) separate milestones. Milestones 1 and 2 have been achieved since HRL acquired OCTIEF. A further maximum number of 64,150,871 Milestone Shares may be issued if Milestone 3 is achieved in full (Milestones 3 Shares). Full details of the Milestone 3 Shares are set forth in Section 2.7.

Whilst no assurance can be given that Milestone 3 will be achieved, if all of the Milestone 3 Shares are issued, the issue of the 64,150,871 Shares on completion of Milestone 3 will be dilutive to existing Shareholders.

Additionally, no assurance can be given that Milestone 3 will be achieved in full, and failure to do so, may result in the Company's business being materially and adversely affected.

(d) Financing, future capital needs and additional funding risk

The Combined Group's ability to effectively implement its business strategy over time may depend in part on its ability to raise additional funds. There can be no assurance that any such equity or debt funding will be available to the Combined Group on favourable terms or at all. If adequate funds are not available on acceptable terms, the Combined Group may not be able to take advantage of opportunities or otherwise respond to competitive pressures. If the Company raises additional funds through the issue of equity securities, this may dilute to the holdings of existing Shareholders.

(e) Foreign exchange exposure.

The Combined Group's future revenues and expenses will be incurred in Australian dollars and New Zealand dollars, though its financings are generally completed in Australia dollars. Although the Combined Group has taken certain steps from an operational perspective to help mitigate foreign currency fluctuations, there is no assurance that these steps are or will continue to be effective. HRL does not currently have any foreign currency or hedging arrangements in place. Accordingly, the inability of the Combined Group to obtain or to put in place effective arrangements, such as hedges, could materially increase exposure to fluctuations in the value of the New Zealand dollar relative to the Australian dollar. This could adversely affect the Combined Group's financial position and operating results.

(f) Exploration and evaluation risk

HRL still retains its Geothermal Permits. Exploration and development are high risk undertakings and even if an apparently viable resource is identified, there is no guarantee that it can be economically exploited. There can be no assurance that exploration will result in the discovery of an economic resource and a number of factors outside the control of the Company can affect this outcome.

### 8.3 General risks

(a) General economic and political Risks

Changes in the general economic and political climate in Australia, New Zealand and on a global basis could impact on economic growth, commodities prices, interest rates, the rate of inflation, taxation and tariff laws, domestic security which may affect the value and viability of any services activity that may be conducted by the Company.

(b) Competition risk

The Company's current and future potential competitors include companies with substantially greater resources. The Company may not be able to compete successfully against current or future competitors where aggressive pricing policies are employed to capture market share. Such competition could result in price reductions, reduced gross margins and loss of market share, any of which could materially adversely affect the Company's growth prospects, operating results and financial performance.

(c) Insurance risks

The Company intends to insure its operations in accordance with industry practice. However, in certain circumstances, the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect of the business, financial condition and results of the Company.

Insurance against all risks associated with operational and contract services is not always available and where available the costs can be prohibitive.

To mitigate these risks, the Company will seek to include provisions limiting its liability under each relevant contract it enters into as part of its operations.

(d) Market risk

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

- (a) general economic outlook; interest rates and inflation rates;
- (b) currency fluctuations; commodity price fluctuations;
- (c) changes in investor sentiment toward particular market sectors;
- (d) the demand for, and supply of, capital; and
- (e) terrorism and other hostilities.

(e) Government

Government action or policy change, in Australia and any country the Company provides services to the resources sector, particularly in relation to lands and infrastructure, compliance with environmental regulations, taxation and royalties, may adversely affect the Company's operations and financial performance.

(f) Dilution

Existing Shareholders should be aware that to the extent that they do not participate in the Offer their interest in the Company may be significantly diluted (see Section 1.10 and 5.7 for further details). Further the Offer is not being extended to Shareholders with registered addresses outside of Australia and New Zealand and the holdings of those Shareholders in the Company will be diluted by the Offer. Given the terms of the Offer, the interests of a Shareholder in the Company may be diluted by up to 49.5% in the event that they elect not to participate in the Offer is fully subscribed.

(g) Share Market Risk

The New Shares are to be quoted on the ASX, where their price may rise or fall in relation to the Offer Price. The market price of the Company's securities will be subject to varied and

often unpredictable influences in the share market. Both domestic and world economic conditions may affect the performance of the Company. The New Shares carry no guarantee in respect of profitability, dividends or return of capital, or the price at which they may trade on the ASX.

The value of the New Shares will be subject to the ASX market and hence a range of factors outside of the control of the Company and the Directors and officers of the Company. Such factors include the demand for and availability of Shares, movements in domestic and international interest rates and inflation rates, economic conditions and general economic outlook, exchange rates, fluctuations in the Australian and international share markets, taxation, government and monetary policies and demand and supply for capital. Returns from an investment in the New Shares offered under this Prospectus may also depend on general share market conditions, as well as the performance of the Combined Group.

Investors who decide to sell their New Shares after Listing may not receive the entire amount of their original investment. There can be no guarantee that an active market in the Shares will develop or that the price of the Shares will increase.

(h) General Economic Conditions

Changes in the general economic climate in which the Company operates may adversely affect the financial performance of the Company. Factors that may contribute to that economic climate include the general level of economic activity, interest rates, inflation, supply and demand, industrial disruption and other economic factors. These factors are beyond the control of the Company and the Company cannot, with any degree of certainty, predict how they will impact on the Company.

(i) Legislative Change

Changes in government regulations and policies may adversely affect the financial performance or the current and proposed operations generally of the Company.

Additionally, the Combined Group will be regulated by the New Zealand Government and relevant government agencies and regulators, in relation to the operation of the Precise Consulting business.

(j) Management actions

The Directors will, to the best of their knowledge, experience and ability (in conjunction with management) endeavour to anticipate, identify and manage the risks inherent in the activities of the Company, but without assuming any personal liability for same, with the aim of eliminating, avoiding and mitigating the impact of risks on the performance of the Company and its securities.

(k) Taxation

In all places where the Company has operations, in addition to the normal level of income tax imposed on all industries, the Company may be required to pay government royalties, indirect taxes, goods and services tax and other imposts which generally relate to revenue or cash flows. Industry profitability can be affected by changes in government taxation policies.

(l) Unforeseen Expenses

While the Company is not aware of any expenses that may need to be incurred that have not been taken into account, if such expenses were subsequently incurred, the expenditure proposals of the Company may be adversely affected.

## 9. Directors and management

### 9.1 Board of Directors

The Directors of HRL bring to the Board relevant expertise and skills, including industry and business knowledge, financial management and corporate governance experience.

| Name   | Experience, Qualifications and Expertise   |
|--|--|
| <p><b>Mr Darren Anderson</b><br/><b>(Executive Director)</b></p>   | <p>Mr Darren Anderson was formerly the Executive Director and Chief Operating Officer of Diversified Mining Services Ltd which is an unlisted public company that at its peak in mid-2012 had consolidated revenue in excess of \$200 million and 850 personnel. Previous career highlights include 15 years spent as founder and Executive Director of the Anderson Group of Companies, which grew from a single person operation in Mackay to a company with in excess of 300 employees and 12 operating divisions across both Queensland and New South Wales that serviced the Australian and international coal industries.</p> <p>Darren is the Executive Director of Integrated Holdings Group Pty Ltd which is the parent company for software vendor OCTFOLIO™ Pty Ltd. Prior to the OCTIEF Acquisition, Integrated Holdings Group Pty Ltd was also the parent company of OCTIEF.</p>  |
| <p><b>Mr Kevin Maloney</b><br/><b>(Chairman)</b></p>   | <p>Mr Kevin Maloney is the founder and Chairman of the Australian investment entity Tulla Group and has built an extensive career in retail banking, finance and resources.</p> <p>One of Kevin's numerous career highlights was as founder and Executive Chairman of The MAC Services Group (The MAC), which was sold to Oil States International in 2010 for \$651 million. Kevin was heavily involved in all stages of The MAC's growth, including its move into mining services accommodation in 1996.</p> <p>Kevin has been involved with numerous public companies as both an executive and director. After spending 20 years with ANZ Bank, Kevin joined Elders Resources Finance Limited in 1981, progressing to hold numerous positions including Chief Executive Officer.</p> <p>Kevin is currently the Chairman of ASX listed Altona Mining Limited and Integrated Holdings Group Pty Ltd which is the parent company for software vendor OCTFOLIO™ Pty Ltd and previously, the holding company of environmental services group OCTIEF.</p> |
| <p><b>Dr Mark Elliott</b><br/><b>(Non-Executive Director)</b><br/>(Dip App Geol., PhD, FAICD, FAusIMM(CP), FSEG)</p> | <p>Dr Elliott is a Chartered Professional (CP) geologist with over 39 years' experience in economic geology, exploration, mining, project development and corporate management. Mark has extensive experience in managing companies and exploration/mining operations in a wide range of commodities including energy.</p> <p>Mark has a diploma in Applied Geology from the Ballarat School of Mines and a Doctor of Philosophy degree from the University of New South Wales. Mark is a Fellow of the Australian Institute of Company Directors, Australasian Institute of Mining and Metallurgy and Society of Economic Geologists.</p>   |
| <p><b>Mr John Taylor</b><br/><b>(Non-Executive Director)</b><br/>(LLB, Grad Dip ACG)</p>                             | <p>Mr Taylor is the founding partner of Taylors Solicitors, Mackay, a Senior Counsellor of the Queensland Law Society and has over 30 years' experience in commercial and property transactions and litigation.</p> <p>John Taylor was, from 2006 and 2010, a director of ASX listed The Mac Services Group Limited, where he was Chair of the</p>   |

|  |   |
|--|---|
|  | Remuneration and Nomination Committee and a member of the Audit and Risk Management Committee. He is also a former Chair of the Mackay Port Authority and a Board member of Tourism Mackay and Mackay Regional Economic Bureau. |
|--|---|

## 9.2 Constraints on availability

Save as noted in this Prospectus, each Director has confirmed with HRL that he anticipates being available to perform his duties as a Non-Executive Director or Executive Director, as the case may be, of HRL without undue constraints from other commitments.

## 9.3 Independence of Directors

The Board considers that Mark Elliott and John Taylor are free from any business or any other relationship that could materially interfere with, or reasonably be perceived to interfere with, the independent exercise of their judgment and is able to fulfil the role of Independent Director for the purposes of the ASX Corporate Governance Principles and Recommendations (Third Edition).

Darren Anderson and Kevin Maloney are not currently considered by the Board to be able to fulfil the role of Independent Directors. Darren Anderson is the Executive Director of HRL and expects to hold a Relevant Interest in approximately 9.54% of the Shares in the Company on Completion. Kevin Maloney is the non-executive Chairman of the Company and is associated with Tulla, the Underwriter to the Offer. Details of the Relevant Interest in Shares Tulla may hold depending upon the level of any shortfall under the Offer are set forth in section 2.14.

## 9.4 Senior management team

The senior management team of the Company has been assembled to incorporate the required expertise and skills to foster the Company's corporate and business development.

| Name  | Experience, Qualifications and Expertise   |
|---|--|
| <b>Steven Dabelstein</b><br><b>(Chief Executive Officer)</b><br>(B.Comm, CPA)   | <p>Mr Dabelstein has a strong financial and operational background in various roles, including most recently as General Manager Commercial and Qld Mining/Maintenance Services with Diversified Mining Services Limited.</p> <p>Mr Dabelstein's experience includes public practice accounting, manufacturing, service and the construction industries. Previous roles have provided exposure to large-scale international businesses reporting through and working with companies in the US, Asia and Europe.</p>   |
| <b>Michael Harvey</b><br><b>(Chief Finance Officer)</b><br>(CA, GAIA, Grad Dip ICAA, Grad Dip CSA, B Bus, B App Sci.) | <p>Mr Michael Harvey is a Chartered Accountant and Chartered Secretary. Michael holds Bachelor degrees in Business and Property Economics and post Graduate Diplomas in Accounting and Corporate Governance.</p> <p>Michael has more than 13 years in the accountancy profession in Australia, having worked for PKF (now BDO) for eight years in audit, and subsequently over five years in commercial roles as financial controller for a number of listed companies mainly in the property and resources sector. Michael has experience in all aspects of company financial reporting, internal control, corporate regulatory and governance areas, business acquisition and disposal, due diligence, and company secretarial responsibilities.</p> |



|  |   |
|--|---|
| <b>Paul Marshall</b><br><b>(Company Secretary)</b><br>(LLB, ACA) | Mr Paul Marshall holds a Bachelor of Law degree, a post Graduate Diploma in Accounting and is a Chartered Accountant. Paul has more than 25 years of experience initially with Ernst & Young and subsequently fifteen years spent in commercial roles as Company Secretary and CFO for a number of listed and unlisted companies, mainly operating in the resources sector. Paul has extensive experience in all aspects of company financial reporting, corporate regulatory and governance areas, business acquisition and disposal due diligence, capital raising and company listings and company secretary responsibilities. |
|--|---|

## 9.5 Executive Directors' and Management's Remuneration

The Company has entered into a number executive employment arrangements. Details of the interests, benefits and key terms of these agreements are set out below:

|   | <b>Steven Dabelstein</b>   | <b>Darren Anderson</b>   | <b>Paul Marshall</b>  | <b>Michael Harvey</b>   | <b>Andre Halkyard</b>                                |
|---|--|--|---|---|--|
| <b>Position</b>                                 | Chief Executive Officer  | Executive Director   | Company Secretary   | Chief Finance Officer   | General Manager                                      |
| <b>Total Fixed Remuneration (TFR)</b>           | \$250,000 per annum (inclusive of statutory superannuation) per annum.   | \$250,000 per annum (inclusive of statutory superannuation) per annum.   | \$52,000 per annum (inclusive of statutory superannuation) per annum. | \$65,700 per annum (inclusive of statutory superannuation) per annum. | \$150,400NZD per annum (inclusive of superannuation) |
| <b>Long Term Incentive schemes and benefits</b> | Nil  | Nil  | Nil   | Nil   | Nil  |
| <b>Annual discretionary bonus</b>               | <p>Up to \$50,000 per annum.</p> <p>Target (80%) - \$40,000 per annum:</p> <ol style="list-style-type: none"> <li>1. Achieve operating EBIT before HRL corporate charge of \$1,500,000 – weighting 50% of target amount;</li> <li>2. HRL share price to be a minimum of 0.12c per Share as at June 2015 – weighting 50% of target amount</li> </ol> <p>Stretch Target (20%) - \$10,000 per annum:</p> <ol style="list-style-type: none"> <li>1. Achieve operating EBIT before HRL corporate charge of \$1,800,000 – weighting 50% of stretch target amount;</li> </ol> <p>HRL share price to be a minimum of 19.5c per Share as at June 2015 – weighting 50% of stretch target amount.</p> | <p>Up to \$50,000 per annum.</p> <p>Target (80%) - \$40,000 per annum:</p> <ol style="list-style-type: none"> <li>3. Achieve operating EBIT before HRL corporate charge of \$1,500,000 – weighting 50% of target amount;</li> <li>4. HRL share price to be a minimum of 0.12c per Share as at June 2015 – weighting 50% of target amount</li> </ol> <p>Stretch Target (20%) - \$10,000 per annum:</p> <ol style="list-style-type: none"> <li>2. Achieve operating EBIT before HRL corporate charge of \$1,800,000 – weighting 50% of stretch target amount;</li> </ol> <p>HRL share price to be a minimum of 19.5c per Share as at June 2015 – weighting 50% of stretch target amount.</p> | Nil   | Nil   | Nil  |
| <b>Salary review</b>                            | Annually   | Annually   | Annually  | Annually  | Annually   |
| <b>Term</b>                                     | Ongoing – no fixed term  | Ongoing – no fixed term  | Ongoing – no fixed term   | Ongoing – no fixed term   | Ongoing – no fixed term                              |
| <b>Termination</b>                              | 3 months' notice   | 3 months' notice   | One month notice  | One month notice  | One month notice                                     |

## 9.6 Directors' fees

The Constitution of the Company provides that the Non-Executive Directors are entitled to a fixed sum of Directors' fees. The aggregate maximum remuneration for Non-Executive Directors currently determined by the Company is \$250,000 per annum. Pursuant to the terms of the Non-Executive Director letters of appointment, the Company has agreed to pay \$40,000 in annual Directors' fees to each Non-Executive Director. In addition to fees paid for his role as Non-Executive Director of the Company, Mr Maloney also receives \$35,000 for his position as Non-Executive Chairman. Mr Fred Kempson, the alternate non-executive Director is not paid a Director's fee.

At present, the Board of the Company is constituted by an Executive Director, the Non-Executive Chairman, and alternate Non-Executive Director and two Non-Executive Directors. Mr Anderson has been engaged by the Company under an employment agreement, the terms of which are summarised above at Section 12.6. The Board has agreed that Mr Anderson shall not be paid a Director's fee in addition to the fees payable under his employment agreement.

## 9.7 Remuneration and Entitlements

If a Non-Executive Director performs extra services, which in the opinion of the Board are outside the scope of the ordinary duties of the Director, the Company may remunerate that Director by payment of an additional sum for those services and exertions. However, no payment can be made if the effect would be to exceed the maximum aggregate amount payable to Non-Executive Directors.

A Non-Executive Director is also entitled to be paid travelling and other expenses properly incurred by them in attending Director' or General Meetings of the Company or otherwise in connection with the business of the Company.

There are no retirement benefit schemes for Directors, other than statutory superannuation contributions.

## 9.8 Directors' Shareholdings

Directors are not required under the Constitution to hold any Shares in the Company.

The Directors (and their associates) are entitled to apply for New Shares in the Offer.

The interests of Directors and their associates in the securities of the Company at the date of this Prospectus on a pre-Consolidation basis are as follows:

| Director        | Number of Shares <sup>(1)</sup> | Number of Options <sup>(1)(2)</sup> |
|-----------------|---------------------------------|-------------------------------------|
| Darren Anderson | 96,226,307 <sup>1</sup>         | -                                   |
| Kevin Maloney   | 288,678,920                     | -                                   |
| Mark Elliott    | 31,832,228 <sup>2</sup>         | 5,500,000 <sup>3</sup>              |
| John Taylor     | 2,000,000                       | -                                   |

## 9.9 Corporate governance

(a) Incorporation of corporate governance material

<sup>1</sup> Held as Darren Anderson and Julie Anderson as trustees for the DG&JE Anderson Family Trust, an entity associated with Darren Anderson.

<sup>2</sup> 29,207,228 Shares held in name of Elliott Nominees Pty Ltd < Elliott Exploration A/C> Superfund and 2,625,000 Shares held in name of Sodell Investments Pty Ltd <Elliott Disc Trust No 4 A/C>, entities associated with Mark Elliott.

<sup>3</sup> Exercisable at \$0.04 and expiring on 30 November 2015.

For the purposes of this Prospectus, the Company relies upon the provisions in Section 712 of the Corporations Act which enables the Company to incorporate material by reference into this Prospectus. Accordingly rather than contain all the information that may be required to be set out in a standard document of this type in relation to the corporate governance practices of the Company, it incorporates by reference the Corporate Governance Charter.

The Corporate Governance Charter can be obtained, at no cost, from the Company's registered office and is also available on the Company's website [www.hrlholdings.com](http://www.hrlholdings.com).

The following summary is provided pursuant to Section 712(2) of the Corporations Act.

(b) General

The Directors are responsible for protecting the rights and interests of the Shareholders through the implementation of sound strategies and action plans and the development of an integrated framework of controls over the Company's resources, functions and assets. The Board will constantly review and monitor the performance of the Board and the Company and implement changes as required.

The Company does not have any formally constituted committees of the Board of Directors. The Directors consider that the Company is not of a size nor are its affairs of such complexity as to justify the formation of any other special or separate committees at this time. The Board as a whole is able to address the governance aspects of the Company's activities and ensure that it adheres to appropriate ethical standards. This statement outlines the main corporate governance policies which the Directors have adopted.

(c) Composition of the Board

The Board comprises four Directors. The names, qualifications and relevant experience of each Director are set out in Section 9.1. There is no requirement for any Director's shareholding qualification.

As the Company's activities increase in size, nature and scope, the size of the Board will be reviewed periodically and the optimum number of Directors required to adequately govern the Company's activities determined within the limitations imposed by the Constitution.

(d) Board membership

The Board acts as a nomination committee. Members of the Board have been brought together to provide a blend of qualifications, skills and n experience required for managing a conglomerate company.

(e) Appointment and retirement of Directors

The Constitution provides that Directors are subject to retirement by rotation, by order of length of appointment. Retiring Directors are eligible for re-election by Shareholders at the annual general meeting of the Company.

(f) Duties of Directors

Directors are expected to accept all duties and responsibilities associated with the running of a public company, to act in the best interests of the Company and to carry out their duties and responsibilities with due care and diligence.

Directors are required to take into consideration conflicts when accepting appointments to other boards. Accordingly, Directors wishing to accept appointment to other boards must first seek approval from the Board, approval of which will not be unreasonably withheld.

(g) Independent professional advice

The Board has determined that individual Directors may, in appropriate circumstances, engage outside advisers at the Company's expense. The engagement of an outside adviser is subject to the prior approval of the Board, which will not be unreasonably withheld.

(h) Compensation arrangements

Details regarding the current remuneration of Directors are set out in Section 9.5.

The Board is responsible for reviewing and negotiating the compensation arrangements of senior executives and consultants.

(i) Internal Management controls

The Company's assets are located in Australia and New Zealand. Control over the operations is exercised by senior management. The Board also monitors the performance of outside consultants engaged from time to time to complete specific projects and tasks.

(j) Identifying significant business risks

The Board regularly monitors the operational and financial performance of the Company's activities. It monitors and receives advice on areas of operation and financial risk and considers strategies for appropriate risk management.

(k) Trading policies

The Directors, executives and employees of the Company are subject to the trading policy adopted by the Company (Trading Policy). The Trading Policy imposes a number of restrictions in relation to them dealing in Shares of the Company. As a general policy, Directors, executives and employees can only deal in Shares in the Company during certain periods or in certain circumstances and then only after giving notice of the intended transaction to the Chairman of the Board.

The Trading Policy can be obtained, at no cost, from the Company's registered office and is also available on the Company's website, [www.hrlholdings.com](http://www.hrlholdings.com).

(l) Corporate Governance Charter

The Company has adopted a Corporate Governance Charter in order to implement and maintain a culture of good corporate governance both internally and in its external dealings. In adopting the Corporate Governance Charter the Board is mindful of the Corporate Governance Principles and Recommendations (Third Edition) (**Corporate Governance Principles and Recommendations**) released by the ASX Corporate Governance Council (Council) on 27 March 2014 and which took effect for a listed entity's first full financial year commencing on or after 1 July 2014.

The Corporate Governance Charter can be obtained, at no cost, from the Company's registered office and is also available on the Company's website, [www.hrlholdings.com](http://www.hrlholdings.com).

The following table briefly addresses each recommendation made by the Corporate Governance Principles and Recommendations.

Where the Company's corporate governance practices do not correlate with the practices recommended by the Council, the Company is working towards compliance however it does not consider that all practices are appropriate for the Company due to the size and scale of the Company's operations at present. As the Company's activities develop in size, nature and scope the implementation of additional corporate governance structures will be given further consideration.

The Board is of the view that with the exception of the departures to the Council's

Corporate Governance Principles and Recommendations set out below, it otherwise complies with all of the Council's Corporate Governance Principles and Recommendations.

| <b>Recommendation Reference</b> | <b>Notification of Departure</b>   | <b>Explanation for Departure</b>   |
|---------------------------------|--|--|
| 2.1                             | A majority of the board is not independent   | <p>The current board has two independent directors and two directors who are considered to be not independent. Darren Anderson and Kevin Maloney are not currently considered by the Board to be able to fulfil the role of Independent Directors. Darren Anderson is the Executive Director of HRL by virtue of, amongst other things, the level of the expected Relevant Interest the Shares in the Company they will hold on Completion. See section 2.14 for details.</p> <p>The Board believe that the individuals on the board can and do make quality and independent judgements in the best interest of the Company and other stakeholders notwithstanding that they are not independent directors in accordance with the criteria set out in the recommendations.</p> |
| 2.2                             | The Chairman is not independent  | The Chairman of the company is not considered to be independent as he is a substantial shareholder of the Company. The Board believes that the current Chairman can and does make quality and independent judgements in the best interest of the Company and other stakeholders notwithstanding that he is not an independent director in accordance with the criteria set out in the recommendations.   |
| 2.4                             | A separate Nomination Committee has not been formed  | The Board considers that the Company is not currently of a size to justify the formation of a separate nomination committee. The board as a whole will undertake the process of reviewing the skill base and experience of existing directors to enable identification or attributes required in new directors. Where appropriate, independent consultants may be engaged to identify possible new candidates for the board.   |
| 3.2, 3.3                        | Measurable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them have not been implemented | The Board has established a Diversity Policy. There are some aspects of the recommendations that are difficult to comply with due to the Company's size. The Board at this juncture has not set measurable objectives. This policy will be reviewed as part of the annual compliance review to ensure that the Diversity Policy is being progressed as required and to set measurable objectives when appropriate for the Company.   |
| 4.1, 4.2, 4.3                   | A separate Audit Committee has not been formed   | The Board considers that the Company is not of a size, nor is its financial affairs of such complexity, to justify the formation of an audit committee. The Board as a whole undertakes the selection and proper application of accounting policies, the identification and management of risk and the review of the operation of the internal control systems.  |

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8.1

There is no separate  
Remuneration  
committee

The Board considers that the Company is not currently of a size, nor are its affairs of such complexity, to justify the formation for the remuneration committee. The Board as a whole is responsible for the remuneration arrangements for directors and any executives of the Company.

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## 10. Historical and Pro-forma Financial Information

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### 10.1 Introduction

This Section sets out the historical and pro-forma financial information. The basis for preparation and presentation of this information is also set out below.

The financial information has been prepared by management and adopted by the Board. The Board is responsible for the inclusion of all financial information in the Prospectus. BDO Audit has prepared an Independent Limited Assurance Report in respect of the historical and pro-forma financial information. A copy of the report is contained in Section 11.

The historical and pro-forma financial information has been prepared in accordance with the recognition and measurement criteria of Australian Accounting Standards and the significant accounting policies set out in Section 10.5 below. The historical and pro-forma financial information comprises financial information of the Company and Precise Consulting (the **Combined Entity**). The historical and pro-forma financial information is presented in an abbreviated form insofar as it does not include all the disclosures and notes required in an annual financial report prepared in accordance with Australian Accounting Standards and the Corporations Act 2001.

### 10.2 Historical Financial Information

The historical financial information for both HRL and Precise Consulting set out below comprises:

- the reviewed consolidated Balance Sheet as at 31 December 2014 of HRL;
- the reviewed Balance Sheet as at 31 December 2014 of Precise Consulting; and
- selected notes to the reviewed Balance Sheets.

The historical financial information has been extracted from the consolidated interim financial report of HRL for the half-year ended 31 December 2014 and the balance sheet of Precise Consulting as at 31 December 2014, which were both reviewed by BDO Audit in accordance with the Australian Auditing Standards. BDO Audit issued unmodified audit conclusions on both the consolidated interim financial report and the balance sheet.

The historical financial information does not include a Statement of Comprehensive Income or a Statement of Cash Flows.

### 10.3 Pro-Forma Financial Information

The pro-forma financial information for HRL set out below comprises:

- the reviewed Pro-Forma Balance Sheet as at 31 December 2014 of the Combined Entity showing the impact of the proposed capital issue and the effects of the Precise Consulting Acquisition; and
- selected notes to the reviewed Pro-Forma Balance Sheet

The Pro-Forma Balance Sheet has been derived from the reviewed Balance Sheets as at 31 December 2014 adjusted for the following transactions as if they had occurred at 31 December 2014 (pro-forma transactions):

- (a) the issue of approximately 76,923,077 Shares pursuant to this Prospectus at the Offer Price of \$0.065 per Share to raise \$5,000,000 cash before costs of the Offer. All ordinary Shares issued pursuant to this Prospectus will be issued as fully paid;
- (b) total costs expected to be incurred in connection with the Offer of approximately \$430,000;



- (c) total costs expected to be incurred in connection with the acquisition of Precise Consulting of approximately \$80,000;
- (d) the issue of Milestone 1 shares to OCTIEF vendors as described in Section 2.8;
- (e) the effects of the Precise Consulting Acquisition as described in Section 3; and
- (f) the drawdown of \$3,500,000 of bank debt.

| 10.4                           | Historical and Pro-Forma<br>Financial Information | Note | HRL Reviewed<br>Historical Balance<br>Sheet | HRL Capital<br>Issue | Precise Reviewed<br>Historical Balance<br>Sheet | Impact of<br>Acquisition | Combined Entity<br>Reviewed Pro-Forma<br>Balance Sheet |
|--------------------------------|---|------|---|----------------------|---|--------------------------|--|
| 31 December 2014               |   |      | (A)   | (B)                  | (C)   | (D)                      | (E)  |
|                                |   |      | \$  | \$                   | \$  | \$                       | \$   |
| <b>CURRENT ASSETS</b>          |   |      |   |                      |   |                          |  |
|                                | Cash and cash equivalents                         | 4    | 1,762,349                                   | 4,570,000            | 376,586   | (1,454,933)              | 5,254,002  |
|                                | Trade and other receivables                       | 2    | 469,999                                     | -                    | 478,323   | (235,909)                | 712,413  |
|                                | Other current assets                              |      | 43,750                                      | -                    | -   | -                        | 43,750   |
|                                | <b>TOTAL CURRENT ASSETS</b>                       |      | <b>2,276,098</b>                            | <b>4,570,000</b>     | <b>854,909</b>                                  | <b>(1,690,842)</b>       | <b>6,010,165</b>                                       |
| <b>NON-CURRENT ASSETS</b>      |   |      |   |                      |   |                          |  |
|                                | Plant and equipment                               |      | 194,898                                     | -                    | 98,369  | -                        | 293,267  |
|                                | Deferred tax assets                               |      | 55,173                                      | -                    | -   | -                        | 55,173   |
|                                | Intangibles                                       | 3    | 306,619                                     | -                    | -   | 5,227,182                | 5,533,801  |
|                                | <b>TOTAL NON-CURRENT ASSETS</b>                   |      | <b>556,690</b>                              | <b>-</b>             | <b>98,369</b>                                   | <b>5,227,182</b>         | <b>5,882,241</b>                                       |
|                                | <b>TOTAL ASSETS</b>                               |      | <b>2,832,788</b>                            | <b>4,570,000</b>     | <b>953,278</b>                                  | <b>3,536,340</b>         | <b>11,892,406</b>                                      |
| <b>CURRENT LIABILITIES</b>     |   |      |   |                      |   |                          |  |
|                                | Trade and other payables                          |      | 465,930                                     | -                    | 198,771   | -                        | 664,701  |
|                                | Short-term provisions                             |      | 54,257                                      | -                    | 16,775  | -                        | 71,032   |
|                                | Income tax payable                                |      | 40,167                                      | -                    | 212,138   | -                        | 252,305  |
|                                | Borrowings  | 5    | -   | -                    | -   | 799,082                  | 799,082  |
|                                | <b>TOTAL CURRENT LIABILITIES</b>                  |      | <b>560,354</b>                              | <b>-</b>             | <b>427,684</b>                                  | <b>799,082</b>           | <b>1,787,120</b>                                       |
| <b>NON-CURRENT LIABILITIES</b> |   |      |   |                      |   |                          |  |
|                                | Deferred tax liabilities                          | 3    | -   | -                    | -   | 641,935                  | 641,935  |
|                                | Borrowings  | 5    | -   | -                    | -   | 2,700,918                | 2,700,918  |
|                                | <b>TOTAL NON-CURRENT LIABILITIES</b>              |      | <b>-</b>                                    | <b>-</b>             | <b>-</b>  | <b>3,342,853</b>         | <b>3,342,853</b>                                       |
|                                | <b>TOTAL LIABILITIES</b>                          |      | <b>560,354</b>                              | <b>-</b>             | <b>427,684</b>                                  | <b>4,141,935</b>         | <b>5,129,973</b>                                       |
| <b>NET ASSETS</b>              |   |      | <b>2,272,434</b>                            | <b>4,570,000</b>     | <b>525,594</b>                                  | <b>(605,595)</b>         | <b>6,762,433</b>                                       |
| <b>EQUITY</b>                  |   |      |   |                      |   |                          |  |
|                                | Issued capital                                    | 1    | 2,983,021                                   | 4,570,000            | 96  | (96)                     | 7,553,021  |
|                                | Reserves  |      | 6,307                                       | -                    | -   | -                        | 6,307  |
|                                | Retained earnings/ (Accumulated losses)           |      | (716,894)                                   | -                    | 525,498   | (605,499)                | (796,895)  |
| <b>TOTAL EQUITY</b>            |   |      | <b>2,272,434</b>                            | <b>4,570,000</b>     | <b>525,594</b>                                  | <b>(605,595)</b>         | <b>6,762,433</b>                                       |

## 10.5 Notes to and Forming Part of the Financial Information

### Note 1

The pro-forma issued capital includes the following assumptions:

- the issue of approximately 76,923,077 Shares pursuant to this Prospectus at the Offer Price of \$0.065 per Share to raise \$5,000,000 cash before costs of the Offer. All ordinary Shares issued pursuant to this Prospectus will be issued as fully paid;
- the consolidation of share capital on a 1:13 basis;
- the issue of Milestone 1 shares to OCTIEF vendors that occurred on 4 February 2015 (refer Section 2.8); and
- costs expected to be incurred in connection with the issue of \$430,000.

#### Reconciliation of movements in HRL's pro-forma issued capital

|  | Number of<br>ordinary<br>shares<br># | Contributed<br>equity<br>\$ |
|--|--------------------------------------|-----------------------------|
| HRL reviewed Balance Sheet 31 December 2014 (A)                      | 848,765,471                          | 2,983,021                   |
| Issue of Milestone 1 shares to OCTIEF vendors                        | 160,377,178                          | -                           |
| Consolidation of share capital (at 1:13)                             | (931,516,291)                        | -                           |
| Issue of shares pursuant to the prospectus (B)                       | 76,923,077                           | 5,000,000                   |
| Total costs expected to be incurred in connection with the issue (B) | -                                    | (430,000)                   |
| <b>Pro-forma Balance Sheet 31 December 2014 (E)</b>                  | <b>154,549,435</b>                   | <b>7,553,021</b>            |

### Note 2

Under the terms of the Share Sale Agreement, the Precise Consulting Vendors have the ability to pay out pre-acquisition profits to the extent that at least \$NZD100, 000 in working capital remains. The pro-forma balance sheet as at 31 December 2014 has been adjusted to reflect such a payout as follows.

|  | \$AUD          |
|--|----------------|
| Precise Consulting working capital reviewed Balance Sheet 31 December 2014 (C) <sup>1</sup>              | 427,225        |
| Less notional pre-acquisition dividend to Precise Consulting Vendors                                     | (331,493)      |
| Revised working capital of \$NZD100,000 (converted at 1.046)   | <u>95,732</u>  |
| Notional pre-acquisition dividend to Precise Consulting Vendors paid as follows:                         |                |
| Offset of loans receivable from Precise Consulting Vendors (shown in trade and other receivables in (C)) | 235,909        |
| Cash payment   | 95,732         |
|  | <u>331,493</u> |

<sup>1</sup> Current assets less current liabilities

### Note 3

The proposed acquisition of Precise Consulting represents a business combination under AASB 3 Business Combinations and has been consolidated in the pro-forma balance sheet as follows:

#### Pro-forma details of purchase consideration and net assets acquired

|   |     | <b>\$AUD</b> |
|---|-----|--------------|
| Purchase consideration (\$5,000,000 NZD converted at 1.046)                               | (a) | 4,779,201    |
| <u>Fair value of net assets acquired</u>  |     |              |
| Cash and cash equivalents (net of pre-acquisition dividend to Precise Consulting Vendors) |     | 280,854      |
| Trade and other receivables (net of pre-acquisition dividend)                             |     | 242,414      |
| Plant and equipment   |     | 98,369       |
| Intangible assets   | (b) | 5,227,182    |
| Trade and other payables  |     | (198,770)    |
| Short term provisions   |     | (16,775)     |
| Current tax payable   |     | (212,138)    |
| Deferred tax liabilities  |     | (641,935)    |
|   |     | 4,779,201    |

(a) The Purchase Price will be paid as follows:

- payment on completion of the Precise Consulting Acquisition of NZD\$5,000,000 in cash; and
- earn-out consideration of up to \$NZD2,500,000.

The amount of earn out consideration will be calculated based on Precise Consulting's earnings before interest and taxes (EBIT) for the year 1 January 2015 to 31 December 2015.

The following framework for the amount of earn-out consideration to be paid to the Sellers has been agreed:

| <b>EBIT (NZD)</b>       | <b>Earn Out Consideration (NZD)</b> |
|-------------------------|-------------------------------------|
| Less than \$1.9 million | Nil                                 |
| \$1.9 – 2.1 million     | \$700,000                           |
| \$2.1m to \$2.3 million | \$1,300,000                         |
| \$2.3m to \$2.5 million | \$1,900,000                         |
| More than \$2.5 million | \$2,500,000                         |

One third of the earn-out consideration will be paid in early 2016. Payment of the remaining two thirds of the earn-out consideration will be paid in 24 equal monthly instalments from February 2016 onwards.

Payment of the earn-out consideration is contingent on Mr Andre Halkyard's ongoing service with Precise Consulting. Mr Halkyard will remain General Manager of Precise Consulting for a minimum period of three years after acquisition. In the situation where Mr Halkyard's employment is terminated prior to the minimum three year period, the earn-out consideration will be reduced proportionately to the length of time not employed.

As the earn-out consideration is automatically forfeited if Mr Halkyard's employment terminates, in accordance with AASB 3 Business Combinations the payments are considered compensation for post-combination services and have not been included in the purchase consideration.

- (b) It is anticipated that intangible assets will reflect customer contracts, customer relationships, accreditations and goodwill recognised on acquisition. As the acquisition has not yet occurred the initial accounting for the business combination is incomplete and the amounts disclosed above have been determined only provisionally.

#### Note 4

##### **Reconciliation of movements in pro-forma cash and cash equivalents**

|   | <b>Cash and cash<br/>equivalents<br/>\$AUD</b> |
|---|--|
| HRL Reviewed Balance Sheet 31 December 2014 (A)   | 1,762,349                                      |
| Issue of shares pursuant to the prospectus (B)  | 5,000,000                                      |
| Total costs expected to be incurred in connection with the capital raise (B)                      | (430,000)                                      |
| Precise Consulting reviewed Balance Sheet 31 December 2014 (C)                                    | 376,586  |
| Pre-acquisition dividend to be paid to Precise Consulting Vendors (D)                             | (95,732)                                       |
| Proceeds from bank borrowings (D)   | 3,500,000                                      |
| Upfront Purchase Price paid to Precise Consulting Vendors (\$NZD5,000,000 converted at 1.046) (D) | (4,779,201)                                    |
| Costs expected to be incurred in connection with the acquisition (D)                              | (80,000)                                       |
| <b>Pro-forma Balance Sheet 31 December 2014 (E)</b>   | <u>5,254,002</u>                               |

#### Note 5

In order to partially fund the payment of the Purchase Price, HRL has received a formal loan offer from its bankers with respect to a facility of up to \$3,500,000. Final loan documentation has yet to be provided by the bank. The pro-forma transaction in relation to bank financing is based on the following indicative terms:

|   |             |
|---|-------------|
| Loan principle (AUD)                            | \$3,500,000 |
| Loan Term (months)                              | 48          |
| Monthly repayments principle and interest (AUD) | \$82,200    |
| Interest rate (variable rate)                   | 5.92%       |

This results in pro-forma borrowings disclosed as follows:

|                          |                    |
|--------------------------|--------------------|
| Borrowings - current     | \$799,082          |
| Borrowings – non-current | \$2,700,918        |
|                          | <u>\$3,500,000</u> |

## Note 6

### **Accounting policies**

The following is a summary of the material accounting policies adopted by the Combined Entity in the preparation of the financial information. The accounting policies have been consistently applied unless otherwise stated. The financial information is in compliance with the recognition and measurement requirements of Australian Accounting Standards.

### **Reporting basis and conventions**

The financial information has been prepared on an accruals basis and is based on historical costs, except for certain financial instruments measured at fair value.

#### (a) Income Tax

The income tax expense or revenue for a period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses in the tax jurisdiction in which they arose.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

#### (b) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

Revenue is recognised when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Combined Entity's activities as described below. The Combined Entity bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities as follows:

(a) Rendering of Services

Revenue from the provision of services is recognised on an accruals basis in the period in which the service is provided.

Revenue from the provision of these services is calculated with reference to the professional staff hours incurred on each client assignment adjusted for any time that may not be recoverable.

(b) Interest Income

Interest revenue is recognised using the effective interest method. It includes the amortisation of any discount or premium.

(c) Impairment of Assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units).

Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(d) Cash and Cash Equivalents

For cash flow statement presentation purposes, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily converted to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(e) Property, Plant and Equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation is calculated on a straight line basis to write off the net cost of each item of property, plant and equipment over its estimated useful life to the consolidated entity, or in case of lease hold improvements, the shorter lease term. Estimates of remaining useful lives are made on a regular basis for all assets.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount of the assets. These are included in profit or loss.

(f) Intangible Assets

(1) Customer contracts

Customer contracts acquired as part of a business combination are recognised separately from goodwill. The customer contracts are carried at their fair value at the date of acquisition less accumulated amortisation and impairment losses.

Amortisation is calculated based on the timing of projected cash flows of the contracts over their estimated useful lives, which currently vary from 1 to 3 years.

(2) Licenses and accreditations

Licenses and accreditations acquired as part of a business combination are recognised separately from goodwill. The licenses and accreditations are carried at their fair value at the date of acquisition less accumulated amortisation and impairment losses. Amortisation is calculated based on the timing of projected cash flows of the contracts over their estimated useful lives, which currently vary from 3 to 5 years.

(g) Financial Assets and Financial Liabilities

Financial assets and financial liabilities are recognised on the statement of financial position when the entity becomes party to the contractual provisions of the financial instrument.

A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire or are transferred and no longer controlled by the entity.

A financial liability is removed from the statement of financial position when the obligation specified in the contract is discharged or cancelled or expires.

(h) Trade Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance for impairment of trade receivables is established when there is objective evidence that the entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the provision 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. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of the allowance is recognised in other expenses in profit or loss. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

(i) Work in Progress

Work in progress represents costs incurred and profit recognised on client assignments and services that are in progress at balance date. Work in progress is valued at net realisable value after providing for any foreseeable losses.

(j) Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the entity as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit or loss on a straight line basis over the period of the lease.

Lease income from operating leases where the entity is a lessor is recognised in income on a straight line basis over the lease term.

(k) Trade and Other Payables



These amounts represent liabilities for goods and services provided to the entity prior to the end of the financial period and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(l) Employee Benefits

(a) Short term obligations

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and long service leave is recognised in the provision for employee benefits.

(b) Other long-term employee benefit obligations

The liability for long service leave and other benefits which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(c) Bonus plans

The entity recognises a liability and an expense for bonuses and profit-sharing based on a formula that takes into consideration the profit attributable to shareholders after certain adjustments. The entity recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation. Liabilities for bonus plans are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

(d) Superannuation

Contributions to defined contribution funds are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(m) Contributed Equity

Ordinary shares 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.

Note 7

**Subsequent Events**

The Directors of both HRL and Precise Consulting are not aware of any other significant changes in the state of affairs of HRL or Precise Consulting, or events subsequent to 31 December 2014, except as disclosed elsewhere in this Prospectus, that would have a material impact on the historical or pro-forma financial information.

## 11. Independent Limited Assurance Report

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To the Directors  
HRL Holdings Limited  
Level 8, Waterfront Place, 1 Eagle Street  
Brisbane QLD 4000, Australia

6 February 2015

Dear Directors

### INDEPENDENT LIMITED ASSURANCE REPORT ON HRL HOLDINGS LIMITED HISTORICAL AND PRO-FORMA FINANCIAL INFORMATION

#### Introduction

We have been engaged by HRL Holdings Limited ("HRL") to report on the historical financial information and pro-forma financial information of HRL and of Precise Consulting and Laboratory Limited ("Precise Consulting") as at 31 December 2014 for inclusion in the public document dated on or about 6 February 2015 in connection with the issue of approximately 76,923,077 shares in HRL and the acquisition of Precise Consulting by HRL ("the document").

Expressions and terms defined in the document have the same meaning in this report.

#### Scope

##### *Historical financial information*

You have requested BDO Audit Pty Ltd to review the following historical financial information of HRL (the responsible party) and Precise Consulting included in the document:

- The HRL Historical Balance Sheet as at 31 December 2014; and
- The Precise Consulting Historical Balance Sheet as at 31 December 2014.

Hereafter referred to as "the historical financial information".

The historical financial information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the companies adopted accounting policies.

The historical financial information has been extracted from the consolidated interim financial report of HRL for the half-year ended 31 December 2014 and the balance sheet of Precise Consulting as at 31 December 2014, which were both reviewed by BDO Audit Pty Ltd in accordance with the Australian Auditing Standards. BDO Audit Pty Ltd issued unmodified audit conclusions on both the consolidated interim financial report and the balance sheet.



The historical financial information is presented in the document in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001.

#### *Pro-forma financial information*

You have requested BDO Audit Pty Ltd to review the following pro-forma financial information of HRL (the responsible party) and Precise Consulting included in the document:

- The Combined Entity pro-forma Balance Sheet as at 31 December 2014.

Hereafter referred to as "the pro-forma financial information".

The pro-forma financial information has been derived from the historical financial information of HRL and the historical financial information of Precise Consulting, after adjusting for the effects of pro-forma adjustments described in section 10.3 of the document. The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the historical financial information and the event(s) or transaction(s) to which the pro-forma adjustments relate, as described in section 10.3 of the document, as if those event(s) or transaction(s) had occurred as at the date of the historical financial information. Due to its nature, the pro-forma financial information does not represent HRL's or the Combined Entity's actual or prospective financial position.

#### **Directors' responsibility**

The directors of HRL are responsible for the preparation of the historical financial information and pro-forma financial information, including the selection and determination of pro-forma adjustments made to the historical financial information and included in the pro-forma financial information. This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of historical financial information and pro-forma financial information that are free from material misstatement, whether due to fraud or error.

#### **Our responsibility**

Our responsibility is to express a limited assurance conclusion on the financial information based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 *Assurance Engagements Involving Corporate Fundraisings and/or Prospective Financial Information*.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the financial information.

## Conclusions

### *Historical financial information*

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the historical financial information, as described in sections 10.2 and 10.4 of the document, and comprising:

- The HRL Historical Balance Sheet as at 31 December 2014; and
- The Precise Consulting Historical Balance Sheet as at 31 December 2014

are not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in section 10.5 Note 6 of the document.

### *Pro-forma financial information*

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the pro-forma financial information, as described in sections 10.3 and 10.4 of the document, and comprising:

- The Combined Entity pro-forma Balance Sheet as at 31 December 2014

is not presented fairly in all material respects, in accordance with the stated basis of preparation as described in section 10.5 of the document.

## Restriction on use

Without modifying our conclusions, we draw attention to section 10.1 of the document, which describes the purpose of the financial information, being for inclusion in the document. As a result, the financial information may not be suitable for use for another purpose.

## Consent

BDO Audit Pty Ltd has consented to the inclusion of this independent limited assurance report in the document in the form and context in which it is included.

## Liability

The liability of BDO Audit Pty Ltd is limited to the inclusion of this report in the document. BDO Audit Pty Ltd makes no representation regarding, and takes no responsibility for, any other statements, or material in, or omissions from, the document.

## General advice warning

The report has been prepared, and included in the document to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to take the place of professional advice and investors should not make specific investment decisions in reliance on information contained in this report. Before acting or relying on any information, an investor should consider whether it is appropriate for their circumstances having regard to their objectives, financial situation or needs.



### Independence or Disclosure of Interest

BDO Audit Pty Ltd does not have any interest in the outcome of this, or any other interest that could reasonably be regarded as being capable of affecting its ability to give an unbiased conclusion in this matter. BDO Audit Pty Ltd will receive normal professional fees for the preparation of this report.

BDO Audit Pty Ltd are auditors of HRL and Precise Consulting and from time to time BDO Audit Pty Ltd also provides HRL and Precise Consulting with certain other professional services for which normal professional fees are received.

### BDO Audit Pty Ltd

K L Colyer  
Director

## 12. Summary of Material Contracts

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A summary of the material agreements to which the Company is a party is set out below:

### 12.1 Underwriting Agreement

HRL has entered into the Underwriting Agreement with Tulla Property Partners Pty Ltd ACN 126 992 103 company associated with Mr Kevin Maloney, Director and Executive Chairman of the Company, on 6 February 2015. As of the date of this Offer, the Underwriter and entities associated with it, hold 28,807,537 Shares in the Company.

The Company exclusively appoints the Underwriter to be the sole underwriter of the Offer, which is to be fully underwritten. The Underwriter may appoint sub-underwriters to sub-underwrite the whole of the Offer. The Underwriter has received a sub-underwriting commitment in the sum of \$1,500,000 from Integrated Holdings Pty Ltd, a company of which both Kevin Maloney and Darren Anderson are directors. Tulla has a 50% interest in Integrated Holdings Pty Ltd and interests associated with Mr Anderson hold a 16.66% interest.

In the event of a shortfall, the Underwriter must lodge with the Company, valid Applications for all shortfall Shares. It should be noted that the Underwriter, personally, could potentially subscribe for up to 76,923,077 Shares and, once issued, the Underwriter may hold up to a 67.97% interest in the issued capital of the Company. Please note that this may trigger a change in control of the Company. Please refer also to Section 2.15 for further information.

Set out below is a summary of the material terms of the Underwriting Agreement:

- (a) The Company has agreed to pay the Underwriter an underwriting fee of 5 per cent of the underwritten amount underwritten amount by the Underwriter, namely the amount to be raised by the Offer, plus the Underwriter's reasonable expenses.
- (b) The Company has agreed to indemnify the Underwriter, in respect of all costs of and incidental to the Issue, and indemnify the Underwriter and its related corporations, officers, employees, agents and servants (**Indemnified Party**) against all liabilities, losses, damages, costs or expenses arising out of the Offer, the Prospectus and associated documents, except where that indemnity would be illegal, void or unenforceable, or arose out of negligence or bad faith of the Indemnified Party.
- (c) The Underwriter may terminate its obligations to underwrite the Offer upon the happening of the following:
  - (1) the sale agreement between the Company and Andre Halkyard and Donna Firth pursuant to which the Company has agreed to acquire Precise Consulting is terminated for any reason whatsoever on or before the Closing Date;
  - (2) Shareholders approving the Underwriting Agreement ;
  - (3) Shareholders approving all resolutions at the EGM;
  - (4) the Company the Underwriter entering into sub-underwriting commitments with sub-underwriters before the business day before the day of the EGM for not less than 3,846,154 Shares (being \$3,500,000 of Subscription Funds);
  - (5) the Company lodging the Prospectus with ASIC by close of business on 6 February 2015 (unless the delay is due to an act or omission of the Underwriter);
  - (6) written confirmation that ASX will grant approval for the Company's Official Quotation;
  - (7) there are no existing reasonable grounds for the Underwriter to believe that the Company's Official Quotation will be not be materially delayed beyond the Official Quotation Date specified in the timetable.

- (d) Additionally the Underwriter's commitment to perform is conditional upon:
- (1) the provision by the Company of a due diligence report and legal opinion in relation to the due diligence committee's investigations; and
  - (2) compliance with the applicable provisions of the Corporations Act, Listing Rules and in particular the conditions for Official Quotation.
- (e) The Underwriter may terminate its obligations to underwrite the Offer upon the happening of the following:
- (i) **Underwriting Approval:** the Shareholders do not give the Underwriter Approval at the EGM;
  - (ii) **EGM Approval:** the Shareholders do not approve all other resolutions at the EGM;
  - (iii) **Bank Approval:** the Company does not obtain approval from a financier to assist in completion the acquisition of Precise Consulting, or if approval is granted it is withdrawn before Completion;
  - (iv) **listing approval:** approval for listing is refused or not granted, other than subject to standard conditions customarily imposed, or any other conditions accepted in writing by the Underwriter or if approval is granted, such approval is subsequently withdrawn qualified or withheld;
  - (v) **quotation approval:** approval for Listing is refused or not granted, other than subject to standard conditions customarily imposed, or any other conditions accepted in writing by the Underwriter or if approval is granted, such approval is subsequently withdrawn qualified or withheld before Completion;
  - (vi) **S & P/ASX 200 Index fall:** if the S & P/ASX 200 Index is, at any time for a business day after the date of the Underwriting Agreement, prior to the Allotment Date more than 10% below the level of that Index at the close of ASX trading on the trading day before the date of lodgement of the Prospectus;
  - (vii) **Material Adverse Effect:** any change, event or serious of events which, in the reasonable opinion of the Underwriter, is likely to have a material adverse effect;
  - (viii) **withdrawal:** the Company withdraws or terminates the Prospectus or the Offer;
  - (ix) **repayment:** any circumstance that arises after lodgement of the Prospectus that results in the Company either repaying the money received from applicants (other than to applicants whose applications were not accepted in whole or in part) or offering applicants an opportunity to withdraw their applications for New Shares and be repaid their application money; or
  - (x) **no certificate:** the Company does not provide a closing certificate (confirming certain matters) as set out in the Underwriting Agreement;
  - (xi) **capital structure:** other than as contemplated by the Prospectus, the Company or any related body corporate of the Company takes any steps to alter its capital structure without the prior written consent of the Underwriter;
  - (xii) **judgment:** a judgment in an amount exceeding \$1,000,000 is obtained against the Company or a related body corporate of the Company and is not set aside or satisfied within 14 days;
  - (xiii) **process:** any distress, attachment, execution or other process of a governmental agency in an amount exceeding \$1,000,000 is issued against, levied or enforced upon any of the assets of the Company or a related body corporate of the Company and is not set aside or satisfied within 14 days;
  - (xiv) **financial assistance:** the Company passes or takes any steps to pass a resolution under section 260B of the Corporations Act, without the prior written consent of the Underwriter;
  - (xv) **suspends payment:** the Company of the Company suspends payment of its debts generally;
  - (xvi) **insolvency:** the Company is or becomes unable to pay its debts when they are due or is or becomes unable to pay its debts (within the meaning of the Corporations Act) or is presumed to be insolvent under the Corporations Act;

- (xvii) **arrangements:** the Company enters into or resolves to enter into any arrangement, composition or compromise with, or assignment for the benefit of, its creditors or any class of them;
- (xviii) **ceasing business:** other than as contemplated by the Prospectus, the Company ceases or threatens to cease to carry on business;
- (xix) **disclosures in Prospectus:** a statement contained in the Prospectus is materially misleading or deceptive, or a matter required by the Corporations Act is omitted from the Prospectus (having regard to sections 710, 711 and 716 Corporations Act);
- (xx) **international events or events involving financial markets:** No happening of any international event or series of events involving financial markets, commodities markets or investment generally which might have a material adverse effect on the Company, its assets, business, prospects or which might materially prejudice the success of the Offer.
- (xxi) **supplementary prospectus:** the Company lodges a Supplementary Prospectus without the consent of the Underwriter or fails to lodge a supplementary prospectus in a form acceptable to the Underwriter in circumstances where the Underwriter reasonably believes that the Company is prohibited by section 728(1) Corporations Act from offering Shares under the Prospectus;
- (xxii) **disclosures in Due Diligence Report:** any information supplied by or on behalf of the Company to the Underwriter in relation to the Group or the Offer as part of the due diligence process or becomes materially misleading or deceptive;
- (xxiii) **material contracts:** any material contract to which the company is a party is terminated or amended without the prior written consent of the Underwriter and which consent shall not be unreasonably withheld;
- (xxiv) **hostilities:** there is an outbreak of hostilities (whether or not war has been declared) not presently existing, or a major escalation in existing hostilities occurs, involving any of the following:
- Australia;
  - New Zealand;
  - the United Kingdom;
  - Japan;
  - Singapore;
  - Hong Kong; or
  - The People's Republic of China.
- (xxv) **change to Constitution:** other than as contemplated by the Prospectus, prior to the allotment date, the Constitution of the Company or a related body corporate of the Company is amended without the prior written consent of the Underwriter, which shall not be unreasonably withheld;
- (xxvi) **compliance with regulatory requirements:** a material contravention by the Company, the Listing Rules, its constitution or any other applicable law or regulation;
- (xxvii) **Prospectus to comply:** the Prospectus or any aspect of the Offer does not materially comply with the Corporations Act, the Listing Rules or any other applicable law or regulation;
- (xxviii) **notifications:** any of the following notifications are made:
- ASIC gives notice of an intention to hold a hearing under section 739(2) Corporations Act or issues an order under sections 739(1) or (3) Corporations Act;
  - an application is made by ASIC for an order under Part 9.5 Corporations Act in relation to the Prospectus or ASIC commences any investigation or hearing under Part 3 Australian Securities and Investments Commission Act 2001 (Cth) in relation to the Prospectus;



- any person gives a notice under section 733(3) Corporations Act or any person who has previously consented to the inclusion of their name in the Prospectus (or any supplementary prospectus) or to be named in the Prospectus withdraws their consent after lodgement;
  - the Company issues a public statement concerning the Offer which has not been approved by the Underwriter; or
- (xxix) **material breach:** the Company breach any of their material obligations under the Underwriting Agreement;
- (xxx) **representations and warranties:** any representation or warranty contained in the Underwriting Agreement on the part of the Company is breached or becomes false, misleading or incorrect to a material extent;
- (xxxi) **prescribed occurrence:** an event specified in section 652C(1) or section 652C(2) Corporations Act, but replacing 'target' with 'Company'; or
- (xxxii) **change in laws:** any of the following occurs which does or is likely to prohibit, materially restrict or regulate the Offer or materially reduce the likely level of valid Applications or materially affects the financial position of the Company or has a material adverse effect of the success of the Offer:
- the introduction of legislation into the Parliament of the Commonwealth of Australia or of any State or Territory of Australia; or
  - the public announcement of prospective legislation or policy by the Federal Government or the Government of any State or Territory or the Reserve Bank of Australia; or
  - the adoption by ASIC or ASX or their respective delegates of any regulations or policy;
- (xxxiii) **failure to comply:** the Company or any related body corporate of the Company fails to comply with any of the following:
- a provision of its Constitution;
  - any statute;
  - the Listing Rules;
  - a requirement, order or request made by or on behalf of the ASIC, the ASX or any governmental agency; or
  - any agreement entered into by it;
- (xxxiv) **due diligence:** there is a material omission from the results of the due diligence investigation performed in respect of the Company or the verification material or the results of the due diligence investigation or the verification material is false or misleading.

If an event referred to in clauses 13.1 (x), (xi), (xiv), (xix), (xx), (xxii), (xxiv), (xxv), (xxvi), (xxvii), (xxviii), (xxx), (xxxi), (xxxii), (xxxiii) or (xxxiv) the Underwriter may not terminate the Underwriting Agreement unless it reasonably believes that the event has or is likely to have a materially adverse effect on the outcome of the Offer or could give rise to liability for the Underwriter under any law or regulation and has first afforded the Company a reasonable time (not exceeding 10 business days) to remedy the event (if capable of being remedied).

## 12.2 Precise Agreement and Variation

The Company has entered into an agreement dated 23 December 2014 which was subsequently varied by letter of agreement dated 22 January 2015 (**Precise SSA**) to purchase all of the shares in Precise Consulting and Laboratory Limited Company Number 3772580 (**Precise Consulting**) from the Precise Consulting Vendors, the sole shareholders of Precise Consulting.

Completion of the Precise SSA occurs upon the performance by the Precise Vendors and the Company of the conditions precedent (as set out in 2.3 below). The Completion Date of the agreement occurs five (5) business days after the satisfaction of the pre-completion conditions precedent becomes unconditional or is waived, or on such other date as agreed in writing between the Vendor and the Purchaser. Should the conditions precedent not be fulfilled (or waived, as applicable) by 31 March 2015 (as amended by agreement dated 22 January 2015), or a later date agreed to between the parties, the Precise SSA is capable of termination by either party by written notice.

In consideration for all of the shares in Precise Consulting, the Company will pay a maximum purchase price of NZD\$7,500,000 to the Vendors (**Purchase Price**). The Purchase Price will be paid as follows:

- (a) partial payment on completion of the Precise Consulting Acquisition of NZD\$5,000,000 in cash; and
- (b) earn-out consideration of up to NZD\$2,500,000, also payable in cash.

The amount of earn out consideration will be calculated based on Precise Consulting's earnings before interest and taxes (EBIT) for the year 1 January 2015 to 1 December 2015. The earn-out consideration to be paid to the Vendors will be calculated as follows:

| EBIT                    | Earn Out Consideration |
|-------------------------|------------------------|
| Less than \$1.9 million | Nil                    |
| \$1.9 – 2.1 million     | \$700,000              |
| \$2.1m to \$2.3 million | \$1,300,000            |
| \$2.3m to \$2.5 million | \$1,900,000            |
| More than \$2.5 million | \$2,500,000            |

The Purchase Price is subject to adjustment on completion. Should the working capital of Precise Consulting be less than \$100,000 upon completion, the Purchase Price will be reduced by the shortfall amount. The Purchase Price will also be decreased in the event that the net debt, being the any debt owed to a bank or similar financial institution by Precise Consulting, exceeds \$1.00, the Purchase Price will be decreased by the amount in excess of a \$1.00 plus the \$1.00.

The consideration is to be paid proportionately to the Precise Vendors as follows:

- (a) in respect of Halkyard, 60%; and
- (b) in respect of Frith, 40%.

The completion of the Precise SSA is subject to a number of conditions precedent, including:

- (a) consents to the "change of control" contemplated by the Precise Consulting Acquisition under the Precise SSA being obtained in respect of all Authorisations and Leasehold Properties, as defined in the Precise SSA on terms and conditions satisfactory to HRL;
- (b) obtaining any statutory approvals required by either New Zealand or Australia in respect of the Transaction on terms and conditions acceptable to HRL;
- (c) no material adverse change happening prior to completion of the Precise SSA;
- (d) no material breach of a vendor warranty happening prior to the Completion of the Precise SSA;

- (e) Precise Consulting obtaining all necessary releases of the shares, companies and assets from any security;
- (f) receipt by HRL in writing on terms acceptable to HRL of consents from counterparties to material contracts to the proposed change of control and other transactions contemplated by the Precise SSA;
- (g) the parties taking reasonable steps to identify and agree that any and all parties that have been granted guarantees by Precise Consulting and the parties taking reasonable steps to ensure that releases of such guarantees are provided prior to or on completion with Precise Consulting to be satisfied in its entire discretion with the position obtained on completion of the Precise SSA;
- (h) Precise Consulting providing a guarantee to the payment of the earn out consideration contemplated in the Precise SSA ;
- (i) receipt by HRL of interim financial statements;
- (j) approval from the Board of HRL to the terms and conditions of the Precise SSA;
- (k) approval by Ordinary resolution from the Shareholders of the HRL to HRL entering into and completing the Transaction or any other approvals or conditions required by ASX in relation to the Transaction; and
- (l) obtaining finance on terms satisfactory to HRL for the Precise SSA.

Conditions Precedent 2.3(a)(1), (2), (8), (9), (10) and (11) are pre completion conditions which must be satisfied on or waived (if capable of being waived) on or before March 2015.

The Precise SSA is capable of termination by either party giving written notice should the Conditions Precedent not be fulfilled by the following dates:

- (a) in relation to the Conditions Precedent in paragraphs 1, 2, and 7 to 11 inclusive (**Pre-Completion Conditions**) are not be fulfilled by 31 March 2015; and
- (b) in relation to the remaining Conditions Precedent, are not fulfilled within 5 working days from the last of the Pre-Completion Conditions being met.

### 12.3 Andre Halkyard Agreement

Upon completion of the Precise SSA, Mr Andre Halkyard (BSc (App. Science) Asbestos A Class Assessor) will be engaged as the General Manager of Precise Consulting. It is not intended that any changes be made to the HRL Board as a result of the Precise Consulting Acquisition.

Mr Halkyard has an array of experience in occupational hygiene within the building industry including asbestos, lead-based paint and polychlorinated biphenyl (PCB). Furthermore, he is an approved identifier for asbestos air monitoring with Proficiency Testing Australia (PTA) and is an approved asbestos assessor within all states of Australia. Coupled with this technical experience, Andre has also had exposure to the planning and execution of numerous large programs detailing HAZMAT.

### 12.4 OCTIEF Agreement and Variation

The Company entered into a formal share sale agreement dated 19 July 2014 (which was amended by a Deed of Variation dated 12 September 2014 and a Deed of Variation dated 24 January 2015) to acquire all of the shares on issue in OCTIEF Pty Ltd (**OCTIEF**), from the shareholders of OCTIEF (**OCTIEF SSA**).

Under the SSA, in consideration for all of the shares on issue in OCTIEF (**OCT Shares**), HRL is to issue shares in the Company (**HRL Shares**) to the shareholders of OCTIEF, being:

- Craig Anderson and Amanda Anderson as trustees for the CA & AM Anderson Family Trust (**CA & AM Anderson Family Trust**);
- Greg Anderson and Nancy Anderson as trustees for the GJ & NJ Anderson Family Trust (**GJ & NJ Anderson Family Trust**);
- Tulla Property Partners Pty Ltd ACN 126 992 103 as trustees for the Tulla Property Partners Trust (**Tulla Property Partners Trust**), an entity associated with Kevin Maloney, a proposed director to be appointed upon completion of the Proposed Transaction; and
- Darren Anderson and Julie Anderson as trustees for the DG & JE Anderson Family Trust (**DG & JE Anderson Family Trust**), an entity associated with Darren Anderson, a proposed director to be appointed upon completion of the Proposed Transaction.

(collectively, the **OCT Vendors**)

The OCTIEF SSA completed on 15 September 2014.

The HRL Shares issued in consideration of the OCTIEF SSA will be issued in three tranches upon the satisfaction of certain milestones by OCTIEF (**Milestone Shares**), outlined in section 2.8, as well as an initial issue of HRL Shares upon completion of the SSA.

The initial consideration which was paid by the Company to the OCT Vendors for the purchase of the OCT Shares, was the issue and allotment of a total of 320,754,355 HRL Shares each credited as fully paid ordinary shares in the Company and being 50% of the total maximum consideration of the Proposed Transaction (**Initial Payment Shares**).

The Company has will issued the Milestone 1 Shares and the Milestone 2 Shares (in addition to the Initial Consideration Shares) to the OCT Vendors and will issue the Milestone 3 Shares if Milestone 3 is met.

The parties to the OCTIEF SSA entered into the Deed of Variation dated 12 September 2014.

Pursuant to the OCTIEF SSA, the legal and beneficial ownership of the shares in OCTIEF was to be changed to the OCTIEF Vendors on or before Completion. In order to effect the change of legal and beneficial ownership of the shares in OCTIEF as contemplated by the OCTIEF SSA, the number of Shares on issue in the Company increased since the parties entered into the OCTIEF SSA.

The purpose of the Deed of Variation dated 12 September 2014 was to reflect the increased number of shares in OCTIEF.

The Company intends on, subject to obtaining shareholder approval, converting all its securities into a smaller number in accordance with section 245H of the Corporations Act. Subsequently, the Deed of Variation date 24 January 2015 is to allow for any reconstruction of the issued capital of the Company to be applied in the same proportion and on the same basis to the number of Milestone Shares to be issued under the Share Sale Agreement. As such, the number of Milestone Shares to be issued under the OCTIEF SSA will be reduced should the Company consolidate its capital.

The OCTIEF SSA provides that, where Milestone Three is not met by the respective milestone dates, the Milestone Shares for will be reduced on a pro-rata basis, but cannot be less than 75% of the full entitlement, amount to the issue of a minimum of 48,113,153 Shares.

Under the OCTIEF SSA, the Initial Payment Shares and Milestone Shares (**Total Consideration Shares**) are to be issued to the OCT Vendors in the following proportions each time:

- CA & AM Anderson Family Trust- 16.66%;
- GJ & NJ Anderson Family Trust – 16.66%;
- Tulla Property Partners Trust – 50%; and

- DG & JE Anderson Family Trust – 16.66%.

Pursuant to the SSA, the Total Consideration Shares are subject to voluntary escrow for the period of 12 months from the date of the issue and allotment of each tranche of the Total Consideration Shares. Each of the New Shareholders have entered into a Voluntary Restriction Deed, further details of which are outlined in section 12 below.

Upon completion of the Proposed Transaction, two (2) of the current directors of the Board resigned, Under the OCTIEF SSA, two (2) directors were permitted to be nominated to the Board by OCT Vendors. Subsequently, Mr Kevin Maloney and Mr Darren Anderson were appointed as the non-executive Chairman and Executive Director respectively.

#### 12.5 **Lead Manager Engagement Letter**

A letter agreement dated 5 January (Corporate Advisor Engagement Letter) between the Company and Publica Capital Advisors (Corporate Advisor) engaged the Corporate Advisors to provide assistance on a non-exclusive basis in relation to the Capital Raising to be undertaken by the Company.

#### 12.6 **Executive Employment Agreement – Darren Anderson**

The Company has entered into an executive services agreement with Darren Anderson who is an Executive Director. He is required to devote his time and attention to the business and to the conduct and affairs of the Company, using his best and reasonable efforts to promote the interests of the Company and secure profitable operation of the Company.

Mr Anderson commenced with the Company in the position of Executive Director on 15 September 2014. There is no fixed term for Mr Anderson's engagement with HRL, His base salary is \$250,000 per annum based on a 32 hour week (inclusive of 9.5% superannuation).

He is eligible to be paid an additional annual bonus amount which is calculated in accordance with the HRL Short Term Incentive plan scorecard and rules.

The employment agreement is able to be terminated by the Company at any time by giving three months notice of termination (or in lieu of the notice period, giving three months of total remuneration).

The Company is also able to terminate Mr Anderson's employment immediately in the event of bankruptcy or misconduct, which includes, without limitation, habitual drunkenness or drug addiction, conviction of a serious crime involving moral turpitude or a material breach of the employment agreement.

#### 12.7 **Executive Employment Agreement – Steven Dabelstein**

The Company has entered into an executive employment arrangement with Steven Dabelstein as Chief Executive Officer (CEO), dated 4 October 2014, for an ongoing term. As CEO, Mr Dabelstein is required to use his best and reasonable endeavours to promote the interests of the Company and to secure the profitable operation of the Company.

Under the employment agreement, Mr Dabelstein's total remuneration includes the base remuneration amount of \$250,000 per annum (inclusive of 9.5% superannuation), as well as superannuation payment and the use of a company card for expenses incurred in connection with the Company's business.

He is eligible to be paid an additional annual bonus amount which is calculated in accordance with the HRL Short Term Incentive plan scorecard and rules.

The Company is able to terminate Mr Dabelstein employment at any time by giving three months notice of termination, or alternatively giving three months of Mr Dabelstein Total Fixed Remuneration in lieu of notice.

The Company is also able to terminate Mr Dabelstein's employment immediately in the event of bankruptcy or misconduct, which includes, without limitation, habitual drunkenness or drug addiction, conviction of a serious crime involving moral turpitude or a material breach of the employment agreement.

## 12.8 Westpac Loan

On 22 January 2015, the Company received confirmation from Westpac Banking Corporation (**Westpac**) that the Company was approved (subject to the Company fulfilling the Conditions Precedent outlined below) funding in the sum of \$3,500,000 to complete the acquisition of Precise Consulting (**Loan Offer**).

The key terms of the funding include;

- (a) Term: 4 years;
- (b) Repayable: \$82,200 per month (principal and interest fully amortising); and
- (c) Interest Rate: 5.92% Variable.

The Loan Offer is subject to various conditions precedent, including the Company carrying out a capital raising for a minimum of at least \$1 million.

## 12.9 Restriction Agreements – OCT Vendors

The four following voluntary escrow were entered into:

- (a) Voluntary restriction deed between the Company, Craig Anderson and Amanda Anderson as trustees for the CA & AM Anderson Family Trust and Craig Anthony Anderson (as controller) dated 15 September 2014; and
- (b) Voluntary restriction deed between the Company and Daren Anderson and Julie Anderson as trustees for the DG and JE Anderson Family Trust and Darren Geoffrey Anderson (as controller) dated 15 September 2014; and
- (c) Voluntary restriction deed between the Company and Greg Anderson and Nancy Anderson as trustees for the GJ and NJ Anderson Family Trust dated 15 September 2014 and Gregory John Anderson (as controller); and
- (d) Voluntary restriction deed between the Company and Tulla Property Partners Pty Ltd ACN 126 992 103 as trustees for the Tulla Property Partners Trust and Baxter Group Investments Pty Ltd ACN 126 068 488 as trustee of the Baxter Group Investments Trust (of which Kevin Maloney is a director) (as controller) dated 15 September 2014.

The Voluntary Restriction Deeds restrict all of the shares held by the OCT Vendors.

Under the Voluntary Restriction Deeds, the OCT Vendors are restricted from:

- (a) Disposing or, or agreeing or offering to dispose of, the Total Consideration Shares; or
- (b) Creating, or agreeing or offering to create, any security interest in the Total Consideration Shares; or
- (c) Doing or omitting to do any act if the act or omission would have the effect of transferring effective ownership or control of the Total Consideration Shares.

The restrictions under the Voluntary Restriction Deeds are for a period of 12 months from the date of issue of the Total Consideration Shares.

The Voluntary Restriction Deeds outline limited circumstances in which the restrictions will be released, namely:

- (a) a takeover bid is made in respect of the Company by a person other than the restricted party, provided that the securities must continue to be subject to the restrictions if the bid does not become unconditional; or
- (b) a scheme of arrangement is implemented in respect of the Company under the Corporations Act with a view to the person other than the restricted party acquiring all of the issued share capital of the Company.

#### 12.10 **Non-Executive Directors Letter of Appointment**

The Company has entered into letters of appointment with the Non-Executive Directors of the Company. The letters of appointment are in standard form and detail the nature of their appointment, their duties and remuneration entitlements (as set out in Section 9).

### 12.11 Deeds of Access and Indemnity

Each of the Directors and the Company Secretary of the Company have entered into a Deed with the Company whereby the Company has:

- (a) provided certain contractual rights of access to books and records of the Company to those Officers;
- (b) agreed to provide certain indemnities to each of the Officers to the extent permitted by the Corporations Act and to the extent that certain liabilities did not arise out of conduct which was not in good faith; and
- (c) agreed to procure and maintain directors indemnity insurance for an amount not less than \$5 million during the term of appointment of the Officer and for at least seven years after cessation as an Officer.

## 13. Additional information

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### 13.1 Rights Attaching to Shares in the Company

A summary of the rights which relate to all New Shares which may be issued pursuant to this Prospectus is set out below. These rights are the same as those in respect of the Company's existing issued Shares. This summary does not purport to be exhaustive or constitute a definitive statement of the rights and liabilities of the Company's Shares.

### 13.2 Voting

At a General Meeting of the Company on a show of hands, every member present in person or by proxy, attorney or representative has one vote and upon a poll, every member present in person, or by proxy, attorney or representative has one vote for every Share held by them.

### 13.3 Dividends

The New Shares will rank equally with all other issued Shares in the capital of the Company and may participate in dividends from time to time from their date of issue. Subject to the rights of holders of Shares of any special preferential or qualified rights attaching thereto, dividends are payable amongst the holders of Shares in proportion to the amounts paid up on such Shares respectively at the date of declaration of the dividend. The Directors may from time to time pay to Shareholders such final and interim dividends as in their judgment the position of the Company justifies.

### 13.4 Winding Up

Upon paying the Application Monies, Shareholders will have no further liability to make payments to the Company in the event of the Company being wound up pursuant to the provisions of the Corporations Act.

### 13.5 Transfer of Securities

Generally, the Shares in the Company will be freely transferable, subject to satisfying the usual requirements of security transfers on ASX. The Directors may decline to register any transfer of Shares, but only where permitted to do so under its Constitution or the Listing Rules.

### 13.6 Sale of Non-Marketable Holdings

The Company may take steps in respect of non-marketable holdings of Shares in the Company to affect an orderly sale of those Shares in the event that holders do not take steps to retain their holdings.

The Company may only take steps to eliminate non-marketable holdings in accordance with the Constitution and the Listing Rules. For more particular details of the rights attaching to Shares in the Company, investors should refer to the Constitution of the Company.



### 13.7 Details of Options on issue

Upon Completion the Company will have 1,615,385 Options on issue. The Options have an exercise price of 52 cents and expire on 30 November 2015.

### 13.8 Director Options

Mark Elliott currently holds 5,500,000 Director Options on issue as at the date of this Prospectus. This number upon Consolidation will be reduced to 423,077. The Director Options have a post-Consolidation exercise price of 52 cents and expire on 30 November 2015.

### 13.9 Employee Share and Option Plan

The Company has adopted an Employee Share and Option Plan (ESOP). At the date of this Prospectus, the Company has not issued any securities under the ESOP.

A summary of the terms and conditions of the ESOP is as follows;

1. The Plan is to extend full-time or part-time continuing employees of Hot Rock Limited ACN 120 896 371 (**Company**) or an associated body corporate of the Company as the Board may in its discretion determine (**Participant**).

2. The Company may not grant any Options or procure the issue of any Shares under this Plan:

- a. if, immediately following the issue or grant, the aggregate of the total number of:

- i. unissued Shares over which Options, rights or other options (which remain outstanding) have been granted under this Plan and any other Group employee incentive scheme; and
- ii. Shares issued during the preceding five years under this Plan and any other Company or associated body corporate employee incentive scheme,

but disregarding any offer made, or option acquired, or Share issued by way of or as a result of:

- i. an offer to a person situated at the time of receipt of the offer outside Australia;
- ii. an offer that did not need disclosure to investors because of section 708 of the Corporations Act;
- iii. an offer that did not require the giving of a product disclosure statement because of section 1012D of the Corporations Act; or
- iv. an offer made under a disclosure document or product disclosure statement,

would exceed 5% of the total number of Shares on issue at the time of the proposed issue or grant; or

- b. to a Participant if the number of:

- i. unissued Shares over which Options, rights or other options (which remain outstanding) have been granted under this Plan; and
- ii. Shares issued under this Plan;

to the Participant during the preceding 12 months, would exceed 5% of the number of Shares on issue at the time of the proposed issue or grant.

3. The Options are to be issued for no consideration (**Issue Price**) on the date of their issue, being the date which an Option Certificate is issued to a Participant as set out in the Option Certificate, (**Issue Date**), unless otherwise determined by the Board.

4. The exercise price of an Option is to be determined by the Board as being payable by a Participant to acquire a Share upon exercise of an Option and specified in letter of offer to participate under the Plan. The exercise price of any Options being issued must be at least at a 10% premium to the volume weighted average price for the Ordinary Shares on ASX for the 10 trading days prior to the offer being made to the Participant (**Exercise Price**).
5. The Board may determine whether any performance hurdles or other conditions (including as to time) will be required to be met (**Vesting Conditions**) before Options which have been issued to a Participant under the Plan will vest. Options will only vest once the relevant Vesting Conditions have all been satisfied.
6. The Option Exercise Period means the period or periods during which an Option may be exercised as determined by the Board and specified in the letter of offer to participate under the Plan, except that the Exercise Period will not last for more than five (5) years from the relevant Issue Date.
7. The Expiry Date means the date determined by the Board as the date that the Options expire.
8. Unless otherwise determined by the Board, an Option (whether it has vested or not), held by a Participant will immediately lapse upon the first to occur of:
  - a. its Expiry Date;
  - b. the Participant failing to meet the Vesting Conditions relating to the Option within the prescribed period;
  - c. the date which is three months after the Participant ceases to be employed by the Company or another associated body corporate for any reason;
  - d. a determination by the Board that:
    - i. the Participant has:
      1. been dismissed or removed from office as an employee or director of the Company or another associated body corporate for any reason which entitles the Company or the associated body corporate to dismiss the Participant without notice; or
      2. acted fraudulently, dishonestly or in breach of the Participant's obligations to the Company or another associated body corporate; and
    - ii. the Option is for that reason to be forfeited
9. Eligibility to participate is determined by the Board. An employee is only eligible to participate in the Plan and to be offered Options under the Plan if he or she has satisfied the criteria that the Board from time to time determines for participation in the Plan, including the following:
  - a. the employee's period of employment with the Company (or associated body corporate), including the years of service by that employee;
  - b. the contribution to the Company (or associated body corporate) which has been made by the employee;
  - c. the potential contribution of the employee to the Company (or associated body corporate); and
  - d. any other matters which the Board considers, in its absolute discretion, to be relevant.

10. Participants do not participate in dividends or in bonus issues unless the Options are exercised.
11. Option holders do not have any right to participate in any new issues of securities by the Company, including pro rata issues, subject to any amendment to the terms of the Options and the rights of the Participant if there is any reconstructions (including a consolidation, subdivision, reduction, cancellation or return) of the issued capital of the Company, to the extent necessary to comply with the Listing Rules at the time of the reconstruction.
12. If, during the currency of any Option and at any times prior to the exercise of the Participant of the Options, the Company conducts a rights issue, the Exercise Price of the Options will be adjusted in accordance with the formula for adjustment set out in the Listing Rules as at the date the Options were issued, and Option holders will be notified of this adjustment.
13. A Participant may not sell, assign, transfer or otherwise dispose of, or make a declaration of trust in respect of, an Option except to an associate of that Participant. This does not prevent the exercise of the Options by the estate of a deceased Participant.
14. The Board may vary the Plan, subject to compliance with the Listing Rules and the Corporations Act, or any other relevant market rules.

#### 13.10 Related Party Transactions

Chapter 2E of the Corporations Act governs related party transactions with respect to public companies. Related parties include directors and entities controlled by directors. Related party transactions require shareholder approval unless they fall within one of the exceptions in Chapter 2E of the Corporations Act.

Since incorporation, if the Company has entered into any transaction with a related party which has either taken place before HRL was a public company, fallen within one of the exceptions in Chapter 2E of the Corporations Act or have been approved by Shareholders in General Meeting they will need to be disclosed here.

The Company listed on ASX on 12 November 2007 following the issue of its initial public offering prospectus. The Company believes that it has made appropriate disclosure of past related party transactions and recognising that this prospectus is being issued to enable the Company to, amongst other things, re-comply with Chapters 1 and 2 of the Listing Rules, other than further disclosure specifically set out below of related party transactions made in the past two (2) years before the date of this prospectus or made elsewhere in this Prospectus does not intend to make any further disclosure of such transactions which transactions will have either proceeded on an "arms length" basis, reasonable remuneration basis or been approved by shareholders in general meeting.

The Company discloses the following transactions with related parties made in the past 2 years before the date of this prospectus which have either proceeded on an "arm's length" or reasonable remuneration basis. The transactions are:

(a) Underwriting Agreement

The Company has entered into the Underwriting Agreement between the Company and Tulla, details of which are set forth in Section 12.1;

(b) Executive Employment Agreement

The Company has entered into an executive employment agreement with Darren Anderson. The terms of the agreement are set out in Section 9. The agreement is considered to be reasonable remuneration for the purposes of Section 211 of the Corporations Act and as such, shareholder approval to enter into the agreement has not been sought

(c) Issue of Shares to John Taylor

On 26 November 2014, 2,000,000 Shares were issued to Mr John Taylor and Mrs Sharon Taylor <John Taylor Superfund>, an entity related to John Taylor, by way of an on-market trade of these securities for which \$12,000 was paid. The board considered the issue of Shares to John Taylor to be at arm's length and issued on the same terms as shares issued to unrelated investors and therefore Shareholder approval was not required.

(d) Issue of Shares to Mark Elliott, Michael Sandy and Peter Barnett

As announced by the Company on 15 August 2014, the Company undertook a non-renounceable entitlement offer of one new fully paid ordinary shares for every four held, at an issue price of \$0.006 per new share. The Directors of the Company at the time took up their entitlements under this offer. The shares were issued on the same terms as shares issued to unrelated investors who participated in a capital raising at that time. The following shares issued on 12 September 2014 accordingly:

- 476,978 were issued to Cresta Vista Pty Ltd <Sandy Burns Superfund>, an entity associated with Michael Sandy;
- 250,000 were issued to Penelope Burns, an entity associated with Peter Barnett;
- 5,841,446 were issued to Elliott Nominees Pty Ltd <Elliott Exploration A/C> Superfund, an entity associated with Mark Elliott in consideration of \$38,198.68; and
- 525,000 were issued to Sodell Investments Pty Ltd <Elliott Disc Trust No 4 A/C>, an entity associated with Mark Elliott in consideration of \$38,198.68.

(e) Share Based Payments pursuant to Directors' and Management Fee Plan

The Directors' and Management Fee Plan (**DMFP**) was approved by shareholders on 29 November 2012. Under the DMFP, Directors' and Management may elect to receive up to 50% of their remuneration in HRL shares. The participant shares were issued quarterly at the volume weighted average price of the shares calculated over the 3 months prior to issue. The following shares were issued in the prior year under the plan:

|           | Value of base remuneration received as equity \$ | No. of shares issued |
|-----------|--|----------------------|
| Directors | 163,292  | 11,381,733           |
| Employees | 35,195   | 2,42,401             |

The following Shares were issued to Directors of HRL in accordance with DMFP, in lieu of fees for the period from October 2012 to March 2013:

- The issue of 4,950,129 to Peter Barnett on 4 April 2013, amount to \$71,250
- The issue of 607,911 to Stephen Bizzell on 4 April 2013 amounting to \$8,750.

As Shareholder approval was obtained for the DMFP, and the issue of Shares pursuant to it was considered by the Board to be reasonable remuneration for the purposes of Section 211 of the Corporations Act, Shareholder approval was not sought specifically for the Share issue

(a) Payment of Directors' Fees

The Directors have been paid the fees disclosed in Section 6.6. All of these payments are considered to be reasonable remuneration for the purposes of Section 211 of the Corporations Act and as such, shareholder approval to pay the fees has not been sought.

(f) Yatala Lease

OCTIEF Pty Ltd, a wholly owned subsidiary of HRL, currently leases its Yatala office and lab facilities from Paget Developers, a related entity of Darren Anderson and Kevin Maloney. The key terms of the lease are:

- (a) 5 year lease expiring November 2018, with 5 year option
- (b) Outgoings paid 100% by OCTIEF Pty Ltd
- (c) Annual rental of \$96,000
- (d) Annual increase of the greater of 3% or CPI
- (g) OCTFOLIO Consulting

From time to time, OCTIEF Pty Ltd, a wholly owned subsidiary of HRL, will engage the software development services of OCTFOLIO Pty Ltd, a related entity of Darren Anderson and Kevin Maloney. The value of these services is approximately \$10,000 per month.

(b) Loans with Directors and Related Parties

To assist with the short term funding of the Consolidated Entity, the Directors have from time to time provided short terms loans. The loans were interest free and are only repayable once the Consolidated Entity has sufficient working capital to do so. The loans were repaid in January 2014. The Board considered the loans were at arm's length and Shareholder approval was not required.

| 2014            | Balance 1 July 2013 | Loans provided by Directors | Interest | Repayments       | Balance 30 June 2014 |
|-----------------|---------------------|-----------------------------|----------|------------------|----------------------|
| <b>Director</b> |                     |                             |          |                  |                      |
| Mark Elliott    | 30,000              | 50,000                      | -        | (80,000)         | -                    |
| Peter Barnett   | -                   | 80,366                      | -        | (80,366)         | -                    |
| Michael Sandy   | 30,000              | 50,000                      | -        | (80,000)         | -                    |
| Stephen Bizzell | -                   | 80,000                      | -        | (80,000)         | -                    |
| <b>Total</b>    | <b>60,000</b>       | <b>260,366</b>              | -        | <b>(320,366)</b> | -                    |

### 13.11 Litigation

Legal proceedings may arise from time to time in the course of the Company's business. As of the date of this Prospectus, the Company is not involved in any material litigation or arbitration proceedings, nor, so far as the Directors are aware, are any such proceedings pending or threatened against the Company.

As announced by the Company on 4 February 2015, the Peruvian tax claim dispute, which arose as part of HRL's sale of its Peruvian geothermal interests, was resolved on 29 August 2014 in favour of HRL. The funds which were held in escrow in relation to this matter will therefore be released to the company pending dispatch and receipt of the release notice.

The Company therefore confirms is not engaged in any litigation which has or would be likely to have a material adverse effect on either the Company or its business.

### 13.12 Dividend policy

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

at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

### 13.13 Liability of Other Persons Named in this Prospectus

Notwithstanding that they may be referred to elsewhere in this Prospectus:

BDO Audit is named in the Corporate Directory as Independent Accountants and Auditor to the Company. They were involved in the preparation of the Independent Limited Assurance Report set out in Section 11. BDO has given consent for inclusion of Independent Limited Assurance Report in the Prospectus and to be named in the form and context in which it is named, and has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC. In doing so, it has placed reasonable reliance upon information provided to it by the Company and other third parties. Other than contained in the Independent Limited Assurance Report it does not make any other statement in this Prospectus. BDO will be paid for work performed in accordance with usual time based charge out rates and estimate their professional costs at \$30,000 (excluding disbursements and GST), at the date of this Prospectus.

Tulla Property Partners Pty Ltd is named in the Corporate Directory as the Underwriter to the Offer. Tulla Property Partners Pty Ltd has given its written consent to be named as Underwriter to the Offer in the form and context in which it is named and has not withdrawn its consent prior to lodgement of this Prospectus with ASIC. Tulla Property Partners Pty Ltd makes no statement in this Prospectus nor are any statements made in this Prospectus based on any statement by it, other than being named as Underwriter, and has not authorised or caused the issue of, this Prospectus. The Underwriter will be entitled to be paid the fees set forth in section 12.1.

Publica Capital Advisors is named in the Corporate Directory as a Corporate Adviser to the Offer. Publica Capital Advisors Limited has given its written consent to be named as a Corporate Adviser to the Offer in the form and context in which it is named and has not withdrawn its consent prior to lodgement of this Prospectus with ASIC. Publica Capital Advisors Limited makes no statement in this Prospectus nor are any statements made in this Prospectus based on any statement by it, other than being named as a Corporate Adviser, and has not authorised or caused the issue of, this Prospectus. In consideration for work performed in accordance with the Lead Manager Letter of Engagement, a fixed fee of \$100,000 plus GST will be paid to the Corporate Advisor. The Lead Manager will be paid for additional services, as the case may be. Further details of the Lead Manager Engagement Letter are included in Section 12.

Link Market Services Limited has given its written consent to be named as the Share Registry in the form and context in which it is named and has not withdrawn its consent prior to lodgement of this Prospectus within ASIC. Link Market Services Limited has had no involvement in the preparation of any part of the Prospectus other than being named as the Share Registry to the Company. Link Market Services Limited has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of the Prospectus.

HopgoodGanim are named in the Corporate Directory as solicitors to the Company in relation to the Offer and prepared the Solicitor's Report set out in Section 93 of this Prospectus and have been involved in the process of reviewing this Prospectus for consistency with the material contracts. In doing so, they have placed reasonable reliance upon information provided to them by the Company and other third parties. HopgoodGanim has given its consent for the inclusion of the Solicitor's Report in the Prospectus and to be named in the form and context in which it is named and has not withdrawn that consent prior to the lodgement of this Prospectus with ASIC. They do not make any other statement in this Prospectus. HopgoodGanim will be paid for work performed in accordance with usual time based charge out rates and estimate their professional costs at \$ 120,000 (excluding disbursements and GST), at the date of this Prospectus.

There are a number of persons referred to elsewhere in this Prospectus who are not experts and who have not made statements included in this Prospectus, nor are there any statements made in this Prospectus on the basis of any statements made by those persons. These persons did not consent to being named in the Prospectus and did not authorise or cause the issue of the Prospectus.

### 13.14 Interests of Experts, Advisers and Directors

Sections 9, 12 and 13 of this Prospectus sets out the nature and extent of the interests and fees of certain persons involved in the Offer. Other than set out in this Prospectus, no:

- (a) Director of HRL;
- (b) person named in this Prospectus and who has performed a function in a professional, advisory, or other capacity in connection with the preparation or distribution of this Prospectus;
- (c) promoter of HRL; or
- (d) stockbroker to the Offer,

holds at the time of lodgement of this Prospectus with ASIC, or has held in the two years before lodgement of this Prospectus with ASIC, an interest in:

- (a) the formation or promotion of HRL;
- (b) property acquired or proposed to be acquired by HRL in connection with its formation or promotion, or in connection with the Offer; or
- (c) the Offer,

and no amount (whether in cash, Shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given to any such persons for services in connection with the formation or promotion of HRL or the Offer or to any Director or proposed Director to induce them to become, or qualify as, a Director of HRL.

### 13.15 Inspection of Documents

Copies of the following documents may be inspected free of charge at the registered office of the Company and at the offices of HopgoodGanim, Level 8, 1 Eagle Street, Brisbane during normal business hours:

Material Contracts in Section 12;

- (a) Constitution of the Company;
- (b) Consents referred to in this Prospectus;
- (c) Offer Documents; and
- (d) Corporate Governance Charter.

### 13.16 Costs of the Offer

If the Offer proceeds, the total estimated costs of the Offer including fees and commissions payable to the Underwriter, Lead Manager, advisory, ASIC and ASX fees, Prospectus printing and miscellaneous expenses will be \$510,000.

### 13.17 Continuous disclosure obligations

As the Company is admitted to the Official List, the Company is a “disclosing entity” (as defined in Section 111AC of the Corporations Act) and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company will be required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

Price sensitive information will be publicly released through the ASX before it is disclosed to shareholders and market participants. Distribution of other information to Shareholders and market

participants will also be managed through disclosure to the ASX. In addition, the Company will post this information on its website after the ASX confirms an announcement has been made, with the aim of making the information readily accessible to the widest audience.

### 13.18 **Financial Forecasts**

The Directors have considered the matters set out in ASIC Regulatory Guide 170 (**RG 170**) based on the guidance provided under RG 170 have elected not to include forecast future earnings for the purposes of this prospectus.

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

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

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

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

### 13.20 **Privacy**

By submitting an Application Form for New Shares you are providing to the Company personal information about you. If you do not provide complete and accurate personal information, your application may not be able to be processed. The Company maintains the register of members of the Company through Link Market Services Limited, an external service provider. The Company requires Link Market Services Limited to comply with the National Privacy Principles while performing these services. The Company's register is required by law to contain certain personal information about you, such as your name and address and number of Shares held. In addition, the Company collects personal information from members including contact details, bank accounts, membership details and tax file numbers.

This information is used to carry out registry functions such as payment of dividends, sending annual and half yearly reports, notices of meetings, newsletters and notifications to the Australian Taxation Office. In addition, contact information will be used from time to time to inform members of new initiatives concerning the Company.

The Company understands how important it is to keep your personal information private. The Company will only disclose personal information it has about you:

- (a) when you agree to the disclosure;
- (b) when used for the purposes for which it was collected;
- (c) when disclosure is required or authorised by law;
- (d) to other members of the Combined Group;
- (e) to your Broker;
- (f) to external service suppliers who supply services in connection with the administration of the Company's register such as mailing houses and printers, Australia Post and financial institutions.

Shareholders have the right to access, update and correct personal information held by the Company and Link Market Services Limited except in limited circumstances. Shareholders wishing



to access, update or correct personal information held by Link Market Services Limited or by the Company should contact the respective offices.

If you have any questions concerning how the Company handles your personal information please contact the Company.

### 13.21 **Governing law**

This Prospectus and the contracts that arise from the acceptance of the Applications are governed by the law applicable in Queensland (Australia), and each applicant for New Shares under this Prospectus submits to the exclusive jurisdiction of the courts of Queensland (Australia).

### 13.22 **Electronic Prospectus**

An electronic version of this Prospectus is available from the Company's website at [www.hrlholdings.com](http://www.hrlholdings.com).

The Application Form may only be distributed attached to or accompanying a complete and unaltered copy of this Prospectus. The Application Form included with this Prospectus contains a declaration that the investor has personally received the complete and unaltered Prospectus prior to completing the Application Form.

The Company will not accept a completed Application Form if it has reason to believe that the investor has not received a complete paper copy or electronic copy of this Prospectus or if it has reason to believe that the Application Form or electronic copy of this Prospectus has been altered or tampered with in any way.

While the Company believes that it is extremely unlikely that in the Offer Period the electronic version of this Prospectus will be tampered with or altered in any way, the Company cannot give any absolute assurance that it will not be the case. Any investor in doubt concerning the validity or integrity of an electronic copy of this Prospectus should immediately request a paper copy of this Prospectus directly from the Company or a financial adviser.

### 13.23 **Subsequent events**

There has not arisen at the date of this Prospectus any item, transaction or event of a material or unusual nature not already disclosed in this Prospectus which is likely, in the opinion of the Directors of the Company to affect substantially:

- (a) the operations of the Company;
- (b) the results of those operations; or
- (c) the state of affairs of the Company.

### 13.24 **Consent to lodgement**

Each of the Directors of the Company has consented to the lodgement of this Prospectus with the ASIC.

Signed on behalf of the Company by:



Darren Anderson  
Executive Director

## 14. Glossary

|  |  |
|--|--|
| <b>\$</b>                                  | Australian dollars (unless otherwise indicated)  |
| <b>AEDT</b>                                | Australian Eastern Daylight Time   |
| <b>Applicant</b>                           | A person applying for New Shares offered by this Prospectus under the Offer  |
| <b>Application</b>                         | An application for New Shares under the Offer  |
| <b>Application Amount</b>                  | The total amount shown on the Application Form for the Application Monies  |
| <b>Application Form</b>                    | The Application Form enclosed with and forming part of this Prospectus for use by Applicants   |
| <b>Application Monies</b>                  | The Offer Price multiplied by the number of New Shares applied for   |
| <b>ASIC</b>                                | Australian Securities and Investments Commission   |
| <b>ASX Settlement Operating Rules</b>      | The operating rules of the ASX Settlement Pty Ltd which apply while the Company is an issuer of CHESSE-approved securities, each as amended or replaced from time to time  |
| <b>ASX</b>                                 | ASX Limited ABN 98 008 624 691   |
| <b>Authorisations</b>                      | Certain licences, authorisations and permits in respect of exploration and development activities  |
| <b>BDO Audit</b>                           | BDO Audit Pty Ltd ACN 112 284 787  |
| <b>Board</b>                               | The board of Directors of the Company from time to time  |
| <b>Chairman</b>                            | the chairman of the Company  |
| <b>CHESSE</b>                              | Clearing House Electronic Sub-registry System operated by ASX  |
| <b>Closing Date</b>                        | The date on which the Offer closes, being 6 March 2015 (or such other date as determined by the Board) and includes a reference to the General Public Offer Closing Date as the context requires   |
| <b>Company or HRL</b>                      | HRL Holdings Ltd ACN 120 896 371   |
| <b>Completion</b>                          | completion of the Offer made under this Prospectus   |
| <b>Conditional Approval</b>                | the letter of conditional approval from ASX in regard to the Company's re-compliance with Chapters 1 and 2 of the ASX Listing Rules  |
| <b>Consolidation</b>                       | The consolidation of the issued securities of the Company existing at the date of this Prospectus on a one (1) for 12 basis (rounded up to the nearest whole number), in accordance with the terms and conditions outlined in the NOM and in Section 1.7 |
| <b>Constitution</b>                        | Constitution of the Company  |
| <b>Combined Group</b>                      | the Company and its subsidiaries, which include OCTIEF and, upon completion of the Transaction, Precise Consulting   |
| <b>Corporate Advisor</b>                   | Publica Capital Advisors Limited ACN 128 635 601   |
| <b>Corporate Advisor Engagement Letter</b> | The Letter of Engagement dated 5 January 2015, entered into between the Company and the Corporate Advisor  |
| <b>Corporate Governance Charter</b>        | The corporate governance charter adopted by the Company as described in Section 9.9  |
| <b>Corporations Act</b>                    | <i>Corporations Act 2001</i> (Cth)   |
| <b>CPI</b>                                 | consumer price index   |

|   |   |
|---|---|
| <b>Directors</b>                            | The Directors of the Company  |
| <b>Director Options</b>                     | Options issued to Directors on the terms described in Section 13.7  |
| <b>EBIT</b>                                 | Earnings before interest and tax  |
| <b>EGM or General Meeting</b>               | The general meeting of Shareholders anticipated to be held on 25 February 2015  |
| <b>Escrowed Shareholders</b>                | The Shareholders party to the Restriction Agreements as identified in Section 12.6, and being each of: <ul style="list-style-type: none"> <li>(a) Craig Anderson and Amanda Anderson as trustees for the CA &amp; AM Anderson Family Trust;</li> <li>(b) Greg Anderson and Nancy Anderson as trustees for the GJ &amp; NJ Anderson Family Trust;</li> <li>(c) Tulla Property Partners Pty Ltd ACN 126 992 103 as trustees for the Tulla Property Partners Trust; and</li> <li>(d) Darren Anderson and Julie Anderson as trustees for the DG &amp; JE Anderson Family Trust</li> </ul> |
| <b>ESOP</b>                                 | Employee Share Option Plan  |
| <b>Executive Director</b>                   | means an executive Director of the Company  |
| <b>Existing Shareholders</b>                | Shareholders of the Company at the date of this Prospectus  |
| <b>Exposure Period</b>                      | The usual seven (7) day period from the date of lodgement of a Prospectus or as otherwise extended by ASIC  |
| <b>FATA</b>                                 | <i>Foreign Acquisitions and Takeovers Act 1975 (Cth)</i>  |
| <b>General Public Offer</b>                 | The general public offer of 76,923,077 New Shares at offer price of \$0.065 per New Share to raise a minimum of \$5,000,000   |
| <b>Geothermal Permits</b>                   | GEP 6 and GEP 8   |
| <b>IANZ</b>                                 | Testing Laboratory Registration Council trading as International Accreditation New Zealand  |
| <b>Independent Limited Assurance Report</b> | the report compiled by BDO Audit dated 5 February 2015 as contained in Section 11   |
| <b>Listing</b>                              | Official quotation of Shares on the ASX   |
| <b>Listing Rules</b>                        | The official listing rules of ASX   |
| <b>Major Shareholders</b>                   | Craig Anderson and Amanda Anderson as trustees for the CA & AM Anderson Family Trust, Greg Anderson and Nancy Anderson as trustees for the GJ & NJ Anderson Family Trust, Tulla Property Partners Pty Ltd ACN 126 992 103 as trustees for the Tulla Property Partners Trust, and Darren Anderson and Julie Anderson as trustees for the DG & JE Anderson Family Trust.  |
| <b>Marketable Parcel</b>                    | has the same meaning as given to it in the Listing Rules  |
| <b>Milestone 1</b>                          | OCTIEF achieving revenue for the 6 months to 31 December 2014 which equals or exceeds \$1.75 million  |
| <b>Milestone 1 Shares</b>                   | The 160,377,178 Shares to be issued to the OCTIEF Vendors in accordance with the OCTIEF Acquisition upon OCTIEF achieving Milestone 1 by 31 December 2014   |
| <b>Milestone 2</b>                          | OCTIEF establishing a laboratory in Queensland  |
| <b>Milestone 2 Shares</b>                   | 96,226,306 Shares   |
| <b>Milestone 3</b>                          | OCTIEF achieving revenue for the 12 months to 30 June 2015 which equals or exceeds \$4.25 million   |

|   |   |
|---|---|
| <b>Milestone 3 Shares</b>                   | The 64,150,871 Shares to be issued to the OCTIEF Vendors in accordance with the OCTIEF Acquisition upon OCTIEF achieving Milestone 3 by 30 June 2015  |
| <b>Milestone Shares</b>                     | each of the Milestone 1 Shares, Milestone 2 Shares and Milestone 3 Shares issued in accordance with terms and conditions of the OCTIEF Acquisition in consideration   |
| <b>New Shares</b>                           | 76,923,077 Shares offered under the Prospectus  |
| <b>NOM or Notice of Meeting</b>             | the notice of meeting giving notice to Shareholders of the EGM, dispatched by the Company to Shareholders on 27 January 2015  |
| <b>Non-Executive Director</b>               | a non-executive Director of the Company   |
| <b>NZCO</b>                                 | The Registrar of Companies established under the New Zealand Companies Act 1993   |
| <b>NZD</b>                                  | New Zealand dollars   |
| <b>NZSC</b>                                 | The New Zealand Securities Commission as defined in the Securities Act 1978 of New Zealand  |
| <b>OCTIEF</b>                               | OCTIEF Pty Ltd ACN 163 772 478  |
| <b>OCTIEF Acquisition</b>                   | The acquisition of all the issued capital of OCTIEF from the OCTIEF Vendors, announced to the market on 21 July 2014, approved by Shareholders on 15 September 2014 and completed on 15 September 2014  |
| <b>OCTFOLIO</b>                             | OCTFOLIO Pty Ltd ABN 86 163 772 496   |
| <b>OCTIEF Vendors or Major Shareholders</b> | Each of: <ul style="list-style-type: none"> <li>(a) Craig Anderson and Amanda Anderson as trustees for the CA &amp; AM Anderson Family Trust;</li> <li>(a) Greg Anderson and Nancy Anderson as trustees for the GJ &amp; NJ Anderson Family Trust;</li> <li>(b) Tulla Property Partners Pty Ltd ACN 126 992 103 as trustees for the Tulla Property Partners Trust; and</li> <li>(c) Darren Anderson and Julie Anderson as trustees for the DG &amp; JE Anderson Family Trust</li> </ul> |
| <b>Offer</b>                                | The offer under this Prospectus of New Shares for issue by HRL by way of the General Public Offer.  |
| <b>Offer Documents</b>                      | The documents issued or published by or on behalf of the Company in respect of the Offer, including this Prospectus, any application forms, any investor presentations in connection with the Offer and any supplementary prospectus  |
| <b>Offer Price</b>                          | \$0.065 per New Share   |
| <b>Official List</b>                        | the official list of entities that ASX has admitted and not removed   |
| <b>Official Quotation</b>                   | Quotation on the Official List of ASX   |
| <b>Opening Date</b>                         | The date on which the Offer opens, being 12 February 2015, (or such other date as determined by the Board) and includes a reference to the Rights General Public Offer Opening Date as the context requires   |
| <b>Option holder(s)</b>                     | The holder of an Option   |
| <b>Options</b>                              | Options to subscribe for Shares in the Company  |
| <b>Paget Developers</b>                     | Paget Developers Pty Ltd ACN 147 431 356  |
| <b>Pre-Offer Shares</b>                     | 1,009,142,649 Shares on issue prior to the Offer and Consolidation  |

|                                       |   |
|---------------------------------------|---|
| <b>Precise Consulting</b>             | Precise Consulting Laboratory Limited (company no. 3772580)   |
| <b>Precise Consulting Acquisition</b> | The transactions contemplated by the Share Sale Agreement   |
| <b>Precise Consulting Vendors</b>     | Andre Halkyard and Donna Firth, as outlined in the Share Sale Agreement   |
| <b>Prospectus</b>                     | This document (including the electronic form of this Prospectus and any supplementary or replacement Prospectus in relation to this document)   |
| <b>Purchase Price</b>                 | \$NZD 7,500,000 in consideration for all of the issued capital of Precise Consulting  |
| <b>Relevant Interest</b>              | Has the same meaning as given to it under the Corporations Act  |
| <b>Resolutions</b>                    | the Resolutions proposed at the EGM   |
| <b>Sale Shares</b>                    | all of the shares on issue in Precise Consulting  |
| <b>Share Registry</b>                 | Link Market Services Limited ACN 083 214 537  |
| <b>Small Parcel Shareholders</b>      | Shareholders who do not hold a Marketable Parcel  |
| <b>Record Date</b>                    | Has the meaning ascribed to that term in Chapter 19 Listing Rules   |
| <b>Restriction Agreements</b>         | The agreements to be entered into by the Escrowed Shareholders and the Company under which the Escrowed Shareholders agree not to sell, transfer or otherwise dispose of any Shares held by them in the period from the Listing Date until their respective restriction end date, as described in Section 2.8(d) of this Prospectus |
| <b>Offer</b>                          | The General Public Offer being made pursuant to this Prospectus   |
| <b>Share(s)</b>                       | Fully paid ordinary share(s) in the capital of HRL  |
| <b>Shareholder(s)</b>                 | The holder of a Share   |
| <b>Share Sale Agreement</b>           | the Share Sale Agreement dated 23 December 2014 between the Company, the Precise Consulting Vendors and Precise Consulting for the acquisition of the total issued capital in Precise Consulting from the Precise Consulting Vendors by the Company   |
| <b>Substantial Shareholders</b>       | Each of the Shareholders identified in Table 5 and Table 6 in Section 2.13 of this Prospectus   |
| <b>Underwriter</b>                    | Tulla Property Partners Pty Ltd ACN 126 992 103   |
| <b>VWAP</b>                           | means volume weighted average price   |



Broker Code

Adviser Code

Grid for Broker Code

Grid for Adviser Code

HRL Holdings Limited
ACN 120 896 371

General Public Offer Application Form

This is an Application Form for Shares in HRL Holdings Limited under the General Public Offer on the terms set out in the Prospectus dated 9 February 2015.

If you are in doubt as to how to deal with this Application Form, please contact your accountant, lawyer, stockbroker or other professional adviser.

Shares applied for, Price per Share (A \$0.065), Application Monies (B A\$)

PLEASE COMPLETE YOUR DETAILS BELOW (refer overleaf for correct forms of registrable names)

Applicant #1 Surname/Company Name

Applicant #1 Title, First Name, Middle Name

Applicant #1 Title, First Name, Middle Name

Joint Applicant #2

Joint Applicant #2 Surname

Joint Applicant #2 Title, First Name, Middle Name

Designated account e.g. <Super Fund> (or Joint Applicant #3)

Designated account grid

TFN/ABN/Exemption Code

TFN/ABN/Exemption Code for First Applicant, Joint Applicant #2, Joint Applicant #3

TFN/ABN type selection: Company, Partnership, Trust, Super Fund

TFN/ABN type - if NOT an individual, please mark the appropriate box

PLEASE COMPLETE ADDRESS DETAILS

PO Box/RMB/Locked Bag/Care of (c-)/Property name/Building name (if applicable)

Address Line 1 grid

Address Line 2 grid

Suburb/City or Town, State, Postcode

Email address (only for purpose of electronic communication of shareholder information)

Email address grid

CHESS HIN (if you want to add this holding to a specific CHESS holder, write the number here)

CHESS HIN selection (F X)

Please note: that if you supply a CHESS HIN but the name and address details on your Application Form do not correspond exactly with the registration details held at CHESS, your Application will be deemed to be made without the CHESS HIN and any Shares issued as a result of the Offer will be held on the issuer sponsored sub-register.

Telephone Number and Contact Name (PRINT)

Telephone Number grid

Cheques or bank drafts should be made payable to "HRL Holdings Limited" in Australian currency and crossed "Not Negotiable".

Cheque or Bank Draft Number, BSB, Account Number

Total Amount A\$

LODGEMENT INSTRUCTIONS

You must return your application so it is received before 5:00pm (AEDT) on 6 March 2015 to: Link Market Services Limited, Locked Bag A14, Sydney South NSW 1235.

HRL IPO001



# Your Guide to the Application Form

Please complete all relevant white sections of the Application Form in BLOCK LETTERS, using black or blue ink. These instructions are cross-referenced to each section of the form.

The Shares to which this Application Form relates are HRL Holdings Limited ("HRL") Shares. Further details about the shares are contained in the Prospectus dated 9 February 2015 issued by HRL Holdings Limited. The Prospectus will expire on 9 March 2016. While the Prospectus is current, HRL Holdings Limited will send paper copies of the Prospectus, any supplementary document and the Application Form, free of charge on request.

The Australian Securities and Investment Commission requires that a person who provides access to an electronic application form must provide access, by the same means and at the same time, to the relevant Prospectus. This Application Form is included in the Prospectus.

The Prospectus contains important information about investing in the Shares. You should read the Prospectus before applying for Shares.

- A** Insert the number of Shares you wish to apply for. The Application must be for a minimum of 30,769 Shares and thereafter in multiples of 500. You may be issued all of the Shares applied for or a lesser number.
- B** Insert the relevant amount of Application Monies. To calculate your Application Monies, multiply the number of Shares applied for by the issue price. Amounts should be in Australian dollars. Please make sure the amount of your cheque or bank draft equals this amount.
- C** Write the full name you wish to appear on the register of Shares. This must be either your own name or the name of a company. Up to three joint Applicants may register. You should refer to the table below for the correct registrable title.
- D** Enter your Tax File Number (TFN) or exemption category. Business enterprises may alternatively quote their Australian Business Number (ABN). Where applicable, please enter the TFN or ABN for each joint Applicant. Collection of TFN(s) and ABN(s) is authorised by taxation laws. Quotation of TFN(s) and ABN(s) is not compulsory and will not affect your Application. However, if these are not provided, HRL Holdings Limited will be required to deduct tax at the highest marginal rate of tax (including the Medicare Levy) from payments.
- E** Please enter your postal address for all correspondence. All communications to you from HRL Holdings Limited and the Share Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.
- F** If you are already a CHES participant or sponsored by a CHES participant, write your Holder Identification Number (HIN) here. If the name or address recorded on CHES for this HIN is different to the details given on this form, your Shares will be issued to HRL Holdings Limited's issuer sponsored subregister.
- G** Please enter your telephone number(s), area code and contact name in case we need to contact you in relation to your Application.
- H** Please complete the details of your cheque or bank draft in this section. The total amount of your cheque or bank draft should agree with the amount shown in section B.  
Make your cheque or bank draft payable to "**HRL Holdings Limited**" in Australian currency and cross it "Not Negotiable". Your cheque or bank draft must be drawn on an Australian bank. Sufficient cleared funds should be held in your account, as cheques returned unpaid are likely to result in your Application being rejected.

## LODGEMENT INSTRUCTIONS

This Application Form and your cheque or bank draft must be mailed or delivered so that it is received before 5:00pm (AEDT) on 6 March 2015 at:

### Mailing Address

HRL Holdings Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235

### Hand Delivery

HRL Holdings Limited  
C/- Link Market Services Limited  
1A Homebush Bay Drive  
Rhodes NSW 2138

**(do not use this address for mailing purposes)**

## PERSONAL INFORMATION COLLECTION NOTIFICATION STATEMENT

Personal information about you is held on the public register in accordance with Chapter 2C of the *Corporations Act 2001*. For details about Link Group's personal information handling practices including collection, use and disclosure, how you may access and correct your personal information and raise privacy concerns, visit our website at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au) for a copy of the Link Group condensed privacy statement, or contact us by phone on +61 1800 502 355 (free call within Australia) 9am–5pm (Sydney time) Monday to Friday (excluding public holidays) to request a copy of our complete privacy policy.

## CORRECT FORMS OF REGISTRABLE NAMES

Note that ONLY legal entities are allowed to hold Shares. Applications must be in the name(s) of natural persons or companies. At least one full given name and the surname is required for each natural person. The name of the beneficiary or any other non-registrable name may be included by way of an account designation if completed exactly as described in the examples of correct forms below.

| Type of Investor   | Correct Form of Registration  | Incorrect Form of Registration                           |
|--|---|--|
| <b>Individual</b><br>Use given names in full, not initials   | Mrs Katherine Clare Edwards   | K C Edwards  |
| <b>Company</b><br>Use Company's full title, not abbreviations  | Liz Biz Pty Ltd   | Liz Biz P/L or Liz Biz Co.                               |
| <b>Joint Holdings</b><br>Use full and complete names   | Mr Peter Paul Tranche &<br>Ms Mary Orlando Tranche                                | Peter Paul &<br>Mary Tranche                             |
| <b>Trusts</b><br>Use the trustee(s) personal name(s)   | Mrs Alessandra Herbert Smith<br><Alessandra Smith A/C>                            | Alessandra Smith<br>Family Trust                         |
| <b>Deceased Estates</b><br>Use the executor(s) personal name(s)  | Ms Sophia Garnet Post &<br>Mr Alexander Traverse Post<br><Est Harold Post A/C>    | Estate of late Harold Post<br>or<br>Harold Post Deceased |
| <b>Minor (a person under the age of 18 years)</b><br>Use the name of a responsible adult with an appropriate designation | Mrs Sally Hamilton<br><Henry Hamilton>  | Master Henry Hamilton                                    |
| <b>Partnerships</b><br>Use the partners' personal names  | Mr Frederick Samuel Smith &<br>Mr Samuel Lawrence Smith<br><Fred Smith & Son A/C> | Fred Smith & Son   |
| <b>Long Names</b>  | Mr Hugh Adrian John Smith-Jones   | Mr Hugh A J Smith Jones                                  |
| <b>Clubs/Unincorporated Bodies/Business Names</b><br>Use office bearer(s) personal name(s)                               | Mr Alistair Edward Lilley<br><Vintage Wine Club A/C>                              | Vintage Wine Club  |
| <b>Superannuation Funds</b><br>Use the name of the trustee of the fund   | XYZ Pty Ltd<br><Super Fund A/C>   | XYZ Pty Ltd<br>Superannuation Fund                       |

Put the name(s) of any joint Applicant(s) and/or account description using < > as indicated above in designated spaces at section C on the Application Form.

## 16. Corporate Directory

| <b>Directors</b>  | <b>Company Secretary</b>  | <b>Management</b>  |
|---|---|--|
| <p>Darren Anderson<br/>(Executive Director)</p> <p>Kevin Maloney<br/>(Non-executive Chairman)</p> <p>Mark Elliott<br/>(Non-executive Director)</p> <p>John Taylor<br/>(Non-executive Director)</p> <p>Fred Kempson<br/>(Alternate Director)</p>   | <p>Paul Marshall</p>  | <p>Darren Anderson<br/>(Executive Director)</p> <p>Steven Dabelstein<br/>(Chief Executive Officer)</p> <p>Michael Harvey<br/>(Chief Finance Officer)</p>   |
| <b>Registered Office and Administration</b>   | <b>Share Registry</b>   | <b>Stock Exchange Listing:</b>   |
| <p>Waterfront Place<br/>Level 9<br/>1 Eagle Street<br/>Brisbane QLD 4000<br/>Phone: + 61 7 3105 5960<br/>Fax: +61 7 3010 9001</p>   | <p>Link Market Services Limited<br/>Level 15<br/>324 Queen Street<br/>Brisbane QLD 4000<br/>Phone: +61 1300 554 474<br/>Fax: +61 2 9287 0303</p>  | <p>Australian Securities Exchange Limited<br/>ASX Code: HRL</p>  |
| <b>Corporate Adviser and Lead Manager</b>   | <b>Solicitors to the Offer</b>  | <b>Independent Accountants and Auditors</b>  |
| <p>Publica Capital Advisors<br/>Level 5, 95 Pitt Street<br/>Sydney, NSW 2000 Australia<br/>Tel: + 61 2 8459 2086<br/>Fax: + 61 2 8011 1296<br/>Website: <a href="http://www.publicaca.com.au">www.publicaca.com.au</a><br/>Email: <a href="mailto:info@PublicaCA.com.au">info@PublicaCA.com.au</a></p>                                      | <p>HopgoodGanim<br/>Level 8, Waterfront Place<br/>1 Eagle Street<br/>Brisbane QLD 4000<br/>Tel: + 61 7 3024 0000<br/><a href="http://www.hopgoodganim.com.au">www.hopgoodganim.com.au</a></p> | <p>BDO Audit Pty Ltd<br/>Level 10, 12 Creek Street<br/>Brisbane, QLD 4000 Australia<br/>Tel: +61 7 3237 5999<br/>Fax: +61 7 3221 9227<br/>Website:<br/><a href="http://www.bdo.com.au/">http://www.bdo.com.au/</a><br/>Email:<br/><a href="mailto:info.brisbane@bdo.com.au">info.brisbane@bdo.com.au</a></p> |
| <b>Underwriter</b>  |   |  |
| <p>Tulla Property Partners Pty Ltd ACN 126 992 103<br/>Governor Phillip Tower<br/>Suite 3, Level 29 1 Farrer Place<br/>Sydney, NSW 2000<br/>Tel: +61 (0)2 9387 5900<br/>Fax: +61 (0)2 9386 5249<br/>Website: <a href="http://www.tulla.com.au">www.tulla.com.au</a><br/>Email: <a href="mailto:info@tulla.com.au">info@tulla.com.au</a></p> |   |  |