



COVE RESOURCES LIMITED

ACN 131 445 335

(to be renamed "BidEnergy Limited")

PROSPECTUS

For the offer of 70,000,000 Shares at an issue price of \$0.10 each to raise \$7,000,000 (before costs) (Public Offer).

It is proposed that the Public Offer will close at 5.00pm (WST) on 2 June 2016. The Directors reserve the right to close the Public Offer earlier or to extend this date without prior notice. Applications must be received before that time.

This Prospectus also contains:

- (a) an offer of 201,396,700 Shares, 35,000,000 Class A Performance Shares, 35,000,000 Class B Performance Shares, 10,798,670 New Series A Cove Options, 9,243,759 New Series B Cove Options and 23,514,921 New Series B Cove Follow-On Options to the BidEnergy Vendors for the acquisition of their securities in BidEnergy (**Vendor Offer**);
- (b) an offer of 11,079,811 Performance Rights to certain employees of BidEnergy pursuant to the proposed Long Term Incentive Plan (**Employee Offer**); and
- (c) an offer of 25,000,000 Advisor Options to the Lead Managers in consideration for its introduction of the BidEnergy Acquisition to the Company (**Lead Manager Offer**).

This prospectus is also a re-compliance for the purposes of satisfying Chapters 1 and 2 of the Listing Rules and to satisfy ASX's requirements for re-quotation of the Shares on the Official List, following a change to the nature and scale of the Company's activities.

The Shares offered pursuant to this Prospectus should be regarded as speculative. Refer to Section 7 for a summary of the key risks associated with an investment in the Company.

This document is important and should be read in its entirety. If after reading this Prospectus you have questions about the Securities being offered pursuant to it, or any other matter, you should consult your stockbroker, accountant or other professional adviser.

CONTENTS

IMPORTANT NOTICE	1
CORPORATE DIRECTORY	5
LETTER FROM THE CHAIRMAN	6
KEY OFFER DETAILS	7
INDICATIVE TIMETABLE.....	8
INVESTMENT OVERVIEW	9
1. DETAILS OF OFFERS.....	18
2. OVERVIEW OF THE COMPANY AND THE BIDENERGY ACQUISITION	27
3. OVERVIEW OF BIDENERGY AND THE BIDENERGY PRODUCT	28
4. FINANCIAL INFORMATION	33
5. INVESTIGATING ACCOUNTANT'S REPORT	42
6. INDEPENDENT INDUSTRY REPORT	48
7. RISKS.....	68
8. BOARD, MANAGEMENT AND CORPORATE GOVERNANCE	74
9. MATERIAL CONTRACTS.....	81
10. ADDITIONAL INFORMATION	88
11. AUTHORISATION.....	97
12. GLOSSARY	98
13. PUBLIC OFFER APPLICATION FORM	103

IMPORTANT NOTICE

This Prospectus is dated, and was lodged with ASIC on, 29 April 2016. Neither ASIC nor ASX (or their respective officers) take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates. The expiry date of this Prospectus is 5.00pm (WST) on the date which is 13 months after the date this Prospectus was lodged with ASIC. No Shares will be issued on the basis of this Prospectus after that expiry date.

An application will be made to the ASX within seven days after the date of this Prospectus for Official Quotation of the Shares (but not the Consideration Performance Shares) the subject of the Offers.

No person or entity is authorised to give any information or to make any representation in connection with the Offers which is not contained in this Prospectus. Any information or representation not contained in this Prospectus should not be relied on as having been made or authorised by the Company or the Directors in connection with the Offers.

Before applying for Securities potential investors should carefully read this Prospectus so they can make an informed assessment of:

- (a) the rights and liabilities attaching to the Securities;
- (b) the assets and liabilities of the Company; and
- (c) the Company's financial position and performance and prospects.

It is important that you read this Prospectus in its entirety and seek professional advice where necessary. The Securities the subject of the Offers should be considered highly speculative.

Change in Nature and Scale of Activities and Re-Compliance with Chapters 1 and 2 of the Listing Rules

As announced to ASX on 14 March 2016, the Company entered into the BidEnergy Share Sale and Purchase Agreement under which it was agreed, subject to Shareholder approval and the satisfaction of certain other conditions, to acquire all of the issued securities in the capital of BidEnergy from the BidEnergy Vendors. Please refer to Section 3 for information on BidEnergy, and Section 9 for details of the key terms and conditions of the BidEnergy Share Sale and Purchase Agreement.

The Company's proposed acquisition of BidEnergy and the Public Offer (both separately and together) will involve a significant change in the nature and scale of the Company's activities which requires the approval of Shareholders under Chapter 11 of the Listing Rules. At the General Meeting, Shareholders will be asked to consider and approve, among other things, the BidEnergy Acquisition, the Public Offer and the change in nature and scale of the Company's activities.

The Company must also comply with ASX requirements for re-quotation of its Shares on the Official List, which includes re-complying with Chapters 1 and 2 of the Listing Rules.

This Prospectus is issued to assist the Company to meet these requirements and to facilitate the Offers.

Suspension from trading

Trading in listed Securities will be suspended on the morning of the day of the General Meeting. If Shareholders pass all Acquisition Resolutions, trading in Shares will remain suspended until the Company satisfies the requirements of Chapters 1 and 2 of the Listing Rules.

There is a risk that the Company may not be able to meet the requirements of ASX for re-quotation of its listed Securities on the Official List.

Conditions to the Offers

If the Conditions are not satisfied (including if the Company does not receive conditional approval for re-quotation of its listed Securities on the Official List from ASX on terms acceptable to the Company) the Company will not proceed with the Offers and will refund all Application Monies (without interest) in accordance with the Corporations Act.

Electronic Prospectus and Application Forms

This Prospectus will generally be made available in electronic form by being posted on the Company's website at www.cve.net.au. Persons having received a copy of this Prospectus in its electronic form may obtain an additional paper copy of this Prospectus and an Application Form (free of charge) from the Company's registered office during the period of the Public Offer by contacting the Company. Contact details for the Company are detailed in the Corporate Directory. The Public Offer constituted by this Prospectus in electronic form is only available to persons receiving an electronic version of this Prospectus and relevant Application Form within Australia.

Applications will only be accepted on a relevant Application Form attached to, or accompanying, this Prospectus or in its paper copy form as downloaded in its entirety from www.cve.net.au. The Corporations Act prohibits any person from passing on to another person an Application Form unless it is accompanied by or attached to a complete and unaltered copy of this Prospectus.

Prospective investors wishing to apply for Shares under the Public Offer should complete the Application Form attached to this Prospectus (refer to Section 13).

If you do not provide the information required on an Application Form, the Company may not be able to accept or process your Application.

Risks

Before deciding to invest in the Company, potential investors should read the entire Prospectus and, in particular, in considering the prospects of the Company potential investors should consider the risk factors that could affect the financial performance and assets of the Company. Please refer to Section 7 for details of the key risks applicable to an investment in the Company.

Speculative Investment

The Shares offered under this Prospectus should be considered highly speculative. There is no guarantee that the Shares offered under this Prospectus will make a return on the capital invested, that dividends will be paid on the Shares or that there will be an increase in the value of the Shares in the future.

Prospective investors should carefully consider whether the Shares offered under this Prospectus are an appropriate investment for them in light of their personal circumstances, including their financial and taxation position. Please refer to Section 7 for details of the key risks applicable to an investment in the Company.

Website

No document or information included on the Company's website is incorporated by reference into this Prospectus.

Foreign Investors

No action has been taken to register or qualify the Shares the subject of this Prospectus, or the Offers, or otherwise to permit the public offering of the Shares, in any jurisdiction outside Australia. The distribution of this Prospectus in jurisdictions outside of Australia may be restricted by law and persons who come into possession of this Prospectus outside of Australia should seek advice on, and observe, any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. This Prospectus does not constitute an offer of Shares in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Prospectus.

Exposure Period

Application for Shares under this Prospectus will not be processed until expiry of the Exposure Period pursuant to Chapter 6D of the Corporations Act. No preference will be conferred on Applications received during the Exposure Period. All Applications received during the Exposure Period will be treated as if they were simultaneously received on the Opening Date. If the Exposure Period is extended by ASIC, Applications will not be processed until the expiry of the extended Exposure Period.

The purpose of the Exposure Period is to enable examination of this Prospectus by market participants, prior to the acceptance of Applications and the raising of funds. That examination may result in the identification of deficiencies in this Prospectus and, in those circumstances, any Application that has been received may need to be dealt with in accordance with section 724 of the Corporations Act.

Privacy Statement

To apply for Shares you will be required to provide certain personal information to the Company and the Share Registry. The Company and the Share Registry will collect, hold and use your personal information in order to assess your Application, service your needs as an investor, provide facilities and services that you request and carry out appropriate administration. The Corporations Act and taxation law require some of this personal information to be collected. If you do not provide the information requested, your Application may not be able to be processed efficiently, or at all.

By submitting an Application Form, each Applicant agrees that the Company may use the information provided by an Applicant on the Application Form for the purposes detailed in this Privacy Statement and may disclose it for those purposes to the Share Registry, the Company's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and other regulatory authorities.

If an Applicant becomes a Shareholder, the Corporations Act requires the Company to include information about the Shareholder (including name, address and details of the Shares held) in its public register. The information contained in the Company's public register must remain there even if that person ceases to be a Shareholder. Information contained in the Company's public register is also used to facilitate distribution payments and corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to Shareholders) and compliance by the Company with its legal and regulatory requirements.

Forward-looking Statements

This Prospectus contains forward-looking statements which are identified by words such as "believes", "estimates", "expects", "intends", "may", "will", "would", "could", or "should" and other similar words that involve risks and uncertainties. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and management of the Company. Key risks associated with an investment in the Company are detailed in Section 7. These and other factors could cause actual results to differ materially from those expressed in any forward-looking statements.

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

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

No Forecast Financial Information

Given that:

- (a) the Company will only complete the acquisition of BidEnergy shortly before re-quotation of the Shares on the Official List; and
- (b) BidEnergy's business is at an early stage of its development, and there are significant uncertainties associated with forecasting future revenues and expenses,
- (c) after considering ASIC Regulatory Guide 170, the Directors believe that reliable financial forecasts for the Company cannot be prepared, and accordingly, financial forecasts have not been included in this Prospectus.

Diagrams

Diagrams used in this Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the date of this Prospectus.

Currency

All financial amounts contained in this Prospectus are expressed as Australian dollars unless otherwise stated.

Rounding

Any discrepancies between totals and sums and components in tables contained in this Prospectus are due to rounding.

Time

All references to time in this Prospectus are references to WST, unless otherwise stated.

Glossary

Defined terms and abbreviations used in this Prospectus are detailed in the glossary in Section 12.

CORPORATE DIRECTORY

Existing Board

Mr Winton Willesee – Executive Chairman

Mr Marcus Gracey – Non-Executive Director

Ms Erlyn Dale – Non-Executive Director / Company Secretary

Proposed Board

Mr Clive Stuart Allinson – proposed Managing Director

Mr Anthony Du Preez – proposed Executive Director

Mr Robert Browning – proposed Non-Executive Chairman

Company Secretary

Ms Erlyn Dale

Registered Office

Suite 25, 145 Stirling Highway
Nedlands WA 6009

Telephone: +61 8 9389 3110

Facsimile: +61 8 9389 3199

Share Registry

Computershare Investor Services Pty Limited
Level 11
172 St Georges Terrace
Perth WA 6000

Telephone (within Australia): +61 8 9323 2000

Telephone (outside Australia): +61 3 9415 4000

Lead Managers

Cygnnet Capital Pty Ltd
50 Ord Street
West Perth WA 6005

Canaccord Genuity (Australia) Ltd
Level 4, 60 Collins Street
Melbourne VIC 3000

Auditor to the Company & Investigating Accountant

Hall Chadwick Corporate (NSW) Limited
Level 40, 2 Park Street
Sydney NSW 2000

Auditor to BidEnergy

RSM Australia Pty Ltd
Level 21, 55 Collins Street
Melbourne VIC 3000

Legal Advisor to the Company

DLA Piper Australia
Level 31, Central Park
152 - 158 St Georges Terrace
Perth WA 6000

Independent Industry Analyst

RSM Australia Pty Ltd
8 St Georges Terrace
Perth WA 6000

ASX Code

Current: CVE

Proposed: BID

Website

www.cve.net.au

LETTER FROM THE CHAIRMAN

Dear Investor

On behalf of the board of directors of Cove Resources Limited (**Company**), to be renamed "BidEnergy Limited", I am pleased to present this Prospectus and to offer to you the opportunity to invest in the Company.

On 14 March 2016, the Company announced it had entered into the BidEnergy Share Sale and Purchase Agreement under which it was agreed, subject to Shareholder approval and the satisfaction of certain other conditions, to acquire all of the issued securities in the capital of BidEnergy from the BidEnergy Vendors.

BidEnergy is an established Australian technology company, which has developed an innovative cloud-based platform providing end to end source-to-pay services for energy. The sourcing process typically reduces energy spend by up to 12% compared to a traditional tender or standard reverse auction process and the contract-to-pay process delivers a complete suite of energy invoice and meter data management, validation, accounting, analytics and reporting services. The platform is applicable to any deregulated utility market globally and is currently accessed by over 20 multi-site customers and more than 30 energy suppliers in Australia, New Zealand and the United Kingdom.

The Company will hold a general meeting on 20 May 2016 to seek Shareholder approval for a number of resolutions to give effect to the BidEnergy Acquisition. Refer to Section 1.6 for further details.

The Company has issued this Prospectus for:

- (a) a public offering of 70,000,000 Shares at an issue price of \$0.10 each to raise \$7,000,000 (before costs). The funds raised will be used to, among other things, provide the Company with sufficient working capital following completion of the BidEnergy Acquisition; and
- (b) the purpose of re-complying with Chapters 1 and 2 of the Listing Rules, following a change to the nature and scale of the Company's activities from a mineral exploration company to a software and services business, following completion of the BidEnergy Acquisition.

This Prospectus also contains:

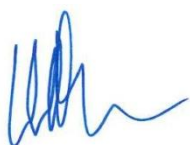
- (a) an offer of 201,396,700 Shares, 35,000,000 Class A Performance Shares, 35,000,000 Class Performance Shares, 10,798,670 New Series A Cove Options, 9,243,759 New Series B Cove Options and 23,514,921 New Series B Cove Follow-On Options to the BidEnergy Vendors for the acquisition of their securities in BidEnergy;
- (b) an offer of 11,079,811 Performance Rights to certain employees of BidEnergy pursuant to the proposed Long Term Incentive Plan; and
- (c) an offer of 25,000,000 Advisor Options to the Lead Managers in consideration for its introduction of the BidEnergy Acquisition to the Company.

Refer to Section 1 for further details of the Offers.

An investment in the Company is subject to certain risks which are highlighted in Section 7. I encourage you to read this Prospectus carefully and in its entirety. If you are in any doubt as to the contents of this Prospectus, you should seek independent professional advice.

On behalf of the board of directors of the Company, I look forward to welcoming you as a Shareholder.

Yours faithfully and on behalf of my fellow board members,



Winton Willesee
Executive Chairman

Cove Resources Limited

KEY OFFER DETAILS

Public Offer	
Issue price per Share	\$0.10
Shares offered	70,000,000
Amount to be raised (before costs)	\$7,000,000
Vendor Offer	
Shares offered to the BidEnergy Vendors	201,396,700
Class A Performance Shares offered to the BidEnergy Vendors	35,000,000
Class B Performance Shares offered to the BidEnergy Vendors	35,000,000
New Series A Cove Options	10,798,670
New Series B Cove Options	9,243,759
New Series B Cove Follow-On Options	23,514,921
Employee Offer	
Performance Rights offered to BidEnergy Employees	11,079,811
Lead Manager Offer	
Advisor Options offered to the Lead Managers	25,000,000
General	
Total cash and cash equivalents on completion of the Offers	\$8,588,786
Total Shares on issue before completion of the Offers (post-Consolidation)	49,759,594
Total Shares on issue after completion of the Offers	321,156,294
Total Existing Options on issue before and after completion of the Offers (post-Consolidation)	28,430,000
Total Class A Performance Shares on issue after completion of the Offers	35,000,000
Total Class B Performance Shares on issue after completion of the Offers	35,000,000
Total New Series A Cove Options on issue after completion of the Offers	10,798,670
Total New Series B Cove Options on issue after completion of the Offers	9,243,759
Total New Series B Cove Follow-On Options on issue after completion of the Offers	23,514,921
Total Performance Rights on issue after completion of the Offers	11,079,811
Total Advisor Options on issue after completion of the Offers	25,000,000

Note: Please refer to Section 1.12 for further details relating to the Company's proposed capital structure.

INDICATIVE TIMETABLE

Lodgement of Prospectus with ASIC	29 April 2016
Opening Date	6 May 2016
General Meeting	20 May 2016
Closing Date	2 June 2016
Issue of Securities under the Offers	14 June 2016
Completion of BidEnergy Acquisition	14 June 2016
Mailing of holding statements	16 June 2016
Expected date for re-quotation of the listed Securities on the Official List	27 June 2016

The above dates are indicative only and subject to change. Subject to applicable laws and the Listing Rules, the Directors reserve the right to amend the timetable at any time without prior notice. Any extension of the Closing Date will have a consequential effect on the anticipated date for allotment, issue and quotation of the Shares.

INVESTMENT OVERVIEW

This Section is not intended to provide full information for investors intending to apply for Shares offered under this Prospectus. Investors should read and consider this Prospectus in its entirety before deciding whether to apply for Shares.

Topic	Summary	Further Information
A. Company Overview		
Who is the issuer of this Prospectus?	Cove Resources Limited ACN 131 445 335 (to be renamed BidEnergy Limited).	Section 2
Who is the Company and what does it do?	<p>The Company is an Australian public company that has been listed on the Official List (ASX code: CVE) since 24 January 2011.</p> <p>The Company is focused on gold and copper exploration. The Company holds the Quartz Circle Project located approximately 200 kilometres south east of Port Hedland in the Pilbara region of Western Australia.</p>	Section 2
What is the BidEnergy Acquisition?	<p>The BidEnergy Acquisition is the Company's proposed acquisition of 100% of BidEnergy's securities from the BidEnergy Vendors so that, on completion of the Acquisition Agreements, BidEnergy will be a wholly owned subsidiary of the Company.</p> <p>BidEnergy is an established Australian technology company, which has developed an innovative cloud-based source to pay platform for energy. The platform combines workflow automation, data management and analytics, outperforming standard alternatives and delivering value to the customer over the entire contract lifecycle. The sourcing process deploys combinatorial auction functionality and is applicable to any deregulated utility market globally. This is complemented by a complete suite of contract management services, including invoice and meter data management, validation, payment, accounting, analytics and reporting functionality. The service is currently accessed by over 20 multi-site customers and more than 30 energy suppliers in Australia, New Zealand and the United Kingdom.</p>	Sections 2 & 3
What is the Company's strategy?	<p>Assuming the Company completes the BidEnergy Acquisition, the Company will adopt a new strategy relating to the development of the BidEnergy business, as outlined in Section 3.5.</p> <p>The Company will, prior to Completion, enter into agreements to divest:</p> <ul style="list-style-type: none"> • all of its current mineral exploration interests; and • its shares in any company. <p>If Completion does not occur, the Company will continue to actively pursue investment opportunities in Australia and overseas, with a view to creating Shareholder value.</p>	Section 3
What is the Consolidation?	<p>At the General Meeting, the Company will seek approval from Shareholders to consolidate the number of Shares and Options on issue on a 1:20 basis.</p> <p>Completion of the BidEnergy Acquisition is conditional on, amongst other others, the Company obtaining Shareholder approval for the Consolidation.</p> <p>Unless context requires otherwise, all numbers of Shares and Options are in this Prospectus are stated on a post-Consolidation basis.</p>	

Topic	Summary	Further Information
B. BidEnergy Acquisition		
What is the BidEnergy Acquisition?	<p>As announced on 14 March 2016, the Company has executed the BidEnergy Share Sale and Purchase Agreement with the Majority Vendors and BidEnergy. The effect of the BidEnergy Share Sale and Purchase Agreement and BidEnergy Short Form Sale Agreements is that, subject to satisfaction (or, if applicable, waiver) of certain conditions precedent (summarised below), the Company has agreed to acquire all of the issued securities of BidEnergy from the BidEnergy Vendors.</p> <p>The key terms of the BidEnergy Share Sale and Purchase Agreement and the BidEnergy Short Form Sale Agreements are summarised in Section 9.</p>	Sections 2 & 9
What are the conditions precedent under the BidEnergy Share Sale and Purchase Agreement?	<p>Completion under the BidEnergy Share Sale and Purchase Agreement is conditional on, amongst other things:</p> <ul style="list-style-type: none"> • the Company obtaining Shareholder approval to the proposed change in the nature and scale of the Company's activities with effect on and from Completion in accordance with Listing Rule 11.1.2 and/or Listing Rule 11.1.3; • the Company obtaining Shareholder approval for the consolidation of the Company's Share capital on a 20:1 basis; • the Company obtaining Shareholder approval to issue the Capital Raising Shares, Consideration Securities and Advisor Options in accordance with Listing Rule 7.1; • the Company obtaining Shareholder approval to change the Company's name to "BidEnergy Limited" with effect as soon as reasonably practicable following Completion; • the Company obtaining Shareholder approval to appoint Clive Stuart Allinson, Anthony Du Preez and Robert Browning as Directors, with effect on and from Completion; • the Company obtaining all necessary regulatory approvals, on terms acceptable to Cove and BidEnergy, as are required to give effect to the BidEnergy Acquisition; • each of the Minority Vendors and Cove entering into the BidEnergy Short Form Sale Agreements; • each employee of BidEnergy who holds BidEnergy Employee Options agreeing to cancel all BidEnergy Employee Options held by them (or their nominee) with effect from Completion for nil cash consideration and the Company inviting each such employee of BidEnergy to accept Performance Rights; • the Company having entered into agreements to sell, transfer or otherwise dispose of its shares in any company and any and all interests the Company holds in any mining tenements; and • the successful close of the capital raising under the Public Offer. 	Section 9.2

Topic	Summary	Further Information
What is the consideration payable by the Company under the BidEnergy Share Sale and Purchase Agreement?	<p>On (and subject to) Completion, the Company will issue:</p> <ul style="list-style-type: none"> • 201,396,700 Shares at a deemed value of \$0.10 per Share (summarised in Section 10.1); • 35,000,000 Class A Performance Shares, which will vest and convert into Shares in accordance with their terms and conditions of issue (summarised in Section 10.2); • 35,000,000 Class B Performance Shares, which will vest and convert into Shares in accordance with their terms and conditions of issue (summarised in Section 10.3); • 10,798,670 New Series A Cove Options, which will vest and convert into Shares in accordance with their terms and conditions of issue (summarised in Section 10.4); • 9,243,759 New Series B Cove Options, which will vest and convert into Shares in accordance with their terms and conditions of issue (summarised in Section 10.4); and • 23,514,921 New Series B Cove Follow-On Options, which will vest and convert into Shares in accordance with their terms and conditions of issue (summarised in in Section 10.4), <p>to the BidEnergy Vendors (or their respective nominees) in consideration for their respective securities in BidEnergy.</p>	Section 1.2
C. Summary of the Offers		
What is the Public Offer and what are its key terms?	<p>The Company is offering 70,000,000 Shares at an issue price of \$0.10 per Share to raise \$7,000,000 (before costs) (Public Offer).</p> <p>The minimum subscription is \$7,000,000.</p> <p>There will be no oversubscriptions in respect of the Public Offer.</p>	Section 1
What is the Vendor Offer and what are its key terms?	<p>The Company is offering:</p> <ul style="list-style-type: none"> • 201,396,700 Shares; • 35,000,000 Class A Performance Shares; • 35,000,000 Class B Performance Shares; • 10,798,670 New Series A Cove Options; • 9,243,759 New Series B Cove Options; and • 23,514,921 New Series B Cove Follow-On Options, <p>to the BidEnergy Vendors in consideration for the BidEnergy Acquisition.</p>	
What is the Employee Offer and what are its key terms?	<p>The Company is offering 11,079,811 Performance Rights to certain employees of BidEnergy to, in effect, replace the BidEnergy Employee Options held by those employees of BidEnergy.</p>	Section 1.3
What is the Lead Manager Offer and what are its key terms?	<p>The Company is offering 25,000,000 Advisor Options to the Lead Managers in consideration for its introduction of the BidEnergy Acquisition to the Company.</p>	Section 1.3
What is the purpose of the Offers?	<p>The purpose of the Public Offer is to:</p> <ul style="list-style-type: none"> • assist the Company to meet the requirements of ASX for re-quotation of its Shares on the Official List (which includes re-complying with Chapters 1 and 2 of the Listing Rules); and • provide the Company with sufficient funding to provide the Company with sufficient working capital following completion of the BidEnergy Acquisition. 	Section 1.9

Topic	Summary	Further Information
	<p>The purpose of the Vendor Offer is to issue the Consideration Securities to the BidEnergy Vendors in accordance with the Acquisition Agreements. As such, no funds will be raised pursuant to the Vendor Offer.</p> <p>The purpose of the Employee Offer is to issue the Performance Rights to certain employees of BidEnergy in accordance with the Acquisition Agreements.</p> <p>The purpose of the Lead Manager Offer is to issue the Advisor Options to the Lead Managers in accordance with the Lead Manager Mandate.</p>	
What is the proposed use of funds raised pursuant to the Public Offer?	<p>The funds raised pursuant to the Public Offer will be utilised by the Company:</p> <ul style="list-style-type: none"> • for the development of the BidEnergy Business and customer operations following Completion; • for software research and development; • to satisfy the expenses associated with the BidEnergy Acquisition and the Public Offer and re-complying with Chapters 1 and 2 of the Listing Rules; and • to provide the Company with additional working capital following Completion. 	Section 1.10
What is the effect of the Offers on the capital structure of the Company?	The Shares issued under the Offers will represent approximately 77.63% of the issued share capital of the Company immediately following Completion.	Sections 1.12 - 1.14
Who are the Substantial Shareholders?	Shareholders holding 5% or more of the Shares on issue as at the date of this Prospectus and post completion of the Offers are detailed in the table in Section 1.15.	Section 1.15
Is the Public Offer underwritten?	The Public Offer is not underwritten.	Section 1.23
What are the terms of the Securities offered pursuant to this Prospectus?	A summary of the rights and liabilities attached to the Securities offered pursuant to this Prospectus is detailed in Section 10.	Section 10
Who are the lead managers of the Public Offer?	Cygnit Capital and Canaccord are joint lead managers of the Public Offer.	Section 1.24
D. Re-compliance with Listing Rules 1 and 2		
What approvals are being sought at the General Meeting?	<p>At the General Meeting the Company will seek Shareholder approval for, among other things:</p> <ul style="list-style-type: none"> • the proposed change in the nature and scale of the Company's activities with effect on and from Completion in accordance with Listing Rule 11.1.2 and/or Listing Rule 11.1.3; • the consolidation of the Company's Share capital on a 20:1 basis; • the creation of the Performance Share classes; • the issue of the Capital Raising Shares, Consideration Securities and Advisor Options in accordance with Listing Rule 7.1; • obtaining shareholder approval for the Directors to participate in the Public Offer; • the change of the Company's name to "BidEnergy Limited" with effect as soon as reasonably practicable following Completion; • the appointment of Clive Stuart Allinson, Anthony 	Section 2

Topic	Summary	Further Information
	<p>Du Preez and Robert Browning as Directors with effect on and from Completion;</p> <ul style="list-style-type: none"> the adoption of the Long Term Incentive Plan and the issue of Performance Rights; and the issue of Performance Rights to Clive Stuart Allinson and Anthony Du Preez, <p>as detailed in Section 2.2.</p>	
Why does the Company need to re-comply with Listing Rules 1 and 2?	<p>The proposed acquisition of BidEnergy and the Public Offer will result in a change in the nature and scale of the Company's activities for the purposes of Listing Rule 11.1. Accordingly, ASX requires the Company to re-comply with Chapters 1 and 2 of the Listing Rules, and this Prospectus is issued to assist the Company to comply with these requirements.</p> <p>There is a risk that the Company may not be able to meet the requirements of re-quotations of its Shares on the ASX. If the conditions to Completion under the BidEnergy Share Sale and Purchase Agreement are not satisfied (including if the Company does not receive conditional approval for re-quotations of its listed Securities on the Official List from ASX on terms acceptable to the Company) then the Company will not proceed with the Offers and will refund all Application Monies received (without interest) in accordance with the Corporations Act. If the Company does not proceed with either the Vendor Offer or the Public Offer it will not proceed with the other Offers.</p>	Section 1
E. Overview of BidEnergy		
What is BidEnergy's business model?	BidEnergy provides a range of integrated source to pay services for reticulated electricity and gas on a subscription basis. Subscription fees are based on the scope and level of service, the number and mix of large consumption and small consumption sites. Service contracts are typically 24 month terms, with the option to extend. The shortest contract is 12 months.	Section 3
What are BidEnergy's plans and objectives?	BidEnergy plans to be the leading SaaS 'Source to Pay' platform for energy globally, delivered as an end-customer solution and sold directly and via channel partners.	Section 3
How does BidEnergy make its revenue?	BidEnergy is sold as a SaaS solution. Revenue is generated by charging a subscription fee to access the BidEnergy Product. Each subscription fee depends on the number and mix of sites, delivered functionality and level of service.	Section 3
Are there any key dependencies affecting BidEnergy?	BidEnergy's service depends on access to key data feeds including meter data, bills and other customer and supplier information. Automation, algorithmic validation and workflow support continuous access to data, which is secured following customer approval. BidEnergy operates an open-supplier network, to support the integrity of the sourcing process. Process integrity is also supported by workflow automation and training of in-house personnel and channel partners.	Section 3
What are the key strengths and weaknesses of BidEnergy?	<p>The key strength of BidEnergy is its proprietary energy specific workflow automation, data analytics and advanced sourcing algorithms that deliver significant value to customers over the long term. All intellectual property is developed and owned by BidEnergy.</p> <p>Currently, the key limitation of BidEnergy is its potential</p>	Section 3

Topic	Summary	Further Information
	inability to disrupt and influence an industry with well established relationships and entrenched business models. BidEnergy expects that as it establishes a larger presence in the energy industry, defensive actions may be employed against it.	
F. Financial Information		
What is the financial position of the Company and BidEnergy?	<p>Following the change in the nature of its activities, the Company will be focussed on developing and commercialising the BidEnergy Product. Accordingly the Company's past operational and financial performance will not be of significant relevance to future activities.</p> <p>Financial information (including historical financial information for the Company and BidEnergy, pro forma historical financial information and a pro forma statement of financial position) on the Company and BidEnergy is contained in Section 4.</p> <p>An investigating accountant's report is contained in Section 5.</p>	Sections 4 & 5
What is the Company's dividend policy?	The Company does not intend to declare or pay any dividends in the immediately foreseeable future. The extent, timing and payment of any dividends declared or payable in the future will be determined by the Directors, based on a number of factors, including future earnings and the Company's financial position.	Section 1.25
G. Key Risks		
What are the key risks of investing in the Company?	<p>Some of the key risks of investing in the Company are detailed below. This list is not exhaustive, and further details of these risks and other risks associated with an investment in the Company are detailed in Section 7.</p> <p>In undertaking its business activities, the Company will be exposed to risks which include, but are not limited to:</p> <ul style="list-style-type: none"> • unsuccessfully expanding the BidEnergy Product in to international markets - in order to expand BidEnergy's business it will likely be necessary for the Company to expand into international markets. Each international market will have its own commercial and regulatory environments that may impair the Company's ability to win market share and otherwise be uncondusive to BidEnergy's business and the BidEnergy Product; • emergence of new products and technology - following Completion, the Company's business will be reliant upon certain technologies and upon the successful commercialisation of these technologies. There is a risk that product developments that superseded, and render obsolete, the BidEnergy Product; • failure to gain acceptance of the BidEnergy Product - if the Company fails to achieve broad acceptance of the BidEnergy Product by market participants, or fails to position the BidEnergy Product as a preferred method for market participants to coordinate and facilitate the purchase and management of utility services, the Company's business, financial condition and results of operations will be adversely affected; 	Section 7

Topic	Summary	Further Information
	<ul style="list-style-type: none"> • failure to renew existing contracts or win new contracts - there is a risk that the Company may fail to renew existing contracts or to win new contracts which could negatively impact the Company's financial performance; • reliance on key management personnel - the Company's strategy will be implemented by the Board and the management team led by Anthony Du Preez and Clive Stuart Allinson. The loss of service of key management personnel and the Company's inability to replace them may have an material adverse impact on the Company's business; • product failure - there is a risk that the BidEnergy Product fails to perform properly due to errors or similar problems; • failure to adequately protect intellectual property - BidEnergy's intellectual property rights are important to its success. Failure to adequately protect BidEnergy's intellectual property rights or unauthorised use of BidEnergy's intellectual property rights may adversely affect the Company's business and reputation; • industry competition - there is a risk that a competitor of BidEnergy may develop a product that could increase the market share of those competitors relative to the Company's share; • brand name risk - if the "BidEnergy" brand or reputation is eroded, the Company's business may be negatively impacted; • regulatory risk - the Company will be subject to a number of domestic and international government regulations. There is a risk that the Company will not be able to comply with these regulations or that the Company's current business model is not commercial when operating within the parameters of the regulations; and • substantial shareholder risk - on Completion the BidEnergy Vendors will have the potential to exert a significant degree of influence over the Company's management and affairs and over matters requiring Shareholder approval. There is a risk that the interests of the BidEnergy Vendors generally may not be aligned to the interests of other Shareholders. 	
H. Directors and Related Party Interests and Arrangements		
Who are the current Directors?	<p>The Directors (as at the date of this Prospectus) are:</p> <ul style="list-style-type: none"> • Mr Winton Willesee – Executive Chairman; • Mr Marcus Gracey – Non-Executive Director; and • Ms Erlyn Dale – Non-Executive Director / Company Secretary. <p>All of the current Directors of the Company will resign following completion of the Offers and the BidEnergy Acquisition. Ms Dale will continue as Company Secretary following completion of the Offers and the BidEnergy Acquisition.</p>	Section 8

Topic	Summary	Further Information
Who are the Proposed Directors?	On Completion, the Directors will be: <ul style="list-style-type: none"> • Mr Clive Stuart Allinson – proposed Managing Director; • Mr Anthony Du Preez – proposed Executive Director; and • Mr Robert Browning – proposed Non-Executive Chairman. 	Section 8
What experience do the current and Proposed Directors have?	The key experience of each current Director and Proposed Director is detailed in Section 8.1. The Proposed Directors have significant experience in technology, energy and utilities industries in Australia and globally.	Section 8.1
What interests do the current and Proposed Directors have in the Securities and the Offers?	The interests of the current Directors and Proposed Directors are detailed in Section 8.3. The Securities held by each Director and each proposed Director are detailed in Section 8.4.	Sections 8.3 & 8.4
I. Applications and Other Information		
How can I apply under the Public Offer?	You may apply for Shares offered pursuant to the Public Offer under this Prospectus by completing an Application Form attached to, or accompanying, this Prospectus. Applications must be for a minimum of \$2,000 (20,000 Shares) and thereafter in multiples of \$100 (1,000 Shares) and payment for all the Shares must be made in full at the issue price of \$0.10 per Share. To the extent permitted by law, a completed Application Form lodged together with the Application Monies constitutes a binding and irrevocable offer to subscribe for the number of Shares specified in the Application Form.	Section 1.18(a)
What is the allocation policy?	The allotment of Shares under the Public Offer will be determined by the Directors in conjunction with the Lead Managers. The Directors reserve the right to issue to an Application a less number of Shares than the number applied for or reject an Application. If the number of Shares issued is less than the number applied for by an Application surplus Application Monies will be refunded in full without interest in accordance with the Corporations Act.	Section 1.19
Who can apply under the Vendor Offer?	Only those BidEnergy Vendors to whom the Company elects to make an offer can accept the Vendor Offer. A personalised application form will be issued to each such BidEnergy Vendor together with a copy of this Prospectus. The Company will only provide Vendor Application Forms to persons entitled to participate in the Vendor Offer.	Section 1.18(b)
Who can apply under the Employee Offer?	Only those employees of BidEnergy to whom the Company elects to make an offer can accept the Employee Offer. A personalised application form will be issued to each such BidEnergy Employee together with a copy of this Prospectus. The Company will only provide Employee Application Forms to persons entitled to participate in the Employee Offer.	Section 1.18(c)
Who can apply under the Lead Manager Offer?	Only the Lead Managers can accept the Lead Manager Offer. A personalised Lead Manager Offer Application Form will be issued to the Lead Managers, together with a copy of this Prospectus. The Company will only provide the Lead Manager Offer Application Form to the Lead Managers.	Section 1.18(d)

Topic	Summary	Further Information
Is there any brokerage, commission or stamp duty payable by Applicants?	No brokerage, commission or stamp duty is payable by Applicants on subscription or issue of Shares pursuant to the Public Offer.	Section 1.19
What are the tax implications of investing in the Company?	The tax consequences of any investment in Shares will depend on your personal circumstances. You should obtain your own tax advice before deciding to invest.	Section 10.10
What are the conditions of the Offers?	The Offers will not proceed unless the Conditions are satisfied (or waived, if applicable).	Sections 1.6 & 9.2
Can the Offers be withdrawn?	The Directors may at any time decide to withdraw this Prospectus and the Offers in which case the Company will refund all Application Monies in full (without interest) in accordance with the Corporations Act.	
How can I obtain further information?	Further information can be obtained by reading this Prospectus and consulting your professional advisers. Questions relating to the Offers can be directed to the Chairman, Mr Winton Willesee, on +61 8 9389 3110.	
J. Miscellaneous		
What material contracts are the Company and BidEnergy a party to?	<p>The material contracts of the Company include:</p> <ul style="list-style-type: none"> • the BidEnergy Share Sale and Purchase Agreement; • BidEnergy Short Form Sale Agreements; • the Lead Manager Mandate; and • the Executive Services Agreements. 	Section 9
Will any Shares be subject to escrow?	<p>No Shares issued under the Public Offer will be subject to escrow.</p> <p>Subject to the Shares being reinstated to trading on the ASX, certain Shares, Consideration Performance Shares and Options will be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of reinstatement.</p>	Section 1.17

1. DETAILS OF OFFERS

1.1 The Public Offer

This Prospectus invites investors to apply for 70,000,000 Shares (**Capital Raising Shares**) at an issue price of \$0.10 each to raise \$7,000,000 (before costs) (**Public Offer**).

All Shares issued pursuant to the Public Offer will rank equally with other Shares on issue. Please refer to Section 10.1 for details of the rights and liabilities attaching to Shares.

1.2 The Vendor Offer

Pursuant to this Prospectus, the Company is also offering, in aggregate:

- (a) 201,396,700 Shares;
- (b) 35,000,000 Class A Performance Shares;
- (c) 35,000,000 Class B Performance Shares;
- (d) 10,798,670 New Series A Cove Options;
- (e) 9,243,759 New Series B Cove Options; and
- (f) 23,514,921 New Series B Cove Follow-On Options,

to the BidEnergy Vendors (or their respective nominee) in consideration for the acquisition of their respective securities in BidEnergy (**Vendor Offer**).

All Shares issued pursuant to the Vendor Offer will rank equally with the existing Shares on issue and the Shares issued pursuant to the Public Offer.

If the Consideration Performance Shares convert into Shares upon the relevant milestone being achieved, then the resulting Shares will rank equally with the existing Shares on issue.

Please refer to Sections 10.2 to 10.4 for details of the rights and liabilities attaching to the Consideration Performance Shares and Consideration Options.

Only those BidEnergy Vendors to whom the Company elects to make an offer can accept the Vendor Offer. Please refer to Section 1.18(b) for further details.

1.3 The Employee Offer

This Prospectus also includes an offer of 11,079,811 Performance Rights to certain employees of BidEnergy pursuant to the proposed Long Term Incentive Plan (**Employee Offer**).

Refer to Section 10.5 for details of the rights and liabilities attaching to the Performance Rights to be issued under the Employee Offer.

Only those BidEnergy employees to whom the Company elects to make an offer can accept the Employee Offer. Please refer to Section 1.18(c) for further details.

1.4 The Lead Manager Offer

This Prospectus also includes an offer of 25,000,000 Advisor Options to the Lead Managers in consideration for its introduction of the BidEnergy Acquisition (**Lead Manager Offer**).

Refer to Section 10.4 for details of the rights and liabilities attaching to the Advisor Options to be issued under the Lead Manager Offer.

Only the Lead Managers can apply for Advisor Options under the Lead Manager Offer. Please refer to Section 1.18(d) for further details.

1.5 Re-compliance with the Listing Rules

At the General Meeting to be held on 20 May 2016, the Company will seek Shareholder approval for, among other things, a change in the nature and scale of the Company's activities as a result of the BidEnergy Acquisition. To give effect to these changes, ASX requires the Company to

re-comply with Chapters 1 and 2 of the Listing Rules. This Prospectus is issued to assist the Company to re-comply with those requirements.

Trading in listed Securities will be suspended on the morning of the day of the General Meeting. If Shareholders pass all Acquisition Resolutions, trading in Shares on ASX will be suspended until the Company satisfies the requirements of Chapters 1 and 2 of the Listing Rules.

There is a risk that the Company may not be able to meet the requirements for re-quotation on the ASX. If the Conditions are not satisfied (including if the Company does not receive conditional approval for re-quotation of its Shares on the Official List from ASX on terms acceptable to the Company) then the Company will not proceed with the Offers and will refund Application Monies received (without interest) in accordance with the Corporations Act.

The Company will apply to ASX within seven days after the date of this Prospectus for Official Quotation of the Shares (but not the Consideration Performance Shares) the subject of this Prospectus. If the Shares are not admitted to quotation within three months after the date of this Prospectus, no Shares will be issued and Application Monies will be refunded in full (without interest) in accordance with the Corporations Act.

Neither ASX nor ASIC take responsibility for the contents of this Prospectus. The fact that ASX may grant Official Quotation of the Shares issued under this Prospectus is not to be taken in any way as an indication by ASX as to the merits of the Company or the Shares.

1.6 Conditions

Completion of the Offers is conditional on the Conditions being satisfied (or waived, if applicable). If the Conditions are not satisfied (or waived, if applicable), the Company will refund all Application Monies in full (without interest) in accordance with the Corporations Act.

1.7 Minimum Subscription

If the Public Offer of \$7,000,000 (being 70,000,000 Shares) has not been raised by the Closing Date, the Company will not issue any Shares under the Public Offer and will refund all Application Monies in full (without interest) in accordance with the Corporations Act.

1.8 Oversubscriptions

There will be no oversubscriptions in respect of the Public Offer.

1.9 Purpose of the Offers

The purpose of the Public Offer is to:

- (a) assist the Company to meet the requirements of ASX for re-quotation of its Shares on the Official List (which includes re-complying with Chapters 1 and 2 of the Listing Rules);
- (b) provide the Company with adequate working capital to fund the business and growth initiatives following completion of the BidEnergy Acquisition.

The purpose of the Vendor Offer is to issue the Consideration Securities to the BidEnergy Vendors in accordance with the Acquisition Agreements. As such, no funds will be raised pursuant to the Vendor Offer.

The purpose of the Employee Offer is to issue the Performance Rights to certain BidEnergy employees pursuant to the proposed Long Term Incentive Plan in accordance with the Acquisition Agreements.

The purpose of the Lead Manager Offer is to issue the Advisor Options to the Lead Managers in accordance with the Lead Manager Mandate.

1.10 Objectives of the Company

The Company's main objectives upon completion of the BidEnergy Acquisition are to:

- (a) develop the BidEnergy Product;
- (b) develop its channel strategy and product offering; and

- (c) expand BidEnergy's business into the market in the United States of America.

1.11 Use of Funds

As at 1 March 2016, the Company had cash reserves of approximately \$684,000 (refer to Section 4).

The Company's expected use of funds in the 12 month period following completion of the Offers is as follows:

Funds Available	Use of Funds	Percentage of Funds
Existing cash reserves of BidEnergy ¹	\$3,761,042	32.86%
Existing cash reserves of the Company ²	\$684,000	5.98%
Proceeds from the Capital Raising (before costs)	\$7,000,000	61.16%
TOTAL	\$11,445,042	100.00%
Allocation of Funds³	Use of Funds	Percentage of Funds
Estimated business development, customer operations and general administration costs FY 2016-17	\$5,292,856	46.26%
Estimated software research and development budget FY 2016-17	\$2,197,322	19.20%
Estimated costs of the transaction	\$707,320	6.18%
Working capital ⁴	\$3,247,544	28.36%
TOTAL	\$11,445,042	100%

Notes:

1. These funds represent existing cash held by BidEnergy at 1 March 2016.
2. These funds represent existing cash held by the Company at 1 March 2016.
3. The above table is a statement of the Board's intention as at the date of this Prospectus. However, Shareholders should note that, as with any budget, the allocation of funds set out in the above table may change depending on a number of factors, including the outcome of operational and development activities, regulatory developments, market and general economic conditions. Consequently, the Board reserves the right to alter the way the funds are applied.
4. Working capital and corporate administration costs include the general costs associated with the management and operation of the business including administration expenses, management salaries, Directors' fees, rent and other associated costs.

The Board believes that its current cash reserves and the funds raised from the Public Offer will provide the Company with sufficient funding to achieve the Company's objectives detailed in Section 1.10.

The above estimated expenditures will be subject to modification on an on-going basis depending on the results obtained from the Company's activities. Due to market conditions and the development of new opportunities or any number of other factors (including the risks outlined in Section 7), actual expenditure levels may differ significantly to the above estimates. The Company also intends to capitalise on other opportunities as they arise which may result in costs being incurred that are not included in the above estimates.

1.12 Capital Structure

On the basis that the Company completes the BidEnergy Acquisition and the Conditions are satisfied (refer to Section 1.6), the Company's capital structure will be as follows:

Item	
Existing Shares on issue following Consolidation	49,759,594
Existing Options on issue following Consolidation	28,430,000
Shares to be issued under the Public Offer	70,000,000
Consideration Shares to be issued to the BidEnergy Vendors under the Vendor Offer	201,396,700
Consideration Performance Shares to be issued to the BidEnergy Vendors under the Vendor Offer	70,000,000
Consideration Options to be issued to the BidEnergy Vendors under the Vendor Offer	43,557,350
Performance Rights to be issued to certain BidEnergy Employees under the Employee Offer	11,079,811
Advisor Options to be issued to the Lead Managers under the Lead Manager Offer	25,000,000
Shares following completion of the Offers ¹	321,156,294
Fully Diluted Share Capital ²	499,223,455

Notes:

1. Assumes that no Existing Options are exercised after the date of this Prospectus.
2. Assumes that all Existing Options, Consideration Options and Advisor Options are exercised and that all Consideration Performance Shares are converted.

1.13 Effect on Control

The effect on control of the Offers depends upon the take-up of the Shares issued pursuant to the Public Offer.

The Directors will allocate Shares so that the issue of Shares pursuant to this Prospectus will not result in any Shareholder or Applicant increasing its voting power in the Company:

- (a) from 20% or below to more than 20%; or
- (b) from a starting point that is above 20% and below 90%.

1.14 Dilution

The Company currently has 995,191,861 Shares on issue which, as a result of the Consolidation, will be converted into 49,759,594 Shares. The Company will issue:

- (a) 201,396,700 Shares as part of the consideration for the BidEnergy Acquisition;
- (b) 70,000,000 Shares under the Public Offer;
- (c) 70,000,000 Shares if all applicable milestones for the conversion of the Consideration Performance Shares are satisfied and the Consideration Performance Shares are converted into Shares;
- (d) 43,557,350 Shares if all Options issued to BidEnergy Vendors are exercised;
- (e) 11,079,811 Shares if all Performance Rights vest and are converted into Shares; and
- (f) 25,000,000 Shares if all Advisor Options issued to the Lead Managers are exercised.

The table below details the dilutionary effect of the Offers on the holdings of current Shareholders:

Shares issued upon exercise of the Existing Options (on a post-Consolidation basis) (28,430,000)	Shares to be issued pursuant to the Capital Raising (70,000,000)	Consideration Shares (201,396,700)	Shares to be issued upon conversion of the Consideration Performance Shares	Shares to be issued upon exercise of the Consideration Options	Shares to be issued on exercise of the Performance Rights	Shares to be issued upon exercise of the Advisory Options	Total shares on issue ¹	Percentage of shares held by current shareholders	Dilutionary effect on current shareholders
x							78,189,594	100%	0%
x	x						148,189,594	52.76%	47.24%
x	x	x					349,586,294	22.37%	77.63%
x	x	x	x				419,586,294	18.63%	81.37%
x	x	x	x	x			463,143,644	16.88%	83.12%
x	x	x	x	x	x		474,223,455	16.49%	83.51%
x	x	x	x	x	x	x	499,223,455	15.67%	84.33%

Note:

- Assumes that no current Shareholder participates in the Offers.

As detailed in the above table, immediately following the issue of the Securities offered under this Prospectus, current Shareholders will retain approximately 22.37% of the Company's Shares.

In the event that all Shares offered under this Prospectus are issued, all Consideration Performance Shares are converted and all Performance Rights and Options exercised (including the Existing Options), will retain approximately 15.67% of the Company's Shares.

1.15 Substantial Shareholders

As at the date of this Prospectus, Shareholders holding a relevant interest in 5% or more of the Shares on issue are as follows:

Name	Number of Shares (pre-Consolidation)	Percentage of Shares
HSBC Custody Nominees (Australia) Limited	93,514,389	9.40%
Mahsor Holdings Pty Ltd (Rosham Family S/F A/C No.2)	70,000,000	7.03%
Mycatmax Pty Ltd (The Viking S/F A/C)	63,450,000	6.38%
Holdrey Pty Ltd (Don Mathieson Family A/C)	59,958,665	6.02%

On completion of the BidEnergy Acquisition, Shareholders holding a relevant interest in 5% or more of the Shares on issue will include:

Name	Number of Shares (post-Consolidation)	Percentage of Shares ¹
Auction Design Pty Ltd (Du Preez Family Trust)	34,483,519	10.74%
Blue Lagoon International Corporation	16,871,426	5.25%

Note:

- Assumes that no current Shareholder participates in the Capital Raising.

1.16 Market Price of Shares

The highest and lowest market sale prices of the Shares on ASX during the three months immediately preceding the date of this Prospectus and the respective dates of those sales were:

Highest: \$0.019 on 25 November 2015; and

Lowest: \$0.006 on 29 December 2015 - 31 December 2015, 19 January 2016, 29 January 2016, 2 February 2016 - 5 February 2016, 10 February 2016, 17 February 2016 - 19 February 2016, 24 February 2016, 29 February 2016, 1 April 2016, 5 April 2016, 12 April 2016 and 15 April 2016.

1.17 Restricted Securities

Subject to the Shares being reinstated to trading on the ASX, the following Shares are expected to be classified by ASX as restricted securities and required to be held in escrow for up to 24 months from the date of reinstatement:

Class of Securities	Number	Escrow Period
Shares issued to BidEnergy Vendors who are Related Parties of the Company or Promoters	91,601,402	24 months commencing on the date on which Shares are reinstated to official quotation
Shares issued to BidEnergy Vendors who are neither Related Parties of the Company nor Promoters	39,041,355	12 months commencing on the date on which the BidEnergy securities, which give rise to the entitlement to Consideration Securities, were issued

During the period in which those Shares are prohibited from being transferred, trading in Shares may be less liquid which may impact a Shareholder's ability to dispose of their Shares in a timely manner.

The BidEnergy Vendors have acknowledged that some or all of the Consideration Securities (as applicable) may be escrowed, in accordance with the requirements of ASX, and have agreed to sign such form of escrow agreement as required by ASX.

Prior to the Securities being re-instated to trading on ASX, the Company will enter into Restriction Agreements with the recipients of the Restricted Securities in accordance with Chapter 9 of the Listing Rules.

None of the Shares issued pursuant to the Public Offer will be subject to escrow restrictions.

1.18 How to Apply

(a) Public Offer

If you wish to apply for Shares under the Public Offer, please complete the Application Form attached to, or accompanying, this Prospectus. Alternatively complete a paper copy of the electronic Application Form which accompanies the electronic version of this Prospectus which can be found and downloaded from www.cve.net.au. Completed Application Forms should be returned to and received by the Company, together with the Application Monies in full, prior to 5.00pm (WST) on the Closing Date.

Applications must be for a minimum of \$2,000 (20,000 Shares) and thereafter in multiples of \$100 (1,000 Shares) and payment for all the Shares must be made in full at the issue price of \$0.10 per Share.

No brokerage, commission or stamp duty is payable by Applicants on subscription or issue of Shares pursuant to the Public Offer.

Completed Application Forms and Application Monies should be returned by post only to:

Computershare Investor Services Pty Limited
GPO Box 52
MELBOURNE VIC 3001

Refer to the instructions on the back of the Application Form when completing your Application. Cheques must be made payable to "Cove Resources Limited" and crossed "Not Negotiable". All cheques must be in Australian dollars.

An original completed and lodged Application Form, together with the Application Monies, constitutes a binding and irrevocable offer to subscribe for the number of Shares specified in the Application Form. The Application Form does not have to be signed to be a valid Application. An Application will be deemed to have been accepted by the Company upon allotment of the Shares.

The Directors reserve the right to close the Public Offer early without prior notice. Applicants are therefore encouraged to submit their Application Forms as early as possible. However, the Company reserves the right to extend the Public Offer or accept late Applications.

(b) Vendor Offer

Only a BidEnergy Vendor can accept an offer under the Vendor Offer. A personalised Application Form will be issued to each BidEnergy Vendor together with a copy of this Prospectus (**Vendor Application Form**). The Company will only provide a Vendor Application Form to the persons entitled to participate in the Vendor Offer.

(c) Employee Offer

Only certain employees of BidEnergy can accept an offer under the Employee Offer. A personalised Application Form will be issued to each such BidEnergy employee together with a copy of this Prospectus (**Employee Application Form**). The Company will only provide an Employee Application Form to the persons entitled to participate in the Employee Offer.

(d) Lead Manager Offer

Only the Lead Managers can accept the Lead Manager Offer. A personalised Application form will be issued to the Lead Managers together with a copy of this Prospectus (**Lead Manager Offer Application Form**). The Company will only provide the Lead Manager Offer Application Form to the Lead Managers.

1.19 Issue and Allocation of Securities

The Directors will determine the allocation of Shares under the Public Offer in conjunction with the Lead Managers. The Directors reserve the right to issue to an Applicant a lesser number of Shares than the number applied for or to reject an Application.

If the number of Shares issued is less than the number applied for by an Applicant, the Company will refund surplus Application Monies in full (without interest) in accordance with the Corporations Act.

Subject to the Conditions being satisfied (or waived, if applicable) (refer to Section 9.2), Securities issued pursuant to the Offers will be issued as soon as practicable after the Closing Date.

All Application Monies shall be held by the Company on trust pending the issue of the Securities or refund of Application Monies pursuant to this Prospectus.

The Company will be entitled to retain all interest that accrues on the Application Monies and each Applicant waives the right to claim any part of such interest.

1.20 CHESS

The Company participates in the Clearing House Electronic Subregister System (**CHESS**). ASX Settlement Pty Limited, a wholly owned subsidiary of ASX, operates CHESS in accordance with the Listing Rules and the ASX Settlement Operating Rules. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company.

Electronic sub-registers means that the Company will not issue certificates to investors. Instead, investors will be provided with holding statements (similar to a bank account statement) that set out the number of Shares issued to them under this Prospectus. The holding statements will also advise holders of their Holder Identification Number (if the holder is broker sponsored) or

Securityholder Reference Number (if the holder is issuer sponsored) and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship. Electronic sub-registers also mean ownership of Shares or Options can be transferred without having to rely on 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. Security holders may request a holding statement at any other time; however there may be a charge for such additional statements.

1.21 ASX Waivers

Listing Rule 2.1 Condition 2 provides that the issue price or sale price of all securities for which an entity seeks quotation (except options) must be at least \$0.20. ASX has granted the Company a waiver from Listing Rule 2.1 Condition 2 such that the issue price of the Capital Raising Shares need not be at least \$0.20, on the condition that the issue price must not be less than \$0.02 per Share and Shareholders approve the issue price. Shareholder approval of the issue of the Capital Raising Shares will be sought at the General Meeting.

Listing Rule 1.1 Condition 11 provides that if an entity has options on issue, the exercise price for each underlying security must be at least \$0.20. ASX has granted the Company a waiver of Listing Rule 1.1 Condition 11 to the extent necessary to permit the exercise price of the Consideration Performance Shares and the Consideration Options need not be at least \$0.20, on the condition that Shareholders approve the issue of those Consideration Performance Shares and Consideration Options. Shareholder approval of the issue of the Consideration Performance Shares and Consideration Options will be sought at the General Meeting.

Further, ASX Guidance Note 12 provides that if an entity is required to re-comply with Chapters 1 and 2 of the Listing Rules, ASX will not apply Listing Rule 1.1 Condition 11 in respect of the entity's existing options. ASX has confirmed that the Company will not have to restructure its existing Options to increase their exercise price to at least \$0.20.

1.22 Withdrawal

The Directors may at any time decide to withdraw this Prospectus and the Offers, in which case, the Company will refund all Application Monies in full (without interest) in accordance with the Corporations Act.

1.23 Underwriting

The Offer is not underwritten.

1.24 Lead Managers

The Company has appointed Cygnet Capital and Canaccord as the joint lead managers of the Public Offer on the terms and conditions of a mandate agreement dated 9 December 2015 (**Lead Manager Mandate**). Please refer to Section 9.6 for further details on the Lead Manager Mandate.

1.25 Dividend Policy

The Company does not intend to declare or pay any dividends in the immediately foreseeable future.

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

1.26 Overseas Investors

No action has been taken to register or qualify the Securities, or the Offers, or otherwise to permit the public offering of the Securities, in any jurisdiction outside Australia.

The distribution of this Prospectus outside Australia may be restricted by law and persons into whose possession this Prospectus comes should observe all applicable restrictions. Any failure to comply with these restrictions may constitute a violation of those laws.

This Prospectus does not constitute an offer of Securities in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Prospectus.

It is the responsibility of any overseas Applicant to ensure compliance with all laws of any country relevant to its Application. The return of a duly completed Application Form will be taken by the Company to constitute a representation and warranty that there has been no breach of such laws and that all necessary approvals and consents have been obtained.

1.27 Risks

As with any securities investment, there are risks associated with investing in the Company. Key risks that could affect the financial and market performance of the Company are detailed in Section 7. The Shares offered under this Prospectus should be considered highly speculative.

Before deciding to invest in the Company, investors should read this Prospectus in its entirety, in particular the specific risks associated with an investment in the Company (detailed in Section 7), and should consider all factors in light of their personal circumstances and seek appropriate professional advice.

1.28 Taxation

The Directors do not consider it appropriate to provide investors with advice regarding the taxation consequences of subscribing for Securities under this Prospectus.

The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to investors. Investors should consult their own professional taxation advisers to obtain advice in relation to the taxation laws, regulations and implications applicable to their personal circumstances.

1.29 Enquiries in relation to the Offers

This Prospectus provides information for prospective investors in the Company and should be read in its entirety. If, after reading this Prospectus, you have any questions about any aspect of an investment in the Company, please contact your stockbroker, accountant or independent financial adviser. Any investment in the Company under this Prospectus should be considered highly speculative.

Questions relating to the Offers can be directed to the Chairman, Mr Winton Willesee, on +61 8 9389 3110.

2. OVERVIEW OF THE COMPANY AND THE BIDENERGY ACQUISITION

2.1 The Company

The Company is an Australian public company that has been listed on the Official List (ASX code: CVE) since 24 January 2011.

The Company has previously been focused on gold and copper exploration. The Company holds the Quartz Circle Project located approximately 200 kilometers south east of Port Hedland in the Pilbara region of Western Australia.

The Company will divest its mineral exploration assets prior to Completion.

2.2 BidEnergy Acquisition and General Meeting

On 25 November 2015, the Company announced it had entered into a term to acquire the entire issued share capital of BidEnergy (**BidEnergy Acquisition**).

On 13 March 2016, the Company, BidEnergy and the following major shareholders of BidEnergy: Auction Design Pty Ltd, Instanz Nominees Pty Ltd, Blue Lagoon International Corporation, Allinson Trauts Pty Ltd, Morris & Hay Pty Ltd, Carolyn Palmer, Robert and Nancy Browning, Amadeus Consulting Pty Ltd, IBM Investments Pty Ltd and George and Pollyanna Martin (**Majority Vendors**) entered into a share purchase agreement to effect the BidEnergy Acquisition (**BidEnergy Share Sale and Purchase Agreement**). For a summary of the terms of the BidEnergy Acquisition and the BidEnergy Share Sale and Purchase Agreement, refer to Section 9.

The Company has called for a General Meeting to be held on 20 May 2016 at 10.00am (WST) to seek Shareholder approval for, among other things, the BidEnergy Acquisition and the change in the nature and scale of the Company's activities. Specifically, Shareholder approval will be sought to the following resolutions:

- (a) the proposed change in the nature or scale of BidEnergy's activities with effect on and from Completion in accordance with Listing Rule 11.1.2 and/or Listing Rule 11.1.3;
- (b) the consolidation of the Company's Share capital on a 20:1 basis;
- (c) the creation of the Consideration Performance Shares;
- (d) the issue of the Capital Raising Shares, Consideration Securities and Advisor Options in accordance with Listing Rule 7.1;
- (e) the participation by the Directors in the Public Offer;
- (f) the change of the Company's name to "BidEnergy Limited" with effect as soon as reasonably practicable following Completion;
- (g) the appointment of Clive Stuart Allinson, Anthony Du Preez and Robert Browning as Directors with effect on and from Completion;
- (h) the adoption of the Long Term Incentive Plan; and
- (i) the issue of Performance Rights under the Long Term Incentive Plan to Clive Stuart Allinson and Anthony Du Preez.

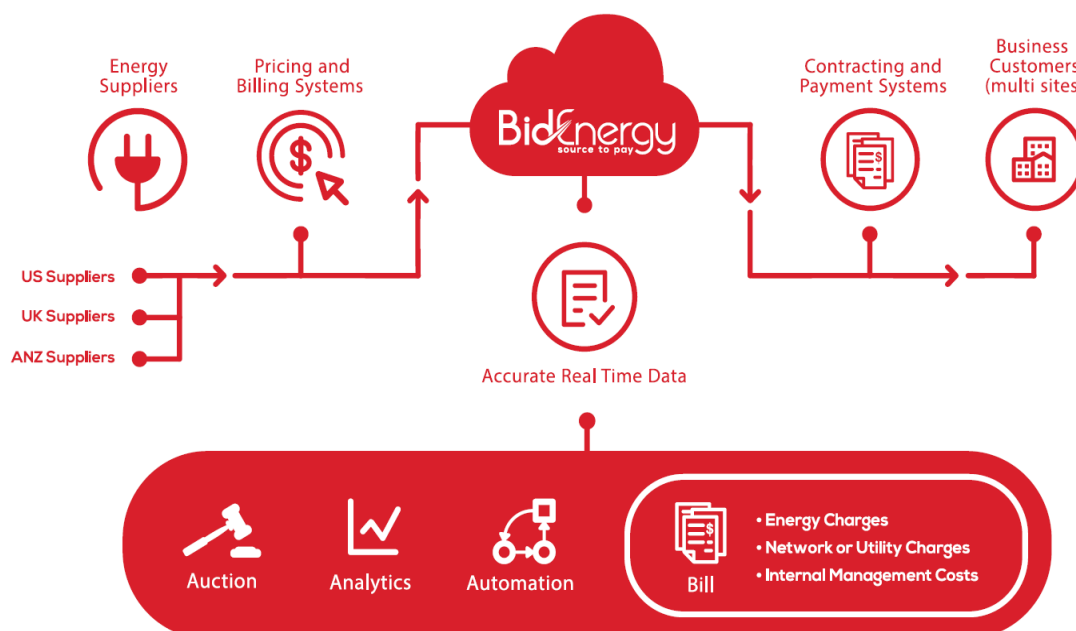
3. OVERVIEW OF BIDENERGY AND THE BIDENERGY PRODUCT

3.1 Overview of BidEnergy

BidEnergy is a global technology company with headquarters in Melbourne that has developed digital infrastructure to increase the efficiency of deregulated energy markets.

Using its proprietary Software-as-a-Service (**SaaS**) platform, BidEnergy is able to link the billing and pricing systems of energy suppliers with the contracting and payment systems of energy buyers to provide end-to-end automation of energy sourcing, billing and payment processing for energy buyers.

With the digital connection established, the BidEnergy platform processes large volumes of data on a daily basis. Capturing, analysis and validation of real time data is a key asset that allows BidEnergy to create significant value for both the energy buyers and suppliers (please refer to the diagram below).



Customer value is created using advanced proprietary auction, analytics and automation algorithms which are leveraged to minimise all 'on bill' and 'off bill' costs, including energy, network (utility) and internal management costs.

BidEnergy's platform has been in the market with a commercially available product for over 24 months. The advanced auction and analytics intellectual property that underpins the business has been proven and is currently operational.

Significant milestones of BidEnergy to date include:

- execution of subscription agreements with >20 large (> 100 sites) multi-site companies and managing approximately 5,000 sites in the first 24 months of operation;
- managing customer sites in Australia and New Zealand (**ANZ**), the United Kingdom and now the United States of America; and
- having enabled all Australian and New Zealand energy suppliers to submit offers in auctions and to send bills to the BidEnergy platform each month. BidEnergy has also begun on-boarding suppliers in the United Kingdom and the United States of America.

The next stage in BidEnergy's development is to scale the business footprint and revenue across Australia, New Zealand, United Kingdom and the United States of America.

3.2 BidEnergy's Group Structure

The BidEnergy group currently operates in Australia, New Zealand, the United Kingdom and the United States of America. BidEnergy UK Ltd is a wholly owned subsidiary of BidEnergy Pty Ltd to provide similar services to United Kingdom-based organisations. BidEnergy Inc. has been established to provide similar services to organisations based in the United States of America.

3.3 BidEnergy's Business Products

BidEnergy has developed an integrated cloud-based SaaS platform which provides end-to-end automation of a customer's energy data capture, sourcing, billing and payment processing (**BidEnergy Product**).

The BidEnergy Product is offered as a complete wrapped SaaS experience with customers having constant access to the software and real-time energy spend data.

The BidEnergy Product incorporates proprietary technology that automatically captures a customer's utility invoices and extracts the data using proprietary parsing technology. Combined with automated capture of meter consumption data, the platform provides end-to-end utility management services, from budgeting, tracking and reporting of usage, spend and greenhouse gas emissions to automated payment of the validated invoices via the customers' accounts payable systems. Through constantly updated and validated data, the platform also enables rapid mobilisation to enter the market to renegotiate contracts with suppliers.

The sourcing algorithms are also proprietary and enable multiple packaging options to be identified and evaluated in real-time, so that multi-site customers can find the optimal mix of suppliers and pricing structures, and in so doing, outperform traditional tendering and standard auction approaches. The service is open to all suppliers, so that price discovery is based on the widest possible view of the supply market at any point in time. The revenue model also avoids any misalignment between the interests of BidEnergy and those of the end customer.

The data captured via the platform also provides a rich data set for benchmarking and analytics purposes. The service currently supports electricity and gas supply, with water and waste services as well as data capture for other inputs for sustainability and reporting purposes currently under development.

3.4 Overview of Customers and Revenue

(a) Customers

The BidEnergy Product is targeted at organisations with more than 20 sites ("multi-sites" as they are termed) as they have the greatest data challenge and can derive the biggest benefit from back office process automation. Typical multi-sites include retail chains, banking chains and government organisations.

Organisations in BidEnergy's target market are constantly seeking ways to reduce energy costs, optimise their network and utility charges, validate and authenticate their usage and costs and automate their internal processes. They are also looking for real-time visibility of their energy data. BidEnergy solves these requirements in a cost effective way with payback typically occurring within six months.

Case Studies

Customer One : 605 sites ANZ.

Net Promoter Score 10

- Originally bought the platform for procurement – finance regarded the automation piece as a “no-brainer”. Additional value is workflow ability to open and close accounts via the platform – essential for an acquisitive retailer. Next steps looking at Australia landlord billed sites as well as US operations.

Customer Two : 315 sites ANZ.

Net Promoter Score 10

- Originally bought the platform for automation of the bill capture validation and payment process. Had major problem with “consolidated bills” a problem that hides lots of errors and emissions and affects many retailers. Solved by platform approach and later added auctions.

Customer Three : 256 Sites ANZ.

Net Promoter Score 9

- Outsourced source to pay function to BidEnergy as part of a business reorganisation. Initial work focused on bringing energy contracts under one roof, then running sourcing exercise, followed by establishment of a new payments process, enabled by platform.

Customer Four : 267 Sites ANZ.

Net Promoter Score 10

- Brought in to replace traditional consultant due to lack of data access and partial service delivery (ie procurement only). Provide source to pay, including straight through processing. Next stage is assisting with data capture for landlord billed sites.

(b) Pricing

Pricing is a fixed all-inclusive monthly data service fee. The monthly data service fee is varied from customer to customer and is dependent on the number of sites in a customer's portfolio, their annual spend and the service package they selected.

In contrast, consultants can charge an hourly rate. Many brokers charge a percentage commission over the life of the contract, where the commission rate may or may not be transparent to the buyer or consistent across all the suppliers.

(c) Revenues

BidEnergy's monthly recurring revenue (**MRR**) and annual recurring revenue (**ARR**) is determined by the number of sites that BidEnergy manages and the fixed fee charged per site per month.

3.5 Overview of Business Model and Growth Strategy

(a) Business Model

BidEnergy provides services on a subscription basis. Subscription fees are based on the scope and level of service, the number and mix of large consumption and small consumption sites. Service contracts are typically 24 month terms, with the option to extend. The shortest contract is 12 months.

All employees are incentivised and focused on customer satisfaction measured by a "net promoter score" survey. As a result, the BidEnergy business has a high retention rate. No single customer currently accounts for more than 10% of revenues.

(b) Growth Strategy

Growth performance is measured by reference to following three quantitative metrics:

- (i) the number of multi-site customers that are added every quarter, indicating the scalability of the BidEnergy marketing and sales team;
- (ii) the monthly recurring revenue, indicating the quality and value of deals each month; and
- (iii) the number of metered/billed energy sites on the platform, indicating the scalability of the platform and the quality and depth of BidEnergy's data asset.

Each standard of measurement is important when determining the growth of the BidEnergy business.

As a high growth business BidEnergy is focussed on ways to 'fast track' each of these three key growth metrics to maintain very high customer retention rates. Capability development and investment in the following areas may enable BidEnergy to meet and exceed targeted revenue growth:

- (i) generating leads from existing customers;
- (ii) establishing capable and experienced direct sales force in each market;
- (iii) building capability and reputation to bid for larger customers;
- (iv) leveraging sector expertise to fast track sales in a vertical;
- (v) establishing a digital and physical marketing presence;
- (vi) engaging channel partners that license BidEnergy's software;
- (vii) engaging technology partners that complement BidEnergy's software; and
- (viii) expansion into large deregulated energy markets (namely, the United Kingdom and the United States of America).

The BidEnergy Product is currently sold through a direct sales force and through a channel partner program.

Channel partners currently being targeted include:

- (i) energy consultants not aligned to an existing technology platform;
- (ii) management consultants undertaking corporate wide spend reviews;
- (iii) procurement outsourcing companies;
- (iv) facilities managers (who typically manage thousands of sites); and
- (v) property portfolio managers.

3.6 Industry and Market Overview

BidEnergy operates in deregulated energy markets where supply competition regulation has been established and data has been subsequently digitised. This includes the electricity and gas markets of Australia, New Zealand, United Kingdom, and many states in the United States of America.

(a) Australian Market

Total electricity consumption in Australia is approximately 234 TWh. The total value of the energy market in Australia is approximately \$51 billion per annum. Approximately 40% of the consumption is commercial and industrial, 30% small and medium enterprise and 30% residential. Many commercial and industrial customers also have small and medium enterprise sites, known as multi-site customers. Most retail, banking, and other chains are considered multi-site companies.

As businesses consolidate their operations and move to a shared services model, more and more companies will be faced with the challenges of managing multi-site operations. Thus systems that may have worked well for managing a small number of geographic centric large sites do not work for tens, hundreds or even thousands of sites.

(b) United States of America Market

Total electricity consumption in the United States of America is about 4,686 TWh. In the United States of America 17 out of 50 states are deregulated. Across all the states (both regulated and deregulated) there are 17.78 million commercial customers and approximately 744,000 industrial customers. BidEnergy is carefully targeting multi-site commercial and industrial customers in the deregulated energy states.

(c) United Kingdom Market

Total electricity consumption in the United Kingdom is approximately 323 TWh. As at June 2015, there were 59 active suppliers in the non-domestic market (some of which also supplied domestic customers). Of these, 24 supplied both gas and electricity, 17 only gas and 18 only electricity.

(d) Competitors

Markets in which BidEnergy operates have traditionally deployed consultants and brokers to provide some of the service provided by BidEnergy. Alternatively, organisations have delivered some of these services in-house. In most cases, the alternatives have been provided on a highly manual basis, affecting speed, efficiency, accuracy and the ability to engage with the supplier base in a way that minimises supply chain total cost of ownership for the customer. BidEnergy's automation approach and philosophy overcomes these limitations and is particularly suited to organisations with multiple premises, where the volume and complexity of data is greatest.

BidEnergy is uniquely placed as a globally scalable SaaS provider with a fully integrated source to pay capability delivering value through data analytics, automation and advanced auctioning capability.

4. FINANCIAL INFORMATION

4.1 Introduction

The financial information detailed in this Section 4 consists of:

- (a) the consolidated historical statement of comprehensive income for the Company for the period ended 31 December 2015 with the pro forma consolidated statement of comprehensive income for the period ended 31 December 2015 assuming the acquisition and consolidation of BidEnergy for this period;
- (b) the historical statement of comprehensive income for BidEnergy for the last 3 financial years; and
- (c) the consolidated statement of financial position for the Company as at 31 December 2015 with the pro forma statement of financial position as at 31 December 2015 based on the pro forma assumptions in Note 2,

(collectively, the **Financial Information**).

The Financial Information has been reviewed by Hall Chadwick as detailed in the Investigating Accountant's Report in Section 5. Potential investors should note the scope limitations of the Investigating Accountant's Report (refer to Section 5 for further information).

The information in this Section 4 should also be read in conjunction with the risk factors detailed in Section 7 and the other information included in this Prospectus.

4.2 Consolidated Statement of Comprehensive Income

The consolidated statement of comprehensive income for the Company for the period ended 31 December 2015 with the pro forma consolidated statement of comprehensive income for the period ended 31 December 2015 assuming the acquisition and consolidation of BidEnergy for this period is detailed below.

	Reviewed Cove 31/12/15	Audited Bid Energy 31/12/15	Pro forma 31/12/15
Interest Received	7,046	20,787	27,833
Service Fees		448,831	448,831
Option fee		100,000	100,000
Other Income	1,862		1,862
Acquisition costs	(108,653)	-	(108,653)
Exploration expenditure written off	(26,833)	-	(26,833)
Employment costs	(87,000)	(990,900)	(1,077,900)
Corporate costs	(70,687)	(493,545)	(564,232)
Administration Expenses	(6,501)	(548,104)	(554,605)
Loss for the period before tax	(290,766)	(1,462,931)	(1,753,697)
Income tax benefit	-	-	-
	(290,766)	(1,462,931)	(1,753,697)
Other comprehensive income	-	-	-
Total comprehensive income for the period	(290,766)	(1,462,931)	(1,753,697)

The Statement of Comprehensive Income should be read in conjunction with the Notes.

4.3 Historical Statement of Comprehensive Income for BidEnergy

The historical statement of comprehensive income for Bid Energy for the last three financial years is detailed below.

	Audited Bid Energy 30/06/2013	Audited Bid Energy 30/06/2014	Audited Bid Energy 30/06/2015
Revenue	86,441	276,319	500,420
Other Income	-	72,421	173,954
Administration expense	(3,152)	(16,389)	(74,466)
Conference expense	(2,932)	(42,156)	(82,606)
Employee benefits expense	(164,487)	(407,491)	(1,076,368)
Finance costs	(213)	(6,204)	(378,113)
Marketing expense	-	(1,693)	(134,673)
Consulting expense	-	(9,980)	(194,020)
Occupancy expense	(6,609)	(18,192)	(56,929)
Other expenses	(91,429)	(71,081)	(279,045)
Loss for the period before tax	(182,381)	(224,446)	(1,601,844)
Income tax benefit	-	-	-
Other comprehensive income	-	-	-
Total comprehensive income for the period	(182,381)	(224,446)	(1,604,844)

The Statement of Comprehensive Income should be read in conjunction with the Notes.

4.4 Consolidated Statement of Financial Position

The consolidated statement of financial position for the Company as at 31 December 2015 with the pro forma statement of financial position as at 31 December 2015 based on the pro forma assumptions in Note 2 is detailed below.

	Note	Reviewed Cove 31/12/15	Audited Bid Energy 31/12/15	Pro forma 31/12/15
Current Assets				
Cash and cash equivalents	3	864,405	1,431,701	8,588,786
Trade and other receivables		35,849	130,347	166,196
Other assets		14,827	4,549	19,376
Total Current Assets		915,081	1,566,597	8,774,358
Non-Current Assets				
Plant and equipment		-	18,201	18,201
Other assets		-	12,626	12,626
Total Non-Current Assets		-	30,827	30,827
Total Assets		915,081	1,597,424	8,805,185
Current Liabilities				
Trade and other payables		61,063	213,806	274,869
Borrowings		-	2,048,645	-
Provisions		-	92,888	92,888
Other liabilities		-	5,919	5,919
Total Current Liabilities		61,063	2,361,258	373,676
Non-Current Liabilities				
Provisions		-	14,925	14,925
Total Liabilities		61,603	2,376,183	388,601

	Note	Reviewed Cove 31/12/15	Audited Bid Energy 31/12/15	Pro forma 31/12/15
Net Assets		854,018	(778,759)	8,416,584
Equity				
Issued capital	5	11,087,555	400,060	14,667,458
Reserve	6	1,409,460	2,292,782	1,895,820
Retained earnings/(Accumulated losses)	7	(11,642,997)	(3,471,601)	(8,146,694)
Total Equity		854,018	(778,759)	8,416,584

The Statement of Financial Position should be read in conjunction with the Notes

4.5 Notes

1. Summary of Signification Accounting Policies

The financial information presented herein has been prepared in accordance with the measurement and recognition (but not all disclosure) requirements of applicable Australian Accounting Standards. The financial information is presented in abbreviated form insofar as it does not comply with all disclosure requirements set out in the Australian Accounting Standards and Interpretations and the Corporations Act. Australian Accounting Standards include Australian Equivalents to International Financial Reporting Standards (**AIFRS**).

The Financial Information has been prepared on the basis of historical cost and on a going concern basis. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise stated. In the view of the Directors, the omitted disclosures provide limited relevant information to potential investors.

The following significant accounting policies have been adopted in the preparation and presentation of the Financial Information.

(a) Basis and Method of Preparation

The Financial Information has been prepared and presented in accordance with the recognition and measurement principles of Australian equivalents of International Financial Reporting Standards and the adopted accounting policies of the Company.

The Financial Information is presented in this Prospectus in an abbreviated form, insofar as it does not include all of the presentation and 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.

(b) Review of Historical Financial Information

The General Purpose Financial Reports for the Company for the period ended 31 December 2015 were subject to a review by Hall Chadwick.

The Special Purpose Financial Reports for BidEnergy have been subject to an audit for FY2013, FY2014 and FY2015 and from 1 July 2015 to 31 December 2015 by RSM Australia. The audit report for FY2014 issued on 16 December 2014 contained a qualified opinion in relation to the non-audit of FY2013 comparatives and the FY2014 statement of profit and loss due to a limitation of scope, as well as an emphasis of matter regarding the going concern of the company due to the operating losses incurred. The FY2013 financial statements were subsequently audited and an unmodified audit opinion issued on 22 April 2016.

(c) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved

where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

(d) Reverse acquisition accounting

The proposed acquisition of BidEnergy (the legal subsidiary) by the Company (the legal parent) is deemed to be a reverse acquisition, since the substance of the transaction is such that the existing shareholders of BidEnergy will obtain control of the Company.

AASB 3 Business Combinations (**AASB 3**) sets out the accounting principles to be followed in a reverse acquisition transaction. However, the Directors have concluded that the Company does not meet the definition of a business as prescribed in AASB 3 and, as such, it has been deemed that the BidEnergy Acquisition cannot be accounted for in accordance with the guidance set out in AASB 3.

Therefore, consistent with the accepted practice for transactions similar in nature to the BidEnergy Acquisition, the Company has accounted for the BidEnergy Acquisition in the consolidated financial statements of the legal acquirer as a continuation of the financial statements in the legal subsidiary, together with a share based payment measured in accordance with AASB 2 Share Based Payments (**AASB 2**), which represents a deemed issue of shares in the legal subsidiary equivalent to the current shareholders interest in the Company post the BidEnergy Acquisition. The excess of the assessed value of the share based payment over the pro-forma net assets of the Company as at 31 December 2015 will be expensed to the income statement.

Further disclosure on the adopted accounting treatment for the BidEnergy Acquisition is detailed in Note 4.

(e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Interest Revenue

Interest revenue is recognised when it is probable that the economic benefits will flow to the each Group Company and the amount of revenue can be measured reliably. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(f) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in

the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences.

Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss, or where they arise from the initial accounting for a business combination.

- (g) Trade and other payables

Trade and other payables are stated at cost.

- (h) Trade and other receivables

Receivables are stated at their costs less impairment losses. Impairment of receivables is not recognised until objective evidence is available that a loss event has occurred.

- (i) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of GST, except:

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

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

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

- (j) Acquisition of assets

All assets acquired, including property, plant and equipment, are initially recorded at their cost of acquisition at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition.

When equity instruments are issued as consideration, their market price at the date of acquisition is used as fair value, except where the notional price at which they could be placed in the market is a better indication of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity subject to the extent of proceeds received, otherwise expensed.

(k) Share Capital Issue Transaction Costs

Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit.

(l) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and deposits held at call with banks.

(m) Critical Estimates and Judgements

The Directors evaluate estimates and judgements incorporated into the financial report of the Company based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data obtained both externally and within the business.

Key Estimates – Valuation of Capitalised Exploration Costs

No impairment testing has been recognised in respect of exploration expenditure capitalised at reporting date as the exploration activities are at an early stage and no indicators of impairment have arisen at the reporting date or since.

2. Assumptions Used in Preparing the Pro Forma Statement of Comprehensive Income and the Pro Forma Consolidated Statement of Financial Position

The pro forma statement of financial position for the Company as at 31 December 2015 has been prepared as if the following transactions have taken place at that date:

- (a) the inclusion of a capital raising of \$7,000,000;
- (b) the inclusion of Share based payment expenses relating to the grant of Options to consultants and underwriters of \$1,670,019.
- (c) the inclusion of estimated transaction costs of \$707,320, allocated between issued capital (\$154,169) and accumulated losses (\$553,151);
- (d) the inclusion of the reverse acquisition accounting entries for the transaction being the issue of equity with a deemed value of \$0.10 per Share; and
- (e) the conversion of BidEnergy Redeemable Preference Shares into Shares including the re-allocation of the notional interest portion of the Convertible Preference Shares and costs of Convertible Preference Shares into issued capital.

3. Cash and Cash Equivalents

	Reviewed Cove 31/12/15	Audited Bid Energy 31/12/15	Pro forma 31/12/15
Cash at bank and on hand	864,405	1,431,701	8,588,786
Cove cash and cash equivalents as at 31 December 2015			864,405
Adjustments arising in preparation of the pro forma consolidated statement of financial position are summarised as follows:			
Bid Energy cash and cash equivalents as at 31 December 2015			1,431,701
Proceeds received from \$7 million share issues			7,000,000

	Reviewed Cove 31/12/15	Audited Bid Energy 31/12/15	Pro forma 31/12/15
(gross)			
Costs of capital raising			(707,320)
			<u>6,292,680</u>
Pro-forma cash and cash equivalents			<u>8,588,786</u>

4. Reverse Acquisition

The proposed acquisition of BidEnergy (the legal subsidiary) by the Company (the legal parent) is deemed to be a reverse acquisition as the substance of the transaction is such that the existing shareholders of BidEnergy will obtain control over the Company. However, the Company is not considered to meet the definition of a business under AASB 3 and, as such, BidEnergy Acquisition cannot be accounted for in accordance with the guidance set out in AASB 3. Therefore, consistent with the accepted practice for transactions similar in nature to the BidEnergy Acquisition, we have accounted for the acquisition in the consolidated financial statements of the legal parent as a continuation of the financial statements of the legal subsidiary, together with a share based payment measured in accordance with AASB 2, which represents a deemed issue of shares by the legal subsidiary, equivalent to the current shareholder interest in the Company post the BidEnergy Acquisition. The excess of the assessed value of the share based payment over the net assets of the Company has been expensed to the income statement.

The Company (as legal parent, accounting acquire) will issue 201,396,700 Shares and 70,000,000 Performance Shares to the BidEnergy Vendors who, as a result, will own approximately 84.51% of the combined entity at settlement of the BidEnergy Acquisition prior to the Public Offer. The remaining 15.49% will be owned by the current Shareholders.

As there is no current market for BidEnergy shares, the fair value of 100% of the Company is assessed as \$4,975,959 based on 49,759,594 post-Consolidation Shares on issue at the issue price of \$0.10 each immediately prior to the BidEnergy Acquisition.

Consequently, a listing expense of \$4,121,941 will be expensed to the income statement which represents the excess of the deemed fair value of the share based payment less the pro forma net assets of the Company of \$854,018 as at 31 December 2015, immediately prior to settlement of the acquisition, as set out below.

	Pro forma 31/12/15
Cash and cash equivalents	864,405
Trade and other receivables	35,849
Other assets	14,827
Trade and other payables	(61,063)
Net assets of CVE acquired on reverse acquisition	<u>854,018</u>
Assessed fair value of asset acquired:	
-Post-consolidation CVE shares on issue	49,759,594
-Post-consolidation CVE value per share under the Prospectus	\$0.10
Deemed fair value of share-based payment, assessed in accordance with AASB 2	<u>4,975,959</u>
Pro-forma listing expense recognised on reverse acquisition	<u>4,121,941</u>

5. Issue Capital

(a) Issue and fully paid up capital

	Shares	Issue price	\$
Current Cove Shareholders (pre-consolidation)	995,191,861		11,087,555
Consolidation Cove (1/20)	(945,432,267)		-
Current Cove Shareholders (post-consolidation)	49,759,594		11,087,555
Eliminate original shareholder funds of Cove			(11,087,555)
			-
Issue of new Cove shares to BidEnergy vendors/shareholders	201,396,700	\$0.10	20,139,670
Reverse Cove investment in Bid Energy			(20,139,670)
			-
Capital Raising at 10 cents	70,000,000	\$0.10	7,000,000
Adjustment to recognise deemed issue of shares by BidEnergy to acquire Cove			4,975,959
Issued capital in BidEnergy			400,060
			12,376,019
Costs of capital			
Cost of capital raising (\$7mill)			(154,169)
Cost of granting options to underwriters			(1,670,019)
			(1,824,188)
Conversion of Convertible Redeemable Preference Shares in BidEnergy			
Adjustment to reallocate amount from liabilities			2,048,645
Adjustment to reallocate amount from reserves:			
- notional interest			2,508,786
costs relating to issue of Convertible Redeemable Preference Shares			(441,804)
			4,115,627
Pro-forma Issued Capital	321,156,294		14,667,458

(b) Performance Shares

In addition to the 201,396,700 Shares to be issued to the BidEnergy Vendors on Completion, the Company will also issue 70,000,000 deferred consideration shares by way of Performance Shares. The Performance Shares will convert to Shares upon the achievement of certain performance milestones (refer to Sections 10.2 and 10.3)

6. Reserves

	Reviewed 31/12/15	Pro forma 31/12/15
Share based payment and foreign currency reserve	-	-
CVE reserves as at 31 December 2015		1,409,460
BidEnergy reserves as at 31 December 2015		2,292,782
Adjustments arising in the preparation of the pro-forma consolidated statement of financial position are summarised as follows:		

	Reviewed 31/12/15	Pro forma 31/12/15
Elimination of the reserve of CVE on reverse acquisition		(1,409,460)
Value of options to be granted to advisors and underwriters		1,670,019
Adjustment to reallocate amount from reserves to issued capital relating to conversion of Convertible Redeemable Preference Shares:		
- notional interest		(2,508,785)
costs relating to issue of Convertible Redeemable Preference Shares		441,804
Pro-forma share based payment and foreign currency reserve		1,895,820

7. Accumulated Losses

	Reviewed 31/12/15	Pro forma 31/12/15
Accumulated losses	(3,471,602)	(7,916,083)
BidEnergy accumulated losses as at 31 December 2015		(3,471,602)
Listing fee recognised on reverse acquisition		(4,121,941)
Offer cost allocation to accumulated losses		(553,151)
Pro-forma accumulated losses		(8,146,694)

8. Controlled Entities

Consolidated Entities	Country of Incorporation	Pro-forma Interest held
Cove Resources Limited	Australia	Parent
BidEnergy Pty Ltd	Australia	100%

9. Commitments

For details of capital expenditure commitments refer to Section 1.11.

10. Subsequent Events

Other than the above, no matter or circumstance has arisen since the date of this report which has significantly affected, or may significantly affect, the operations of the entity, the results of those operations or the state of affairs of the entity in future financial years.

5. INVESTIGATING ACCOUNTANT'S REPORT



29 April 2016

The Directors
Cove Resources Limited
Suite 25, 145 Stirling Highway
NEDLANDS WA 6009

Dear Sirs,

Re: Investigating Accountant's Report on Historical and Pro forma Consolidated Historical Financial Information

We have been engaged by Cove Resources Limited ("Cove") to report on the historical and pro forma consolidated historical financial information for inclusion in the Prospectus relating to proposed issue by the Company of 70 million ordinary shares at an issue price of \$0.10 each, to raise \$7 million before the costs of the issue (the "Offer").

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

The nature of this report is such that it can only be issued by an entity which holds an Australian Financial Services License (No. 227902) under the *Corporations Act 2001*. Hall Chadwick Corporate (NSW) Limited holds the appropriate Australian Financial Services License under the *Corporations Act 2001*.

Background

The Company is listed on the Australian Securities Exchange ("ASX") and is in the process of completing the acquisition of BidEnergy Pty Ltd ("BidEnergy") and the recapitalisation of the Company, subject to shareholder and regulatory approvals.

BidEnergy is an Australian technology company, which has developed a cloud-based energy spend management platform that reduces energy costs compared to a traditional tender or standard reverse auction process. We are advised the platform is applicable to any deregulated utility market globally.

Scope

Historical Financial Information

You have requested Hall Chadwick Corporate (NSW) Limited to review the following historical financial information of Cove and BidEnergy:

- the historical statements of financial performance of Cove and BidEnergy for the six month period ended 31 December 2015;
- the historical statements of financial performance of BidEnergy for the financial years ended 30 June 2013, 30 June 2014 and 30 June 2015;
- the consolidated statements of financial position of Cove and BidEnergy as at 31 December 2015.

Pro forma Consolidated Historical Financial Information

You have requested Hall Chadwick Corporate (NSW) Limited to review the following pro forma consolidated historical financial information of Cove:

- the pro forma consolidated historical statement of financial performance for

HALL CHADWICK CORPORATE
(NSW) LIMITED
ACN 080 462 488
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2001
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Fx: (612) 9263 2800
E:
hcsyinfo@hallchadwick.com.au

www.hallchadwick.com.au

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International Ltd, a worldwide
association of separate and
independent accounting and
consulting firms

- the six month period ended 31 December 2015, assuming the acquisition and consolidation of BidEnergy for this period;
- b) the pro forma consolidated statement of financial position of Cove as at 31 December 2015, assuming the acquisition of BidEnergy and completion of the Offer.

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

The historical financial information of Cove has been subject to a half year review from 1 July 2015 to 31 December 2015 by Hall Chadwick.

The historical financial information of BidEnergy has been subject to an audit for FY2013, FY2014 and FY2015 and from 1 July 2015 to 31 December 2015 by RSM Australia Pty Ltd. The audit report for FY2014 issued on 16 December 2014 contained a qualified opinion in relation to the non-audit of FY2013 comparatives and the FY2014 statement of profit and loss due to a limitation of scope, as well as an emphasis of matter regarding the going concern of the company due to the operating losses incurred. The FY2013 financial statements were subsequently audited and an unmodified audit opinion issued on 22 April 2016.

The financial information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and 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*.

The stated basis of preparation is the recognition and measurement accounting principles applied to the financial information and the transactions to which the pro forma adjustments relate, as described in the Prospectus, as if those transactions had occurred as at the date, or prior to the date, of the financial information. Due to its nature, the pro forma consolidated historical financial information does not represent the company's actual or prospective financial position.

Directors' responsibility

The directors of Cove and BidEnergy are responsible for the preparation of the historical and pro forma consolidated historical financial information, including the selection and determination of pro forma adjustments made to the historical financial information. This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of pro forma consolidated historical financial information that is 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 Engagements 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 have become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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

Pro forma consolidated 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 pro forma consolidated historical financial information is not presented fairly in all material respects, in accordance with the stated basis of preparation as described in the Prospectus.

Restriction on Use

Without modifying our conclusions, we draw attention to the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose. We disclaim any assumption of responsibility for any reliance on this report or on the financial information to which it relates, for any purpose other than that for which it was prepared.

Consent

Hall Chadwick Corporate (NSW) Limited has consented to the inclusion of this assurance report in the Prospectus in the form and context in which it is included.

Disclosure of Interest

Hall Chadwick Corporate (NSW) Limited does not have any interest in the outcome of the Prospectus other than the issue of this report for which normal professional fees will be received. Hall Chadwick Corporate (NSW) Limited does not hold nor have any interest in the ordinary shares of the Company. Hall Chadwick Corporate (NSW) Limited was not involved in the preparation of any part of the Prospectus and accordingly, makes no representations or warranties as to the completeness and accuracy of any information contained in the Prospectus.

Yours faithfully



Drew Townsend,
HALL CHADWICK CORPORATE (NSW) LIMITED

FINANCIAL SERVICES GUIDE

Dated 29 April 2016

What is a Financial Services Guide (FSG)?

This FSG is designed to help you to decide whether to use any of the general financial product advice provided by Hall Chadwick Corporate (NSW) Limited ABN 28 080 462 488, Australian Financial Services Licence Number 227902 ("HCC").

This FSG includes information about:

- HCC and how they can be contacted;
- the services HCC is authorised to provide;
- how HCC are paid;
- any relevant associations or relationships of HCC;
- how complaints are dealt with as well as information about internal and external dispute resolution systems and how you can access them; and
- the compensation arrangements that HCC has in place.

This FSG forms part of an Investigating Accountant's Report ("Report") which has been prepared for inclusion in a disclosure document. The purpose of the disclosure document is to help you make an informed decision in relation to a financial product. The contents of the disclosure document, as relevant, will include details such as the risks, benefits and costs of acquiring the particular financial product.

Financial services that HCC is authorised to provide

HCC holds an Australian Financial Services Licence, which authorises it to provide, amongst other services, financial product advice for securities and interests in managed investment schemes, including investor directed portfolio services, to retail clients. We provide financial product advice when engaged to prepare a report in relation to a transaction relating to one of these types of finance products.

HCC's responsibility to you

HCC has been engaged by the Directors of Cove Resources Limited to prepare this Report for inclusion in a Prospectus in relation to the initial public offering of shares in Cove Resources Limited on the ASX ("Offer").

You have not engaged HCC directly but have received a copy of the Report because you have been provided with a copy of the Prospectus. HCC nor the employees of HCC are acting for any person other than Cove Resources Limited. HCC is responsible and accountable to you for ensuring that there is a reasonable basis for the conclusions in the Report.

General advice

As HCC has been engaged by Cove Resources Limited, the Report only contains general advice as it has been prepared without taking into account your personal objectives, financial situation or needs. You should consider the appropriateness of the general advice in the Report having regard to your circumstances before you act on the general advice contained in the Report.

You should also consider the other parts of the Prospectus before making any decision in relation to the Offer.

Fees HCC may receive

HCC charges fees for preparing reports. These fees will usually be agreed with, and paid by, Cove Resources Limited. Fees are agreed on either a fixed fee or a time cost basis. In this instance, Cove Resources Limited has agreed to pay HCC \$25,000 (excluding GST and out of pocket expenses) for preparing the Report on Pro forma Consolidated Historical Financial Information to be included in the Prospectus. HCC and its officers, representatives, related entities and associates will not receive any other fee or benefit in connection with the provision of this Report.

HCC officers and representatives receive a salary or a partnership distribution from Hall Chadwick Sydney professional advisory and accounting practice (the Hall Chadwick Sydney Partnership). Remuneration and benefits are not provided directly in connection with any engagement for the provision of general financial product advice in the Report. Further details may be provided on request.

Referrals

HCC does not pay commissions or provide any other benefits to any person for referring customers to them in connection with a Report.

Associations and relationships

Through a variety of corporate and trust structures HCC is controlled by and operates as part of the Hall Chadwick Sydney Partnership. HCC's directors may be partners in the Hall Chadwick Sydney Partnership. Mr David Kenney and Mr Drew Townsend, directors of HCC and partners in the Hall Chadwick Sydney Partnership, have prepared this Report. The financial product advice in the Report is provided by HCC and not by the Hall Chadwick Sydney Partnership.

From time to time HCC, the Hall Chadwick Sydney Partnership and related entities ("HC Entities") may provide professional services, including audit, tax and financial advisory services, to companies and issuers of financial products in the ordinary course of their businesses. HC Entities have previously provided advisory services to the Client for which professional fees have been received.

No individual involved in the preparation of this Report holds a substantial interest in, or is a substantial creditor of Cove Resources Limited or has other material financial interests in the Offer.

Complaints resolution

If you have a complaint, please let HCC know. Formal complaints should be sent in writing to:

The Complaints Officer
Hall Chadwick Corporate (NSW) Limited
GPO Box 3555
Sydney NSW 2001

If you have difficulty in putting your complaint in writing, please telephone the Complaints Officer, Drew Townsend, on (02) 9263 2600 and he will assist you in documenting your complaint.

Written complaints are recorded, acknowledged within 5 days and investigated. As soon as practical, and not more than 45 days after receiving the written complaint, the response to your complaint will be advised in writing.

External complaints resolution process

If HCC cannot resolve the complaint to your satisfaction within 45 days, you can refer the matter to the Financial Ombudsman Service (FOS). FOS is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOS are available at the FOS website www.fos.org.au or by contacting them directly at:
Financial Ombudsman Service Limited

GPO Box 3, Melbourne Victoria 3001
Telephone: 1300 78 08 06
Facsimile (03) 9613 6399
Email: info@fos.org.au

The Australian Securities and Investments Commission also has a free call info line on 1300 300 630 which you may use to obtain information about your rights.

Compensation arrangements

HCC has professional indemnity insurance cover as required by the Corporations Act 2001(Cth).

Contact details

You may contact HCC at:

Hall Chadwick Corporate (NSW) Limited

GPO Box 3555

Sydney NSW 2001

Telephone: (02) 9263 2600

Facsimile: (02) 9263 2800

6. INDEPENDENT INDUSTRY REPORT



REVIEW OF BIDENERGY'S MARKET OPPORTUNITY

March 2016

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING





Email: andy.gilmour@rsm.com.au

Direct Line: 08 9261 9447

AJG/PG

1 March 2016

Mr Winton Willesse
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NEDLANDS WA 6009

Dr Mr Willessee

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8 St Georges Terrace Perth WA 6000
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Review of BidEnergy's Market Opportunity

Introduction

We have been engaged by Cove Resource Ltd ("Cove") to prepare a market research report on energy spend management services. In accordance with the letter of engagement dated 1 December 2015, we understand that Cove is currently conducting due diligence on the business of BidEnergy Pty Ltd ("BidEnergy").

This report has been prepared for Cove to assist with due diligence process which is currently being undertaken.

Scope of Work and Understanding

The scope of work undertaken in preparing the market research report is in accordance with our engagement letter dated 1 December 2015. Specific work undertaken included:

- Review of competition from similar products and replacements products;
- Market size of electricity markets;
- Market size of costs and quality control products available and multiple site users of electricity;
- Potential available market to BidEnergy;
- Summary of industry dynamics;
- Details of key competitors; and
- Identification of other markets where the technology could be utilised.

Disclaimer and Consents


This report has been prepared solely for the purpose described in the paragraphs above and we do not accept responsibility or liability for its use outside this purpose. In accordance with our normal practice, we hereby expressly disclaim liability to any persons other than those to whom the report is specifically addressed. The information contained in this report may not be used or relied upon by any other party, in any manner whatsoever, without the prior written consent of RSM.

THE POWER OF BEING UNDERSTOOD

AUDIT | TAX | CONSULTING

RSM Australia Pty Ltd is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Pty Ltd ACN 009 321 377 atf Birdanco Practice Trust ABN 65 319 382 479 trading as RSM
Liability limited by a scheme approved under Professional Standards Legislation



Statements and opinions contained in this report are given in good faith. In the preparation of this report, we have relied upon information supplied by directors and/or management of BidEnergy Limited and Cove Resources Limited and we have no reason to believe that this information was inaccurate, misleading or incomplete. RSM Australia Pty Ltd does not imply, nor should it be construed that it has carried out any form of audit or verification on the information and records supplied to us.

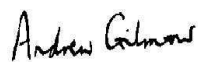
The opinion of RSM Australia Pty Ltd is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.

In addition, we have considered publicly available information which we believe to be reliable. We have not, however, sought to independently verify any of the publicly available information which we have utilised for the purposes of this report.

We assume no responsibility or liability for any loss suffered by any party as a result of our reliance on information supplied to us.

Yours faithfully

RSM AUSTRALIA PTY LTD



A GILMOUR

Director



Table of Contents

Introduction	4
Background of BidEnergy's business model	4
Market Function and Dynamics	6
Electricity generation market.....	6
Electricity consumption by businesses in Australia.....	7
Demand for electricity.....	8
Procurement and Supply Chain Consultants	10
Building Energy Management Systems	10
Australian Market size	12
Australia.....	12
Global market review	13
Global electricity consumption	13
USA Market.....	14
European Market.....	16
NZ Market.....	18

Introduction

RSM has been engaged by Cove to prepare a market research report on energy spend management services. In preparing this report we have considered the background of BidEnergy business model, the market functions and dynamics, the Australian market size and the global market review. In reviewing the market functions and dynamics we have considered electricity generation market, electricity consumption by businesses in Australia, demand for electricity, procurement and supply chain consultants and Building Energy Management Systems. For the global market review we have included global electricity consumption and considered USA, European and NZ markets. The following paragraphs detail our understanding of BidEnergy's market opportunity.

Background of BidEnergy's business model

BidEnergy is an established technology company which has developed a cloud based energy spend management platform ("the Platform"). The Platform is able to provide one solution to manage a customers' entire energy spend life cycle including strategic sourcing, category management through to finance and accounts payable. The products offered by BidEnergy are intended to reduce the energy spend for their customers. The platform is currently accessed by 20 multi-site customers and more than 30 energy suppliers in Australia.

The Company operates within the Procurement and Supply Chain Consultants Industry which includes the provision of supply chain risk analysis, strategic sourcing, logistic optimisation, category management and contract and supply management. The business primarily operates within the strategic sourcing sector which involves the development of a strategic sourcing plan to evaluate the best fit required by the client and the best price available. The business is also involved in the category management service which involves management of demand and suppliers to maximise benefits and identify optimal supplier relationships to their clients (IBISWorld, 2015).

The business targets multi-site customers and their current client base includes customers such as Cotton on Clothing Pty Ltd, Grill'd, Goodyear & Dunlop Tyers, GE Capital Australia and New Zealand and Fletcher Building Australia Pty Ltd. We have assumed that the majority of multi-site organisations are in the commercial and services industries and these are the industries we have focussed on in our market estimates.

Key competitors

There are a number of competitors in the market providing similar products and services. The competitors include local consulting businesses and global diversified businesses. The market is competitive due to large number of participants and relatively low barriers to entry for certain services provided by BidEnergy. For example, energy broking services require very little overhead or capital equipment and can be provided by small operators.

There is likely to be an advantage in being able to provide a full suite of services beyond simply negotiating a better energy price and this will reduce the impact of small operators who do not have the capacity to offer a combination of analytical software, bill management and price negotiation.

In addition to independent procurement and energy management companies, some electricity providers are starting to provide similar services to Bid Energy to complement their traditional business. Whilst the procurement market has generally consisted of third party providers of energy spend management services, we note that ERM Power Limited recently announced the potential acquisition of an energy management service company. In our opinion this highlights that power generators are aware of the need to diversify their services and provide efficiency solutions to their customers in a likely attempt to make it less attractive for their customers to change suppliers. This will increase the level of competition within the Company's chosen markets.

The following tables summarise some of the local and global competitors.

Company	Description	Services
<u>Australian Market</u>		
Energy Action	Energy Action (ASX: EAX) is a company listed on the Australian Securities Exchange. It provides integrated management services to commercial and industrial customers in Australia. For the year ended 30 June 2015, Energy Action had a net	Services offered by Energy Action include energy procurement, contract management and energy reporting, project and advisory services.

Company	Description	Services
	operating profit of \$2.7 million and its total revenue was \$32.1 million.	
Energetics	Energetics is a private Australian company which operates locally in Australia as well as in USA and Asia. The company was founded in 1984 and has offices in Sydney, Brisbane, Canberra, Melbourne and Perth. Energetics revenue is approximately \$18 million (Capital IQ).	Services provided include; developing strategies, advisory services, securing project financing solutions, data integration, energy benchmarking and performance tracking; identifying energy cost savings through data management and bill validation; energy efficiency measures; electricity, gas, and fuel procurement; and energy market review and strategy.
<u>Global Market</u>		
Schneider Electric	Schneider Electric (ENXTPA: SU) is a company listed on the Euronext Paris Stock Exchange. The company is headquartered in France and operates globally. For the year ended 30 June 2015, the company had a net operating profit of €1,941 million and its total revenue was €26,087 million. The company operates in number of other industries.	Schneider Electric provides the following services; energy consulting, infrastructure and efficiency upgrades, measurement, monitoring and reporting, metering, strategic energy sourcing services and sustainability services.
EnerNOC Inc.	EnerNOC Inc. (NasdaqGS: ENOC) is a company listed on the Nasdaq Stock Market with its main office located in Boston Massachusetts. The company provides energy intelligence software and related solutions for commercial, institutional, and industrial customers. The company was founded in 2001 and operates throughout United States, Australia, Canada, Germany, Ireland, New Zealand and South Korea. EnerNOC Inc has total revenue of US\$386 million.	Services offered by EnerNOC include; procurement and implementation, energy budget forecasting, utility bills and payments, facility optimisation, project tracking, demand response in open and vertically-integrated markets, and peak demand and the related cost impact.
Choice Energy	Choice Energy is a private company with its head office located in Houston, United States. The company was founded in 1994 and operates throughout United States, Canada and European Union.	Choice Energy provides services such as energy procurement and process, renewable and sustainable power, energy efficiency, demand response, invoice collection and control and utility bill management.
Premier Energy Group	Premier Energy Group is a private company located in the United States. The company serves various industries including chemical, commercial real estate, education, financial institutions, food services, healthcare, manufacturing retail and other.	Premier Energy Group provides services such as analysis of historical energy usage, development of energy profile, establishment of procurement and energy strategy, implementation of proposals for clients, reviewing and negotiating energy contracts for clients.

Table 1: Summary of global competitors (Source: S&P Capital IQ)

Other market opportunities

We note that most of BidEnergy's competitors service both the electricity and gas market. The Company's core focus has been the electricity market but it has recently commenced offering its services to gas consumers. Expanding its gas offering could represent a low risk, low cost growth option. However, we note that the commercial sector is a low consumer of gas, representing approximately 5% of expected gas demand in 2018-19. Further, the market is likely to be considerably smaller. Australian Bureau of Statistics ("ABS") data indicates that approximately \$893 million was spent by BidEnergy's target commercial market on gas in 2011-12, compared to \$11.8 billion on electricity.

The Company is currently focussed in Australia and New Zealand. A large number of its competitors service clients globally. The Company's products and services could be offered to a geographically wider market in the future. This would require a sales presence in each of the regions it intends to operate and in country support to sign up and negotiate with energy suppliers in different regions.

Market Function and Dynamics

Electricity generation market

Australia's electricity generation sector consist of more than 300 registered generators in the National Electricity Market (NEM) including NSW, ACT, VIC, QLD, SA and TAS plus a number of generators in WA and NT. Depending on the location, electricity consumers may be able to access electricity from a number of different generators.

In Australia there was 215 terawatt hours of electricity generated in 2013-14 (esaa, 2015). The total electricity generated decreased in 2013-14 by 1.2% per cent, with all states except Western Australia and Tasmania having a decrease in electricity generation. Electricity generation increased in Western Australia from 17.8 terawatt hours to 18.4 terawatt hours and in Tasmania from 12.9 terawatt to 13.9 terawatt (Esaa, 2015).

The following diagram illustrates the historical movements in electricity generation in Australia.

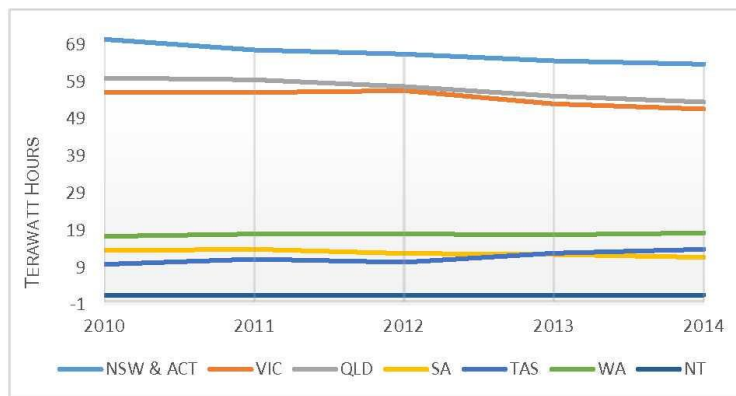


Diagram 1: Generation of electricity in Australia (Source: Esaa)

The generation of electricity and the retail of electricity is generally undertaken by separate entities. However, there are a number of electricity generator who also retail their electricity (commonly known as "gentailers"). Retail entities act as sellers or resellers of electricity generated by the generators and are the contact point for most electricity consumers.

It is the retailer who determines the price that will be charged to consumers. Retailers have flexibility as to what price they charge their customers and can charge different customers different prices.

Electricity consumption by businesses in Australia

According to information included in a study conducted by the Energy Supply Association of Australia (“esaa”), the total energy consumption by businesses across Australia for FY14 was approximately 141,122 GWh. The table below summarises the Australian electricity consumption by state and territory.



Diagram 2: Electricity consumption by state (Source: esaa)

New South Wales (inclusive of the ACT) is the largest consumer of electricity, followed by Queensland and Victoria. Combined, these states account for 78% of electricity consumption.

Data published by the Australian Bureau of Statistics (“ABS”) detailed energy consumption by Australian businesses by industry division in FY12. Although the total consumption figures do not reconcile to those published by esaa for FY14, we have assumed that the consumption by division as a percentage of total consumption is not materially inconsistent from one year to another. As such, we have included a table below that reflects the consumption of electricity by industry based on a combination of the ABS data for FY12 and the esaa data for FY14.

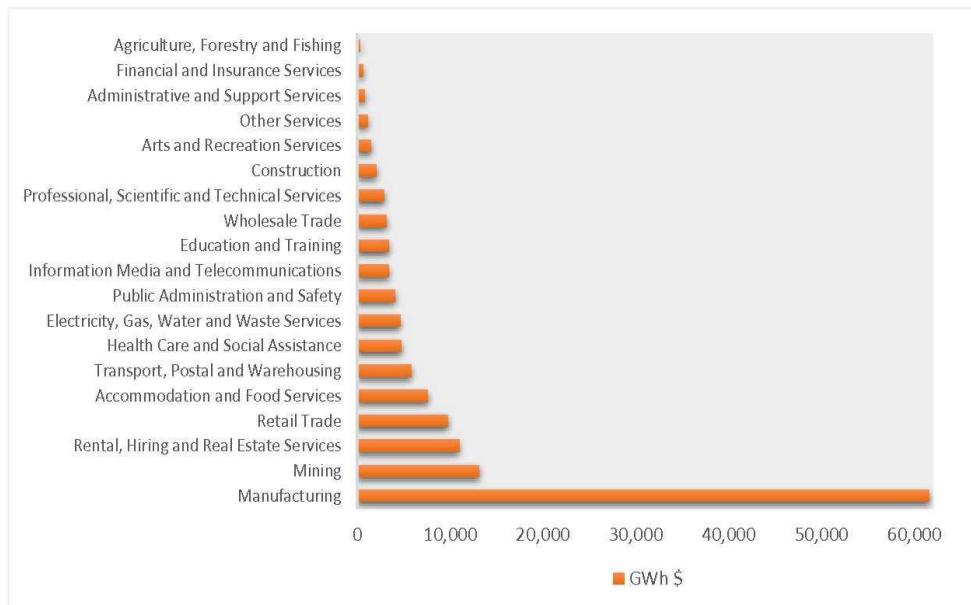


Diagram 3: Electricity consumption by state (Source: esaa and ABS)

Demand for electricity

IBISWorld has identified a number of factors driving demand for electricity. The key external drivers for electricity demand include the number of operating businesses, electricity service prices, manufacturing and the number of households. Household consumption and manufacturing are not relevant to BidEnergy as its market mostly comprises multi site businesses.

Number of businesses

According to IBISWorld businesses and commercial entities are the major users of electricity, accounting for 75% of total consumption. Due to this, an increase in the number of businesses tends to increase the demand for electricity services.

In Australia the number of businesses has been growing historically, although there was a slight decline in FY13. According to ABS, the number of business in Australia totalled to 2,100,162 (ABS, 2014). IBISWorld anticipates that the number of businesses will grow in 2015-16 which is a positive sign for the electricity market as it will increase the demand for the electricity services.

The following diagram illustrates the historical number of businesses in Australia by state.

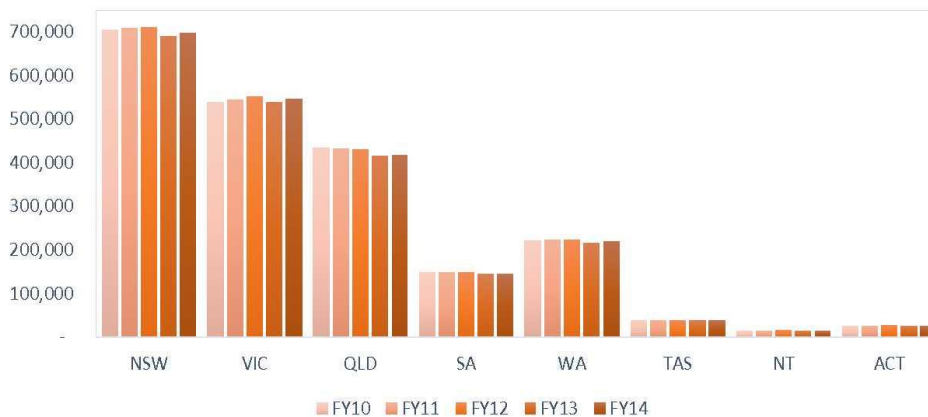


Diagram 4: The number of businesses in Australia by state (Source: ABS)

The size of businesses in Australia varies, with approximately 61% or 1,273,769 being very small businesses with no employees, therefore these business would not form part of the target market of the Company.

The diagram below illustrates the composition of employing businesses as at 30 June 2014.

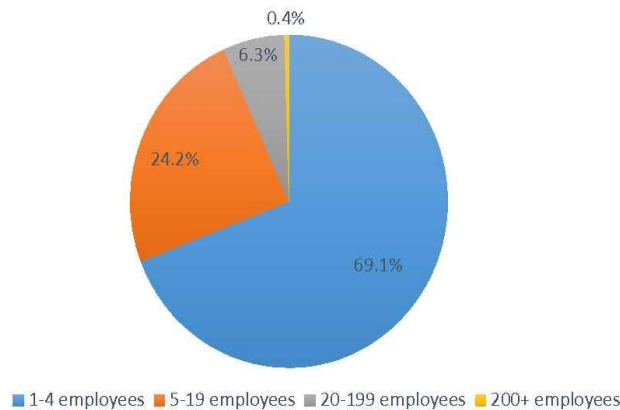


Diagram 5: Size of businesses in Australia (Source: ABS)

As shown in the diagram above, the highest number of employing businesses have 1-4 employees at 69% or 571,176 of total businesses, followed by 5-19 employee businesses having 24.2% or 199,915 businesses. There are 51,688 businesses or 6% of total employing businesses with 20-199 employees. There is a very small percentage of businesses (0.4%) or 3,614 businesses in Australia employing more than 200 people.

Electricity prices

Historically electricity service prices have been growing, although a decline was noted between 2013 and 2015. The decline is partially the result of increased efficiencies. IBISWorld anticipates that the Australian retail electricity prices will return to growth in 2015-16 and beyond.

The diagram below illustrates the movement in electricity services price between 2007 and 2015 and the forecast electricity service prices to the year ending 2021.

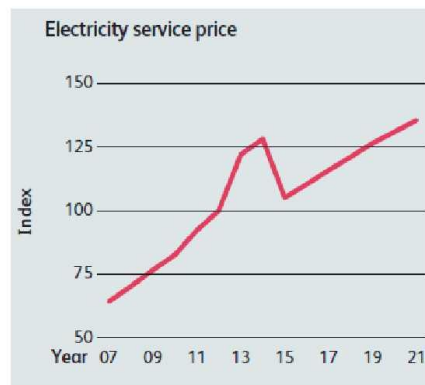


Diagram 6: Electricity service prices (Source: IBISWorld)

The average volume weighted wholesale electricity price (\$/ megawatt hour ("MWh")) for FY14 was \$54.74 across the four states of NSW, VIC, QLD, SA and TAS. The Esaa study also noted that the Volume Weighted Average (VWA) wholesale price across the states has decreased slightly in recent years due to the effects of oversupply resulting from declining demand and increased generation capacity (esaa, 2015).

The average retail price of electricity based on ABS data is approximately \$197.77 per MWh.

Demand trends

Overall the demand for electricity products and services has declined in recent times due to factors such as increased electricity prices, structural change in the economy, improved building efficiency and operations, and wide use of more efficient appliances (Energy White Paper, 2015). According to Esaa, consumers are increasingly conscious of their energy usage and are actively looking for ways to reduce their total energy consumption. This increased concern over energy usage is favourable to the Company's business model.

Procurement and Supply Chain Consultants

According to IBISWorld, the Procurement and Supply Chain Consultants Industry in Australia is approximately \$1.5 billion in size. The strategic sourcing represents about 25% of the total industry, and approximately \$375 million of total industry revenue. Category management represents 17% of the total industry and \$255 million of total industry revenue. The combined size of the strategic sourcing and category management sectors of the market is \$630 million. The value of the market to the Company would be a small portion of this, as the overall market size includes all forms of outsourcing services such as sourcing of inventory and inventory management.

The composition of the Procurement and Supply Chain Consultants Industry is summarised in the diagram below (IBISWorld, 2015).



Diagram 7: Industry Products and services (Source: IBISWorld)

Building Energy Management Systems

A study conducted by Navigant Research has indicated that the global Building Energy Management Systems (BEMS) market size is approximately US\$2.4 billion (or AU\$3.2 billion) in 2015 and is forecast to increase to US\$10.8 billion by 2024 (AU\$14.4 billion). The fastest-growing regional market is projected to be Asia Pacific followed by North America and Europe.

According to this study the growth in the market has been driven by the growing customer awareness of economic benefits from investing in BEMS and this is expected to continue in the future.



The following diagram illustrates the forecast BEMS revenue by region for the years 2015 to 2024. The diagram illustrates that the BEMS revenue is expected to grow for all regions over the next 10 years.

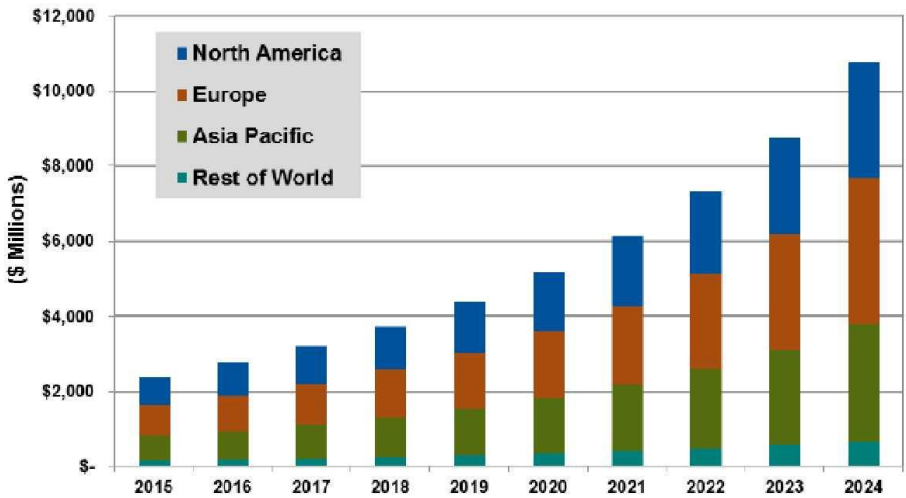


Diagram 8: BEMS revenue by region (Source: Navigant Research)

Australian Market size

Australia

Our market research indicates that the Australian market for the products and services offered by BidEnergy is likely to be between \$36 million and \$255 million. There is a high number of competitors in Australia and a large number of global competitors providing similar products and services. We have estimated the market size in reference to Australian electricity consumption.

Electricity consumption approach

We estimated the size of the Australian market by reference to total electricity consumed as follows:

- Estimated the total electricity consumption in Australia of 141,848,700 MWh based on the Esaa study.
- Estimated the percentage of total consumption that relates to business sectors applicable to BidEnergy target market. On the basis of electricity consumption broken down by industry as provided by a study the AEMC, we have assumed that 26% of energy consumed relates to commercial and services industries.
- Multiplied the total electricity used by companies in BidEnergy's target market by the average estimated cost of energy. We have assumed the electricity price based on the ABS electricity consumption data which indicated that the industry average for industries likely to be serviced by the company averaged \$197.77 per MWh.
- Multiplied the total cost of electricity consumed by BidEnergy's target market by the estimated cents in every dollar that BidEnergy would receive if it negotiated the entire market's use of electricity (based on existing contracts). The current dollar per contracted MWh of \$0.005 was based on dividing BidEnergy's total revenue to date (approximately \$1 million) by the value of contracts it has negotiated to date (approximately \$200 million). We have also calculated a high range value \$0.019 per contracted MWh based on metrics observed from Energy Action announcements. Energy Action is one of the Company's competitors.

Based on this we have estimated the value of BidEnergy market in the range of \$34 million and \$139 million. Our calculation under this approach is summarised below.

	Low	High
Estimated energy consumed (MWh)	141,848,700	141,848,700
Energy consumption by commercial and service industry (%)	26%	26%
Estimated energy consumed by BidEnergy's target market (MWh)	36,880,662	36,880,662
Average electricity retail price (AU\$)	197.77	197.77
Estimated total value of the Australian market (AU\$)	7,293,888,524	7,293,888,524
BidEnergy value per contract (AU\$)	0.005	0.019
Estimated value of total addressable market to BidEnergy (AU\$)	36,469,443	138,583,882

Table 2: Estimated market value using energy consumption method (Source: RSM)

The value reflects BidEnergy's current business model and could be increased as the Company matures its operations and business model.

Competitor estimate of the market

In FY13, one of the Company's competitors, Energy Action, estimated their share of the market to be 8.6%. Energy Actions revenue for FY13 was \$21.92 million which indicates the total value of the market is approximately \$255 million. We note that Energy action has a value per MWh negotiated of \$0.019 which is significantly higher than BidEnergy's value per MWh negotiated of \$0.005.

Summary of Australian market value

We conclude that our research estimates that the size of the market is between **\$36 million and \$255 million**. We have calculated this range on the combination of methodologies and industry information outlined above.

Global market review

We have reviewed the key international markets that could be accessed by BidEnergy. We note that there are few markets where deregulation has been as effectively implemented as is the case in Australia. We note the key international growth regions are the states in the USA where markets have been deregulated and Europe.

Global electricity consumption

Global electricity consumption has been increasing over the last 14 years. According to Enerdata Intelligence and Consulting approximately 20,301 TWh of electricity was consumed globally in 2014.

The consumption of electricity varies between different countries. The countries with the highest electricity consumption included China (4,833 TWh), United States (3,830 TWh) and India (998 TWh). The countries with the lowest electricity consumption included Nigeria (22 TWh), New Zealand (39 TWh) and Romania (44 TWh). Australia's total electricity consumption in 2014 was 221 TWh.

The following graph illustrates the level of electricity consumption based on geographical region.

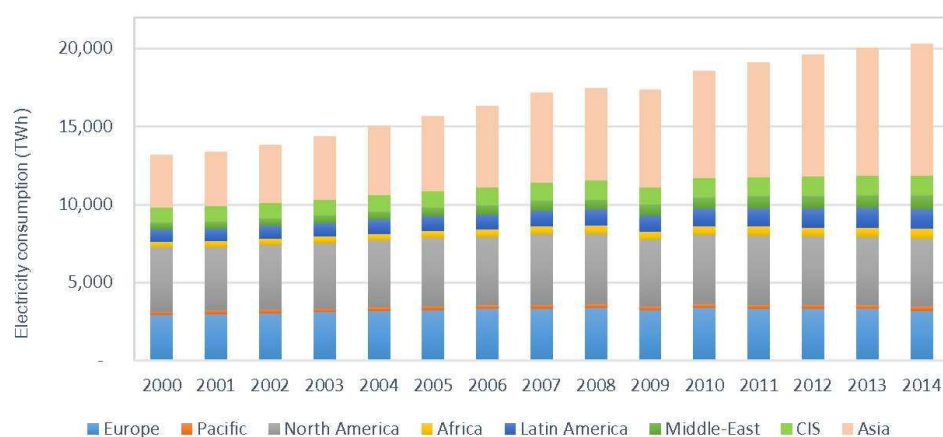


Diagram 9: Global electricity consumption (Source: Enerdata)

USA Market

The USA electricity market is slowly being deregulated and opened to competition, allowing consumers more choice in electricity providers. There are 24 states in the USA that have enacted electricity regulation plans. The results of the deregulation have been mixed with 7 states out of the 24 suspending the deregulation due to rising prices, increasing demand and limited supply in some areas. In other states such as Pennsylvania the deregulation has been considered successful.

The diagram below illustrates the USA states which have deregulated electricity marketing.

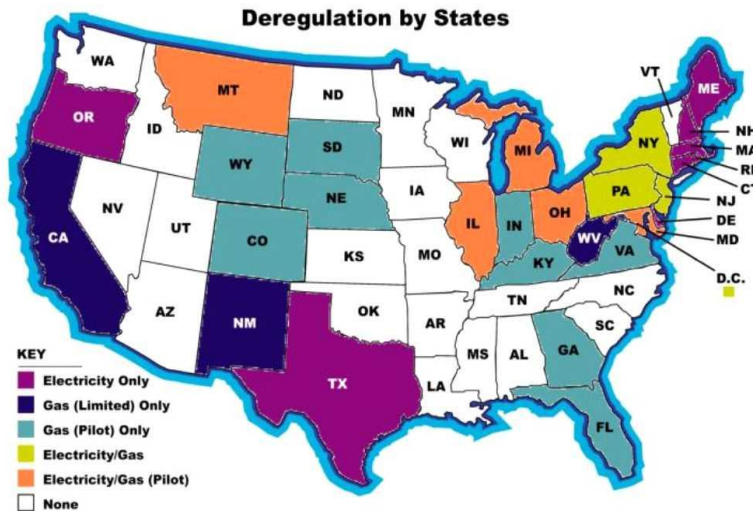


Diagram 10: Deregulation by state (Source: Quantum Gas & Power Services Ltd)

Currently there are 17 states with deregulated electricity markets. The seven states which have suspended electricity deregulation plans include Arizona, Arkansas, California, Nevada, New Mexico, Virginia and Wyoming.

The average electricity retail price in the USA is approximately US\$107.40 per MWh which has increased from the previous year. The average US electricity price has been increasing historically and was at an historical high in 2014. The following diagram illustrates the increasing historical average retail electricity prices in the USA.

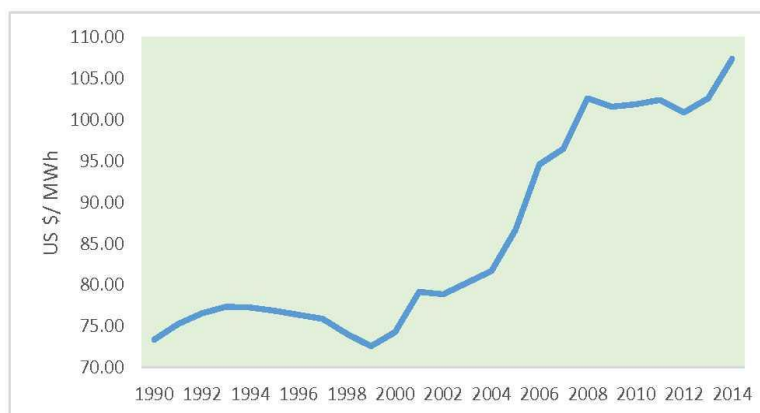


Diagram 11: US historical electricity prices (Source: Eia)

The price of electricity also varies between different states, depending on the regional and climate and on the cost profile of power generation in the area. States such as Hawaii, Alaska, New York, California and Connecticut have

the highest electricity prices and states such as Oklahoma, Arkansas, West Virginia, Washington and Idaho have the lowest electricity prices.

The following graph illustrates the five USA states with the five highest and five lowest retail electricity prices.

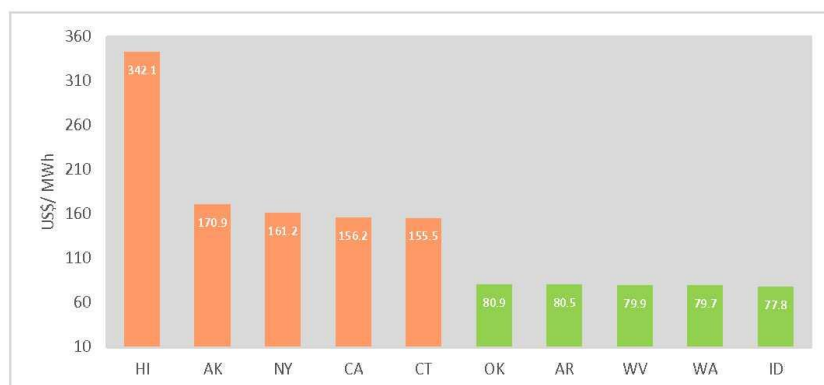


Diagram 12: USA states with highest and lowest electricity prices (Source: Eia)

The electricity consumption in the USA for 2014 was approximately 3,830 TWh, a decrease of 33 TWh from 3,863 TWh in 2013. The USA's consumption of electricity represents 18.8% of global electricity consumption.

The value of the BEMS market in the USA as estimated by Navigant is calculated at US\$451.2 million representing 18.8% of the global BEMS market.

European Market

The European electricity market comprises of the 28 countries currently included in the European Union. Some countries within the European market are deregulated whilst others are not. The largest region with deregulated electricity market in Europe is the United Kingdom (UK). The UK electricity supply market has been progressively opened up to competition with the privatisation of the electricity market in the 1990s. The results of the deregulation of the electricity in the UK have been mixed, with issues such as questionable price savings and the failure of competition to develop. It has been reported that the drops in wholesale market prices resulting from the deregulation of the market were not being fully passed to retail customers. Another issue was that the expected increase in competition for new customers was not achieved due to companies focusing on retaining existing customer base.

The average electricity retail price within the European Union for FY15 was approximately €91 per MWh, with the price varying between different countries. The lowest electricity retail price in 2015 was €62 per MWh in Sweden and the highest electricity retail price was €155 per MWh in Malta. The historical electricity retail price per MWh is illustrated in the diagram below which shows that the average retail price of electricity has declined from historical highs in 2009.

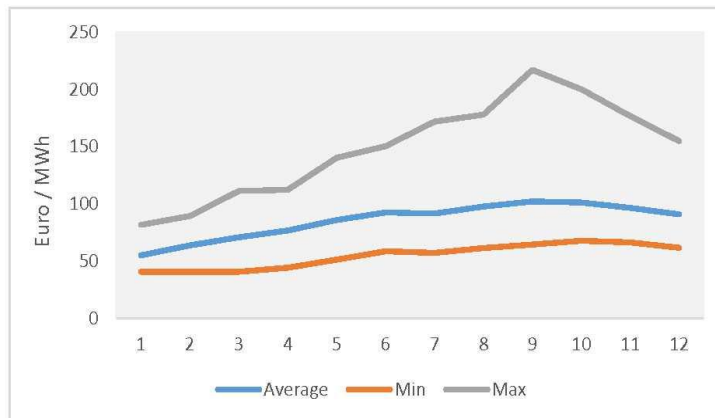


Diagram 13: Average retail electricity price in European market (Source: Eurostat)

The electricity price per MWh for the countries within the European Union are illustrated in the graph below. As presented below Malta, United Kingdom, Cyprus, Ireland and Spain have the highest electricity price per MWh and Sweden, Finland, Bulgaria, Romania and Slovenia have the lowest electricity price per MWh.

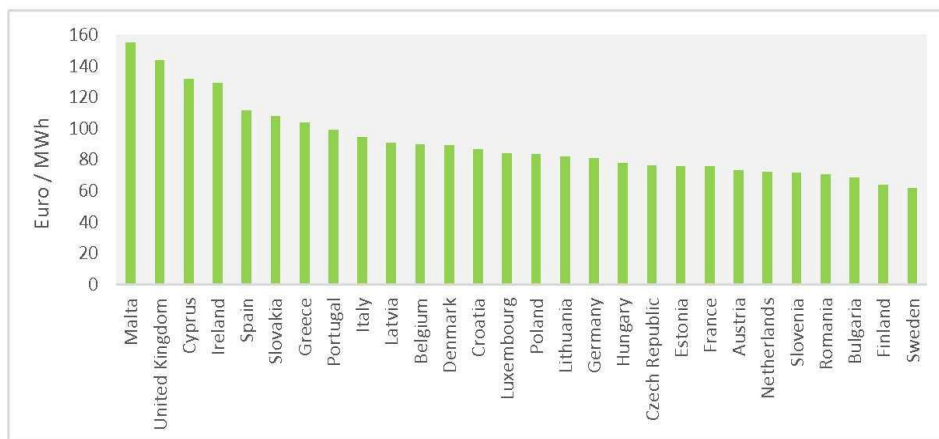


Diagram 14: Price of electricity – Euro/MWh by country (Source: Eurostat)

In 2015, the total consumption of electricity in the European market was 999,027 GWh. The countries with the highest consumption of electricity included Germany, Italy, France, United Kingdom and Spain. These five countries accounted for 62% of the total European electricity consumption with the remaining 23 countries accounted for 38% of total European electricity consumption.

The consumption of electricity within the European market is illustrated in the diagram below.

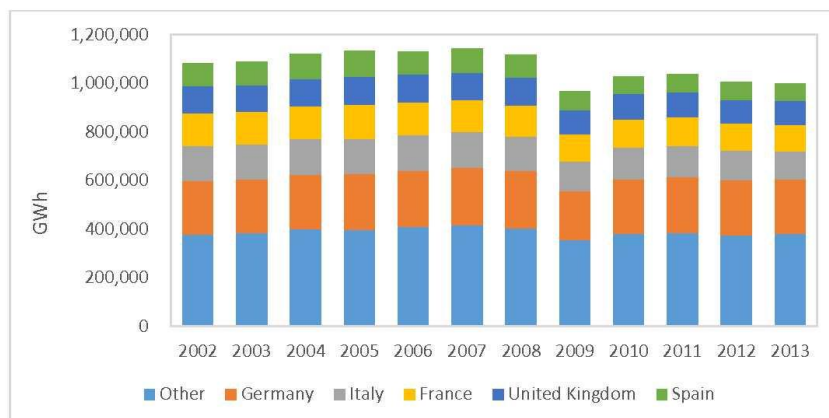


Diagram 15: Consumption of electricity within European Union (Source: Eurostat)

The countries which had the lowest consumption of electricity in 2015 included Malta (384 GWh), Cyprus (462 GWh), Latvia (1,808 GWh), Estonia (2,156 GWh) and Luxembourg (2,501 GWh). The breakdown of the total consumption of electricity is presented below.

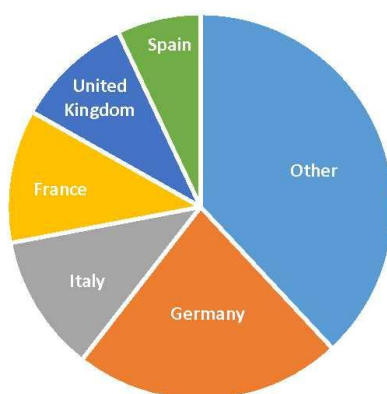


Diagram 16: Consumption of electricity by country in European market (Source: Eurostat)

NZ Market

The electricity market in New Zealand has been deregulated since 1994 and the implementation of deregulation in New Zealand has been considered successful. New Zealand has one of the lowest levels of electricity consumption in the world, however the consumption of electricity has been increasing since 2000 and was estimated to be 40.76 KWh in 2014. The diagram below illustrates the movement of electricity consumption for the 14 year period from 2000 to 2014.

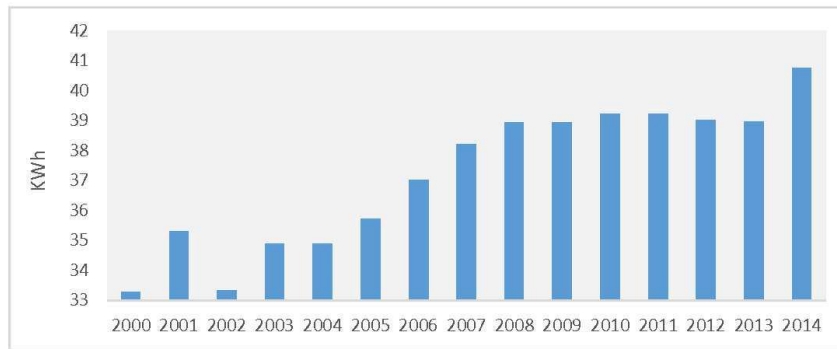


Diagram 17: Consumption of electricity in New Zealand (Source: CIA World Factbook)

The retail electricity price in New Zealand has been increasing historically with a slight decline noted in recent years. The highest retail electricity price in New Zealand was in 2013 at NZ\$173.93 per MWh and has since decreased in 2015 to NZ\$169.06 MWh.

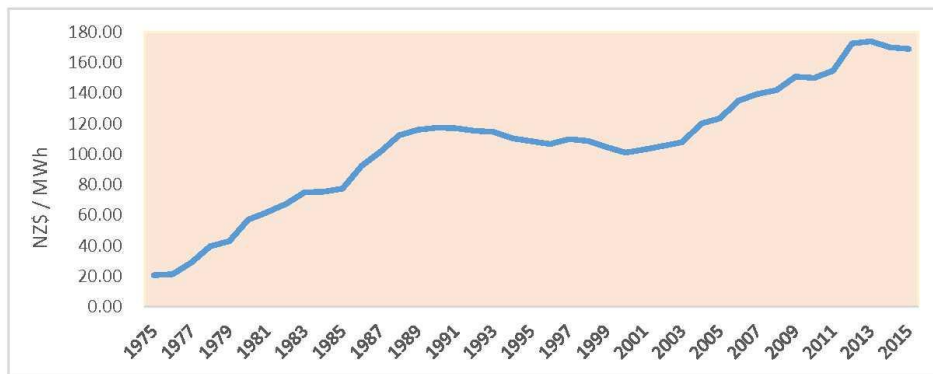


Diagram 18: Consumption of electricity in New Zealand (Source: Ministry of Business, Innovation and Services)



Source of Information

- IBISWorld Industry Report OD5520: Procurement and Supply Chain Consultants in Australia: May 2015;
- IBISWorld Industry Report D2640: Electricity Retailing in Australia: July 2015;
- S&P Capital IQ;
- ASX company announcements;
- Energy Supply Association of Australia: Electricity Gas Australia: 2015;
- Australian Bureau of Statistics: Energy Use, Electricity Generation and Environmental Management, Australia, 2011-2012;
- Australian Bureau of Statistics: Energy Account, Australia, 2012-2013;
- Australian Bureau of Statistics: Counts of Australian Businesses, Including Entries and Exits, Australia, June 2010 to June 2014;
- Australian Energy Regulator: State of the Energy Market 2015;
- Australian Government, Department of Industry and Science: Energy White Paper: 2015;
- Navigant Research: White Paper, Next-Generation Building Energy Management Systems, New Opportunities and Experienced Enabled by Intelligent Equipment: 2015;
- Australian Energy Market Commission: National Electricity Market;
- Enerdata: Global Energy Statistical Yearbook 2015;
- Quantum Gas & Power Services, Ltd; and
- Information available in the public domain.

7. RISKS

The Securities offered under this Prospectus are considered highly speculative and carry no guarantee with respect to the payment of dividends or returns of capital. An investment in the Company is not risk free and the Directors strongly recommend that potential investors consult their professional advisers and consider the risks factors described below, together with information contained elsewhere in this Prospectus, before deciding whether to apply for Securities pursuant to this Prospectus.

The below list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by Shareholders. The proposed future activities of the Company are subject to a number of risks and other factors which may impact its future performance. Some of these risks can be mitigated by the use of safeguards and appropriate controls. However, many of the risks are outside the control of the Company or the Directors and cannot be mitigated.

7.1 Specific Risks

(a) Market risk

As noted in the Independent Industry Report, the current total value of BidEnergy's addressable energy market in Australia is relatively small in global terms. Accordingly, the Company has recognised the need to priorities expansion into international markets (namely the United Kingdom and the United States of America). Each international market will have its own commercial and regulatory environments that may impair the Company's ability to win market share and otherwise be unconducive to BidEnergy's business and the BidEnergy Product. Refer to Section 7.1(p) for further information on the regulatory risks that may impact the Company's operational performance following Completion.

(b) New product development and technology risk

Following Completion, the Company's business will be reliant upon certain technologies and upon the successful commercialisation of these technologies. The Company is confident that the BidEnergy Product provides a unique offering in the Australian and global marketplace. However, there is a risk that as marketable technologies continue to develop in the energy technology industry, there may be certain product developments that supersede, and render obsolete, the BidEnergy Product. This will adversely affect the Company's financial performance and position and the likely value of the Shares.

(c) Acceptance of the BidEnergy Product

Following Completion, the Company's business model will depend on the ability to sell the BidEnergy Product. Acceptance of the BidEnergy Product will require customers to accept the Company's terms of service, including the basis on which the customer seeks and accepts competitive offers. The service relies on suppliers' invoices and data being supplied in an acceptable format. If the Company fails to achieve broad acceptance of the BidEnergy Product by market participants, or fails to position the BidEnergy Product as a preferred method for market participants to coordinate and facilitate the purchase and management of utility services including energy, the Company's business, financial condition and results of operations will be adversely affected.

It is difficult to predict the sales cycle and implementation schedule for the BidEnergy Product. The duration of the sales cycle and implementation schedule for the BidEnergy Product depends on a number of factors, including the nature and size of the potential client and the extent of the commitment being made by the potential client, which is difficult to predict. If potential clients take longer than expected to decide whether to purchase the BidEnergy Product, selling expenses could increase, which could harm the Company's business, financial condition and results of operations.

(d) Failure to renew existing contracts or win new contracts

Following Completion, the ability of BidEnergy's business to renew contracts with existing clients and win new contracts with existing and new clients is fundamental to its business, growth and profitability. BidEnergy's business faces competition in the energy technology industry in which it operates. New contracts, including contracts entered into with an

existing client where a previous contract has expired, are usually subject to a competitive process. There is a risk that BidEnergy's business may not win these contracts for any of a number of reasons. These include, for example:

- (i) lower pricing from competitors;
- (ii) increased competition;
- (iii) inability to differentiate the BidEnergy Product and to market them effectively;
- (iv) failure to maintain the quality or efficiency of the BidEnergy Product or to anticipate, identify or react to changes in client preferences or requirements;
- (v) failure to react to new developments in energy management technology; and
- (vi) negative perceptions adversely affecting BidEnergy's brand and reputation as a result of the eventuation of some of the other risks detailed in this Section 7.

Failure to successfully renew existing contracts or to win new contracts could negatively impact the Company's financial performance, including, in the case of a failure to retain an existing client, by leaving the Company with excess capacity or redundancy costs, and adversely impact its ability to grow its operations.

(e) Failure to properly understand client requirements and client demand

A large number of BidEnergy's contracts are long term contracts, and many are not able to be terminated by BidEnergy unless the client is in breach. The Company and BidEnergy may from time to time enter into contracts where the agreed revenue is insufficient to cover the costs of delivering the services or to provide adequate profit margins. This can occur for a number of reasons, including a failure to properly understand the scope and requirements of a contract, a failure to assess accurately the costs of delivering the contracted services, a failure to properly model the drivers of client demand or a failure to adhere to the business' internal risk assessment and contracting process guidelines. The risk of such failures occurring may increase as the Company seeks to expand the BidEnergy Product into new markets. If the Company enters into low margin contracts, the Company's revenue and profitability could be adversely impacted.

(f) Ability to manage growth effectively

The Company will need to expand its operations if it successfully achieves market acceptance for the BidEnergy Product. The Company cannot be certain that its systems, procedures, controls and existing space will be adequate to support expansion of its operations. The Company's future operating results will depend on the ability of its officers and key employees to manage changing business conditions and to implement and improve its technical, administrative, financial control and reporting systems. The Company may not be able to expand and upgrade its systems and infrastructure to accommodate these increases. Difficulties in managing any future growth, including as a result of the BidEnergy Acquisition, could have a significant negative impact on the Company's business, financial condition and results of operations.

(g) Reliance on key management personnel

The Company's business strategy will be implemented by the Board and the management team led by Anthony Du Preez and Clive Stuart Allinson. The Company's success will depend on the continued performance, efforts, abilities and expertise of its key management personnel, as well as other management and technical personnel engaged on a contractual basis. The loss of services of any of its key management personnel and the Company's inability to replace them could have a material adverse impact on the Company's ability to successfully implement the Company's business strategy.

There is no guarantee that the Company will be able to attract and retain suitably qualified personnel, and a failure to do so could materially adversely affect the Company's business, operating results and financial prospects including its ability to grow.

(h) Ability to establish and maintain additional strategic relationships

To be successful, the Company must continue to maintain BidEnergy's existing strategic relationships and establish additional strategic relationships with leaders in a number of energy industry segments. This is critical to the Company's success because the Company believes that these relationships contribute towards its ability to:

- (i) extend the reach of the BidEnergy Product to a larger number of customers in the energy technology industry;
- (ii) develop and deploy new products and services;
- (iii) further enhance the "BidEnergy" brand; and
- (iv) generate additional revenue and cash flows.

(i) Product failure

If the BidEnergy Product and services fails to perform properly due to errors or similar problems, the Company's business could suffer. Complex software, such as that utilised by the BidEnergy Product, often contain defects or errors, some of which may remain undetected for a period of time. It is possible that such errors may be found after the introduction of new software or enhancements to existing software.

Despite testing, it is possible that errors may occur in the BidEnergy Product. If the Company detects any errors before a solution is introduced, the Company may have to delay deployment for an extended period of time while the problem is addressed.

If the Company does not discover software errors that affect the BidEnergy Product (current or future) until it is deployed, the Company would need to provide enhancements to correct such errors. Errors in the BidEnergy Product could result in:

- (i) harm to the Company's reputation or the "BidEnergy" brand;
- (ii) lost sales;
- (iii) delays in commercial releases;
- (iv) liability claims;
- (v) delays in or loss of market acceptance of the BidEnergy Product;
- (vi) license terminations or renegotiations; and
- (vii) unexpected expenses and diversion of resources to remedy errors.

Furthermore, clients may use the BidEnergy Product together with products from other companies. As a result, when problems occur, it might be difficult to identify the source of the problem. Even when the BidEnergy Product does not cause these problems, the existence of these errors may result in the Company incurring significant costs, the diversion of the attention of technical personnel from development efforts, adversely impact the Company's reputation or the "BidEnergy" brand or cause significant client relations problems.

(j) Contractual Risk

BidEnergy's business is significantly dependent on its counterparties and their ability to meet their contractual obligations pursuant to the agreements and arrangements entered into with BidEnergy.

The Company's financial performance will depend upon the performance by counterparties to each of the agreements of their respective obligations in those agreements. If any counterparty defaults, it may be necessary for the Company or BidEnergy (as the case may be) to seek legal remedy in court. Legal action can be costly and there is no guarantee that a legal remedy will be granted on appropriate terms or at all.

(k) Intellectual Property

The Company's business plan is predicated on BidEnergy's proprietary systems and technology products. Accordingly, BidEnergy's trademarks, trade names, copy rights,

trade secrets and other intellectual property rights are important to its success and unauthorised use of any of BidEnergy's intellectual property rights may adversely affect the Company's business and the Company's and BidEnergy's reputation. There can be no assurances that the Company or BidEnergy will be able to:

- (i) register or otherwise protect new intellectual property it develops in the future;
or
- (ii) prevent the unauthorised use of its intellectual property.

Failure to adequately protect BidEnergy's intellectual property rights could adversely affect its financial performance and condition.

(l) Competition

Each energy technology product or service has its own character. However, the Company will be subject to competition from other operators in the energy technology industry in Australia, New Zealand, the United Kingdom and the United States of America. A number of factors, including any one or more of the following, could increase the market share of any of those competitors relative to the Company's share and materially affect the Company's financial performance and position:

- (i) acquiring or developing technologies which give them a competitive advantage;
- (ii) lowering prices;
- (iii) increasing scale or range of products or services; or
- (iv) undertaking strategic moves to combine or consolidate their business.

(m) Liability claims

BidEnergy's business may be exposed to liability claims if its products or services are provided in fault or cause harm to its clients. The Company may have to expend significant financial and managerial resources to defend against such claims. If a successful claim is made against the Company or BidEnergy, the Company or BidEnergy (as the case may be) may be fined or sanctioned and its reputation and brand may be negatively impacted. This could adversely affect the Company's financial performance, operations and prospects.

(n) Brand Name Risk

The "BidEnergy" brand is a key aspect of the business and the growth of BidEnergy's business is dependent on market awareness of its brand. The "BidEnergy" reputation and value of the brand may be adversely affected by a number of factors including (but not limited to) disputes or litigation with third parties and adverse media coverage (including social media). Erosion of the "BidEnergy" reputation or brand may adversely affect the Company's financial performance or position.

(o) Insurance

The Company faces various risks in connection with BidEnergy's business and may lack adequate insurance coverage or may not have the relevant insurance coverage.

No assurance can be given that such insurance will continue to be available in the future and that it will be available on commercially attractive terms. There is also no guarantee that any cover will be adequate and available to cover any claims the Company may make. The Company may be unable to continue to secure insurance to satisfactorily cover all anticipated risks or the cost of insurance may increase above anticipated levels. This may result in the Company either paying too much for its insurance or being unable to insure certain business risks.

(p) Regulatory Risks

The Company will be subject to a number of domestic and international government regulations. In some situations, energy purchase involves the customer entering into short term hedging contracts with the supplier. BidEnergy does not provide financial advice in such situations and is not required to hold a financial services licence. This could change in the future if, for example, a new market that BidEnergy enters has

different regulatory requirements. Based on its current subscription model which is a no commission model, BidEnergy does not currently consider that it requires a broker license to operate its business in the United States of America. There is a risk that the subscription model adopted by BidEnergy will not be competitive against a commission model, in which case BidEnergy may need to alter its current subscription model which, in turn, may require BidEnergy to apply for a broker license in each of the 17 deregulated states within the United States of America.

(q) Dilution

There is a risk that the interests of Securityholders will be further diluted as a result of future capital raisings by the Company that required in order to fund the development of the Company's business.

(r) Substantial Shareholders

On Completion, assuming no Options are exercised and no Consideration Performance Shares are converted into Shares:

- (i) Auction Design Pty Ltd (as trustee for the Du Preez Family Trust) (and its associates) will hold approximately 10.74% of the Company's issued capital; and
- (ii) Blue Lagoon International Corporation (and its associates) will hold approximately 5.25% of the Company's issued capital.

The above BidEnergy Vendors will have the potential to exert a significant degree of influence over the Company's management and affairs and over matters requiring Shareholder approval, including (among other things) the election of Directors and the approval of significant corporate transactions.

There is a risk that the interests of the BidEnergy Vendors generally may not be aligned to the interests of other Shareholders. It is likely that some of the Securities proposed to be issued to the BidEnergy Vendors will be subject to escrow restrictions. Until those Securities are released from escrow, trading in Shares may not be liquid, and this could impact the price at which Shares are able to be traded on ASX.

Should any of the above BidEnergy Vendors sell all or part of their Securities once they are released from their escrow restrictions, the Share price may be adversely affected.

7.2 General Risks

(a) Securities investments

There are risks associated with any securities investment. The prices at which the Securities trade may fluctuate in response to a number of factors. Furthermore, the stock market, and in particular the market for mining and exploration companies, has experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of such companies. There can be no guarantee that trading prices will be sustained. These factors may materially affect the market price of the Securities regardless of the Company's operational performance.

(b) Share market conditions

Share market conditions may affect the value of Shares regardless of the Company's operating performance. Share market conditions are affected by many factors including but not limited to the following:

- (i) general economic outlook;
- (ii) interest rates and inflation rates;
- (iii) currency fluctuations;
- (iv) mineral price fluctuations;
- (v) changes in investor sentiment toward particular market sectors;
- (vi) the demand for, and supply of, capital;

- (vii) terrorism or other hostilities; and
- (viii) other factors beyond the control of the Company.

The market price of Shares may fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company, or any return on an investment in the Company.

(c) Economic risk

Factors such as inflation, currency fluctuation, interest rates, government legislation or intervention, levels of taxation, social upheaval or war in Australia or elsewhere and supply and demand have an impact on operating costs, revenues and stock market prices and returns to Shareholders. The Company's future revenues and the market price for its Securities may be affected by these factors which are beyond the Company's control.

7.3 Investment highly Speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors and others not specifically referred to above, may, in the future, materially affect the financial performance of the Company and the value of the Securities offered under this Prospectus.

The Securities offered pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Securities.

Potential investors should consider that the investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for Securities.

8. BOARD, MANAGEMENT AND CORPORATE GOVERNANCE

8.1 Directors and Directors' Profiles

The names and details of the Directors proposed to take office with effect from Completion are as follows:

- (a) Mr Robert Browning - Non-Executive Chairman
Mr Browning is a seasoned leader with a proven track record, and over 30 years of experience in a broad range of executive roles within multiple industries, both domestically and internationally, including six years as chief executive officer of Alinta Limited. He is adept at the effective development and translation of corporate strategy into actionable plans with appropriate responsibilities and accountabilities cascaded through all layers of the organization. Mr Browning was a director of Austal Limited from September 2003 to November 2010. Mr Browning held the role of managing director of Emerchants Ltd for 18 months and is currently a non-executive director of Emerchants.
- (b) Mr Clive Stuart Allinson – Managing Director
Mr Allinson has a broad energy and utilities background, having held various positions in production, wholesale, distribution, retail and regulatory affairs. He has consulted to governments, market participants and large business users in the areas of strategy, policy, process, controls, regulation, compliance, process improvement and business transformation. He is a member of the Climate Change Authority and acting chairman.
- (c) Mr Anthony Du Preez – Executive Director
Mr Du Preez is an experienced entrepreneur having founded and built a number of globally scalable technology companies, including www.adslot.com (ASX:ADJ), www.bidenergy.com, www.tradeslot.com and www.carbonnavigator.com.
Mr Du Preez has a first class honours systems engineering degree and an MBA from the prestigious Melbourne Business School. He is an accomplished speaker who is regularly asked to speak at conferences in Australia, United Kingdom and the United States of America.

8.2 Key Management

With effect from Completion, the Proposed Directors will be the persons having the authority and responsibility for planning, directing and controlling the major activities of the Company and BidEnergy.

8.3 Interests of current Directors and Proposed Directors

No Director or Proposed Director (or entity in which they are a partner or director) has, or has had in the two years before the date of this Prospectus, any interests in:

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

and no amounts have been paid or agreed to be paid and no value or other benefit has been given or agreed to be given to:

- (d) any Director or Proposed Director to induce him or her to become, or to qualify as, a Director; or
- (e) any Director or Proposed Director for services which he or she (or entity in which they are a partner or director) has provided in connection with the formation or promotion of the Company or the Offers,

except as disclosed in this Prospectus.

8.4 Director Holdings

As at the date of this Prospectus, the interests of the Directors and their associated entities in Securities are as follows:

Director	Shares (pre-Consolidation)	Options (pre-Consolidation)
Winton Willesee	20,700,000 ¹	10,000,000 ²
Marcus Gracey	7,000,000 ³	3,500,000 ⁴
Erlyn Dale	Nil	Nil

Notes:

- 20,700,000 Shares held by Azalea Family Holdings Pty Ltd as trustee for the Britt and Winton Willesee Family Trust. Mr Willesee is a beneficiary of the trust.
- 10,000,000 Options held by Azalea Family Holdings Pty Ltd as trustee for the Britt and Winton Willesee Family Trust. Mr Willesee is a beneficiary of the trust.
- 7,000,000 Shares are held by Mr Gracey and Mr Anton Gracey as trustee for Millennium Falcon S/F A/C.
- 500,000 Options are held by Mr Gracey and 3,000,000 Options are held by Mr Gracey and Mr Anton Gracey as trustee for Millennium Falcon S/F A/C.

At the General Meeting to be held on 20 May 2016, the Company will seek Shareholder approval for the Current Directors to participate in the Public Offer to the extent of up to 1,000,000 Shares (on a post-Consolidation basis) each.

8.5 Remuneration of Directors

The remuneration (including superannuation) of existing Directors for the past two financial years and for this financial year is as follows:

	Financial Year ending 30 June 2015 to date	Financial Year ending 30 June 2015	Financial Year ending 30 June 2014
Winton Willesee	\$40,000	\$4,000	\$35,000 ²
Marcus Gracey	\$25,000	\$1,250	N/A
Erlyn Dale	\$25,000	\$2,500 ¹	N/A
Garry Hemming	N/A	Nil	\$128,323 ³
Greg Miles	N/A	Nil	\$23,333 ⁴
Grant Freeman	N/A	N/A	\$10,000 ⁵
TOTAL	\$90,000	\$7,750	\$196,656

Notes:

- Ms Dale also received \$4,500 per month for her company secretary services.
- Pursuant to a deed of company arrangement in 2014, Mr Willesee agreed to forgo the payment of the \$35,000.
- Pursuant to a deed of company arrangement in 2014, Mr Hemming agreed to forgo the payment of the \$116,783.
- Pursuant to a deed of company arrangement in 2014, Mr Miles agreed to forgo the payment of the \$23,333.
- Pursuant to a deed of company arrangement in 2014, Mr Freeman agreed to forgo the payment of the \$10,000.

8.6 Corporate Governance

The Company has adopted comprehensive systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

To the extent applicable, the Company has adopted the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (**Recommendations**).

The primary responsibility of the Board is to represent and advance Shareholders' interests and to protect the interests of all stakeholders. To fulfil this role the Board is responsible for the overall corporate governance of the Company including its strategic direction, establishing goals for management, and monitoring the achievement of these goals.

The Board recognises the need for the Company to operate with the highest standards of behaviour and accountability.

The table in Section 8.7 provides a summary and explanation of the Company's departure from the Recommendations. The Company will also provide an explanation of any departures from the Recommendations in its future annual reports.

In light of the Company's size and nature, the Board considers that the resignation of the current board and the appointment of Clive Stuart Allinson, Anthony Du Preez and Robert Browning is a cost effective and practical method of directing and managing the Company. As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance policies and structures will be reviewed.

The Company's main corporate governance policies and practices as at the date of this Prospectus are outlined below. All of the Company's corporate governance policies, together with a copy of the Constitution, are available on the Company's website www.cve.net.au.

(a) Board charter

The Board has adopted a board charter which prescribed certain principles for the operation and structure of the Board, including its specific responsibilities and composition, the role of the Chairman, the role, composition and creation of Board committees, Board meetings and the role of the Company Secretary. The charter also establishes certain principles and procedures in accordance with which the Board is required to act including allowance and limitations to access by Directors to company information and professional advice and the Board disclosure policy, and allocated the functions of the Company between the Board and management of the Company, including outlining the relationship between the Board, Directors and management.

(b) Code of conduct

The Board has adopted a code of conduct which sets basic principles of ethical business conduct and duties of care to which the directors, officers and employees of the Company must adhere. The code of conduct also establishes principles regarding conflicts, public and media comment and proper use of company resources, security and information, including intellectual property or copyright materials. Occupational health and safety policies, the requirement to comply with legislation and prohibitions on insider trading are also outlined in the code of conduct. The code of conduct acknowledges the company's responsibilities to stakeholders and a commitment to fair trading practices. Reference is made in the code of conduct to breaches of the code of conduct and the process for reporting matters of concern.

(c) Board of Directors

The Board is responsible for the corporate governance of the Company. The Board develops strategies for the Company, reviews strategic objectives and monitors performance against those objectives. The goals of the corporate governance processes are to:

- (i) maintain and increase Shareholder value and serve the interests of the shareholders honestly;
- (ii) ensure a prudential and ethical basis for the Company's conduct and activities;
- (iii) ensure compliance with the Company's legal and regulatory objectives; and
- (iv) recognise its duties and responsibilities to its employees, customers and the community.

Consistent with these goals, the Board assumes the following specific responsibilities:

- (i) appointment, and where necessary, the replacement, of the Chief Executive Officer/Managing Director/Executive Director and other senior executives and the determination of their terms and conditions including remuneration and termination;
- (ii) driving the strategic direction of the Company, ensuring appropriate resources are available to meet objectives and monitoring management's performance;
- (iii) reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;
- (iv) approving and monitoring the progress of major capital expenditure, capital management and significant acquisitions and divestitures;
- (v) approving and monitoring the budget and the adequacy and integrity of financial and other reporting;
- (vi) approving the annual, half yearly and quarterly accounts;
- (vii) approving significant changes to the organisational structure;
- (viii) approving the issue of any shares, options, equity instruments or other securities in the Company (subject to compliance with the Listing Rules if applicable);
- (ix) procuring appropriate professional development opportunities for Directors to develop and maintain the skills and knowledge needed to perform their role as Directors effectively;
- (x) approving the Company's remuneration framework;
- (xi) ensuring a high standard of corporate governance practice and regulatory compliance and promoting ethical and responsible decision making;
- (xii) recommending to shareholders the appointment of the external auditor as and when their appointment or re-appointment is required to be approved by them (in accordance with the Listing Rules if applicable); and
- (xiii) meeting with the external auditor, at their request, without management being present.

The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate Directors' participation in the Board's discussions on a fully-informed basis. All Directors have unrestricted access to information except where the Board restricts access in the Company's interest, and may consult management and employees, as well as seek independent advice where necessary.

It is the role of management to support the Board in day to day operations and administration.

(d) Composition of the Board

Election of Directors is substantially the province of the Shareholders in general meeting.

However, subject thereto, the Company is committed to the following principles:

- (i) the Board is to comprise persons with a blend of skills, experience and attributes appropriate for the Company and its business;
- (ii) the principal criterion for the appointment of a new director is his or her ability to add value to the Board, the Company and its business;
- (iii) where practical, the majority of the Board is comprised of Non-Executive Directors, and where practical the majority will be independent in accordance with the definition set out in the Recommendations. Directors must disclose their interests, positions, associations or relationships and should have their independence reassessed regularly by the Board. The independence of each Director will be disclosed by the Board, and any change to this independence

must be disclosed to the Board, and subsequently by the Board to the market; and

- (iv) Board members cannot serve more than 3 years without being re-elected by the Shareholders and the Board must disclose the length of service of each Director, their qualifications and experience.

Prior to proposing re-election of Non-Executive Directors, their performance will be evaluated by the Nomination Committee. The Board has adopted a Nomination Committee Charter. The role of the Nomination Committee is currently performed by the Board, rather than a separate committee. The Nomination Committee is also responsible for conducting annual performance reviews.

(e) Board Meetings

Two Directors are required for a quorum. Formal Board meetings will be scheduled at least quarterly. Minutes of meetings shall be prepared by the Company Secretary and approved by the Chairman before being circulated after each meeting. Specific details regarding Board meetings are in the Company's Constitution.

(f) Board Committees

The Board committees are discussed in detail at (d), (m) and (p) of this Section 8.6. Committees will be established by the Board, have their own Board-approved terms of reference, and report to the Board. Where the Board feels a separate committee does not benefit the Company, the Board assumes the role of that committee.

(g) The Chairman

The Chairman, where practical, shall be an independent Non-Executive Director, and where practical the CEO/Managing Director should not be the Chairman. The Chairman must discharge the role effectively, ensure responsible leadership by the Board, set the Board's agenda, conduct Board and Shareholder meetings, and facilitate effective Director contributions and promote good relations between Board members and management.

(h) Company Secretary

The Company Secretary is accountable directly to the Board, and his or her role is to facilitate information flow, induction of directors, implementation of Board policies and procedures and advise the Board on corporate governance, the Constitution, Listing Rules and other matters and laws. The Company Secretary is appointed and removed by the Board.

(i) Identification and management of risk

The Board's collective experience will assist in the identification of the principal risks that may affect the Company's business. Key operational risks and their management will be recurring items for deliberation at Board meetings.

(j) Continuous disclosure policy

The Board has adopted a continuous disclosure policy to ensure the Company complies with its disclosure obligations.

Under the policy, the Company Secretary has primary responsibility for ensuring the Company complies with its continuous disclosure obligations.

(k) Ethical standards

The Board is committed to the establishment and maintenance of appropriate ethical standards.

(l) Independent professional advice

Subject to prior consultation with the Chairman, the Directors, at the Company's expense, may obtain independent professional advice on issues arising in the course of their duties.

(m) Remuneration Committee

Due to the size of the Board following Completion, it will not be possible for the Company to maintain a discrete Remuneration Committee. Accordingly, the responsibilities ordinarily ascribed to a Remuneration Committee will be subsumed by the Board.

The Board will decide the remuneration of an Executive Director without the affected Executive Director participating in the decision making process. Meetings will take place at least once per year, and can occur more frequently if the circumstances require.

The total maximum remuneration of Non-Executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the Listing Rules, as applicable. This amount is currently \$500,000. The determination of Non-Executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each Non-Executive Director. The fees paid to Directors for the financial years ending 30 June 2014 and 30 June 2015 are detailed in the Company's annual report for the year ending 30 June 2015.

In addition, a Director may be paid fees or other amounts (i.e. subject to any necessary Shareholder approval (i.e. non-cash performance incentives such as Options) as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director.

Directors are also entitled to be paid reasonable travelling, accommodation and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The Board reviews and approves the remuneration policy to enable the Company to attract and retain executives and Directors who will create value for Shareholders having consideration to the amount considered to be commensurate for a company of its size and level of activity as well as the relevant Director's time, commitment and responsibility. The Board is also responsible for reviewing any employee incentive and equity-based plans including the appropriateness of performance hurdles and total payments proposed.

(n) Trading policy

The Board has adopted a security trading policy that provides guidelines on the sale and purchase of Securities by Directors, officers, and other key management personnel and employees of the Company and their associates. The security trading policy prohibits trading during certain designated periods, subject to certain exemptions. The policy generally provides that the written acknowledgement of the Chairman (or the Board in the case of the Chairman) must be obtained prior to trading.

(o) Risk management policy

The Board is responsible for determining the Company's risk profile and overseeing and approving risk management strategy. The implementation of such a strategy is delegated to the Audit and Risk Committee.

(p) Audit & Risk Committee

Due to the size of the Board following Completion, it will not be possible for the Company to maintain a discrete Audit & Risk Committee. Accordingly, the responsibilities ordinarily ascribed to an Audit & Risk Committee, as detailed in the Audit & Risk Committee Charter, will be subsumed by the Board.

The scope of the Audit & Risk Committee Charter includes, but is not limited to, monitoring and reviewing the quality and integrity of financial reporting and disclosure practices, internal auditing, the Company's compliance with applicable laws and company policies, the performance and independence of external auditors, the Company's risk management systems, the identification and management of business, economic, environmental and social sustainability risk and the external audit function.

- (q) **Diversity policy**
- The Board values diversity and recognises the benefits it can bring to the organisation's ability to achieve its goals. Accordingly, the Company has put in place a diversity policy. The diversity policy outlines the Company's diversity objectives in relation to gender, age, cultural background and ethnicity. It includes requirements for the Board to establish measurable objectives for achieving diversity, and for the Board to assess annually both the objectives, and the Company's progress in achieving them.
- (r) **Shareholder communications**
- The Board aims to ensure that Shareholders are informed of developments affecting the Company, both internally and externally. The Company will inform shareholders of new developments through:
- (i) the ASX website, where shareholders can access the annual report, half yearly and quarterly reports, notices and explanatory memoranda of the annual general and general meetings and all other disclosures and announcements made to the ASX by the Company;
 - (ii) the Company's website, where links will be made to ASX documents, Director profiles, corporate governance policies and press releases;
 - (iii) the annual general meeting;
 - (iv) opt-in email notifications; and
 - (v) making their own Shareholder inquiries.

8.7 Departures from the Recommendations

The Company's departure from the Recommendations as at the date of this Prospectus is detailed in the table below.

Principles and Recommendations	Explanation for Departure
Recommendation 1.5 A listed entity should: ... (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with its diversity policy and its progress towards achieving them.	<p>The Company has adopted a diversity policy however, given the current size of the Company, the Board has determined that the benefits of the initiatives recommended by the ASX Corporate Governance Council in this regard are disproportionate to the costs involved in the implementation of such strategies. Accordingly, the Board has elected to adopt a tiered approach to the implementation of its diversity policy which is relative to the size of the Company and its workforce. The Company's policy provides:</p> <ul style="list-style-type: none"> (a) where the Company employs 20 or more employees, the Board undertakes to adopt practices in line with the Recommendations of ASX Corporate Governance Council, including compliance with the required for the Company to set and report against measurable objectives for achieving gender diversity; and (b) whilst the Company's workforce remains below this threshold, the Board will continue to drive the Company's diversity strategies on an informal basis and will apply the initiatives contained in its diversity policy to the extent that the Board considers relevant and necessary.

9. MATERIAL CONTRACTS

9.1 Summary of BidEnergy Acquisition and Share Sale Agreements

On 13 March 2016, the Company and BidEnergy entered into the BidEnergy Share Sale and Purchase Agreement with the Majority Vendors, pursuant to which the Company will acquire the BidEnergy securities held by the Majority Vendors. Between them, the Majority Vendors hold the following BidEnergy Securities:

- (a) 39,357 BidEnergy fully paid ordinary shares;
- (b) 3,300 BidEnergy Series A Redeemable Preference Shares;
- (c) 10,493 BidEnergy Series B Redeemable Preference Shares;
- (d) 0 BidEnergy Series A Options;
- (e) 0 BidEnergy Series B Options; and
- (f) 360 BidEnergy New Series B Follow-on Options.

The Majority Vendors have agreed to procure that each Minority Vendor enters into a short form sale agreement to effect the transfer of all BidEnergy securities not held by the Majority Vendors (the **BidEnergy Short Form Sale Agreements**).

Completion of the sale and purchase of the BidEnergy shares under the BidEnergy Share Sale and Purchase Agreement and BidEnergy Short Form Sale Agreements is interdependent and will occur contemporaneously.

In consideration for the BidEnergy Acquisition, the Company will issue the Consideration Securities to the BidEnergy Vendors.

9.2 BidEnergy Share Sale and Purchase Agreement

Completion under the BidEnergy Share Sale and Purchase Agreement and the BidEnergy Acquisition is subject to, and conditional upon:

- (a) the Company obtaining all necessary regulatory approvals to give effect to the BidEnergy Acquisition, including re-complying with Chapters 1 and 2 of the Listing Rules, on terms which the Company and BidEnergy consider are capable of satisfaction;
- (b) Shareholders passing all necessary resolutions as are required under the Constitution, the Listing Rules and the Corporations Act to give effect to the BidEnergy Acquisition, including to:
 - (i) approve the issue of the Consideration Securities to the BidEnergy Vendors for the purposes of Listing Rule 7.1;
 - (ii) approve the issue of Shares pursuant to the Public Offer for the purposes of Listing Rule 7.1;
 - (iii) approve the change to the nature of the activities of the Company for the purposes of Listing Rule 11.1.2;
 - (iv) approve the Consolidation;
 - (v) approve the appointment of Clive Stuart Allinson, Anthony Du Preez and Robert Browning as directors on and from Completion;
 - (vi) approve the change of the Company's name to "BidEnergy Limited" with effect as soon as reasonably practicable following Completion; and
 - (vii) approve the Long Term Incentive Plan for the purposes of Listing Rule 7.1 and the issue of Performance Rights to Clive Stuart Allinson and Anthony Du Preez;
- (c) completion of the Public Offer;
- (d) no government or other person having:

- (i) commenced, or threatened to commence, any proceedings or investigation for the purposes of prohibiting or otherwise challenging or interfering with the BidEnergy Acquisition ; or
 - (ii) taken or threatened to take any action as a result, or anticipation, of the BidEnergy Acquisition that would be inconsistent in any material respect with any of the warranties in the BidEnergy Share Sale and Purchase Agreement;
 - (e) no Material Adverse Effect having occurred in relation to BidEnergy between the date of the Share Sale and Purchase Agreement and completion;
 - (f) BidEnergy providing the Company with audited accounts for each of the financial years ended 30 June 2013, 30 June 2014 and 30 June 2015 together with reviewed accounts for six months ended 31 December 2015 which are either unqualified or qualified in a way which is acceptable to the Company;
 - (g) each of Clive Stuart Allinson and Anthony Du Preez, and any other person nominated by the Company, acting reasonably, entering into an executive services agreement with the Company;
 - (h) each of the Minority Vendors and the Company entering into and delivering the BidEnergy Short Form Sale Agreements;
 - (i) each of the Majority Vendors, Cygnet Capital, recipients of Performance Rights and the Company entering into and delivery restriction agreements, if required by the Listing Rules;
 - (j) each employee of BidEnergy who holds BidEnergy Employee Options agreeing to cancel all BidEnergy Employee Options held by them (or their nominee) with effect from Completion for nil cash consideration and the Company inviting each such employee of BidEnergy to accept Performance Rights;
 - (k) the Company having entered into agreements to sell, transfer or otherwise dispose of its shares in any company and any and all interests the Company holds in any mining tenements; and
 - (l) completion of the Employee Offer,
- (together, the **Conditions**).

At Completion, all current Directors will resign as Directors. Pursuant to the BidEnergy Share Sale and Purchase Agreement, the Vendors have nominated Clive Stuart Allinson, Anthony Du Preez and Robert Browning to be appointed as Directors. Further details regarding the qualifications and experience of the Proposed Directors are detailed in Section 8.

The parties to the BidEnergy Share Sale and Purchase Agreement have provided other warranties, covenants and indemnities, which are customary for a transaction of this nature.

The Majority Vendors have acknowledged that some or all of the Consideration Securities may be treated as Restricted Securities by ASX and have agreed to execute such form of restriction agreement as may be required by ASX.

The BidEnergy Share Sale and Purchase Agreement may be terminated by the Company and the Majority Vendors:

- (a) by agreement in writing; or
- (b) where the Conditions have not been satisfied by 30 June 2016.

Either the Company or the Majority Vendors (**Non-Defaulting Party**) may terminate the Sale Agreement if:

- (a) the other party (**Defaulting Party**) fails to perform and comply in all material respects, with its obligations under the BidEnergy Share Sale and Purchase Agreement; or
- (b) the Defaulting Party fails to deliver all documents and instruments required to be delivered at Completion or fails to perform all of its obligations at Completion,

but only where the Defaulting Party does not remedy such failure within 10 Business Days of the Non-Defaulting Party giving the Defaulting Party written notice setting out the details of the specific failure to perform, comply or deliver.

The BidEnergy Share Sale and Purchase Agreement may be terminated by the Company if:

- (c) any material breach of the warranties given by the Majority Vendors comes to the notice of the Company; or
- (d) anything occurs or comes to the attention of the Company which has, or is likely to have, a Material Adverse Effect on BidEnergy.

9.3 BidEnergy Short Form Sale Agreement

Each BidEnergy Short Form Sale Agreement contains limited representations and warranties by the relevant Minority Vendor relating to title and ownership of the BidEnergy securities held by it.

Pursuant to each BidEnergy Short Form Sale Agreement, each of the Minority Vendors acknowledges that some or all of the Consideration Securities it receives may be treated as Restricted Securities by ASX and agrees to execute such form of restriction agreement as may be required by ASX.

Completion of the sale and purchase of the BidEnergy securities under the BidEnergy Share Sale and Purchase Agreement and BidEnergy Short Form Sale Agreements is interdependent and will occur contemporaneously.

9.4 Executive Services Agreement

Each of Clive Stuart Allinson and Anthony Du Preez will enter into executive services agreements with the Company prior to Completion.

Pursuant to the executive services agreements:

- (a) Mr Clive Stuart Allinson will be engaged as Managing Director on the following key terms:
 - (i) base salary of \$120,000 per annum including superannuation; and
 - (ii) notice period of:
 - (A) four weeks if notice is given not more than a year after employment commenced;
 - (B) five weeks if notice is given more than one year but less than three years after employment commenced;
 - (C) six weeks if notice is given more than three years but less than five years after employment commenced; and
 - (D) eight weeks if notice is given more than five years after employment commenced; and
- (b) Mr Anthony Du Preez will be engaged as Executive Director on the following key terms:
 - (i) base salary of \$120,000 per annum including superannuation; and
 - (ii) notice period of:
 - (A) four weeks if notice is given not more than a year after employment commenced;
 - (B) five weeks if notice is given more than one year but less than three years after employment commenced;
 - (C) six weeks if notice is given more than three years but less than five years after employment commenced; and
 - (D) eight weeks if notice is given more than five years after employment commenced.

9.5 Long Term Incentive Plan

Subject to approval at the General Meeting, the key terms of the Long Term Incentive Plan are as follows:

- (a) **Eligibility:** A person who is:
- (i) a full-time or part-time employee of a Group Company (including an Executive Director of a Group Company);
 - (ii) a Non-Executive Director of a Group Company;
 - (iii) a contractor, being:
 - (A) an individual with whom a Group Company has entered into a contract for the provision of services under which the individual performs work for the Group Company; or
 - (B) a company with whom the Group Company has entered into a contract for the provision of services under which an individual, who is a director of the company or their spouse, performs work for the Group Company,where the individual who performs the work under or in relation to the contract is, or might reasonably be expected to be, engaged to work the number of hours that are the pro-rata equivalent of 40% or more of a comparable full-time position with the Group Company;
 - (iv) an individual who is, or might reasonably be expected to be, engaged by a Group Company to work the number of hours that are the pro-rata equivalent of 40% or more of a comparable full-time position with a Group Company; or
 - (v) a person to whom a Group Company makes an offer of Performance Rights as an inducement to take up a position of Managerial or Executive Office, but who can only accept the offer if an arrangement has been entered into that will result in the person becoming a person detailed in items (i) - (iv) above,
- may be eligible to receive grants of Performance Rights under the Long Term Incentive Plan (**Eligible Person**).
- (b) **Invitation:** The Board may, from time to time, in its absolute discretion, invite any Eligible Person to apply for up to a specified number of Performance Rights, upon the terms set out in the Long Term Incentive Plan (**Invitation**).
- (c) **Issue Price:** Performance Rights will be issued for no consideration and shall have an exercise as determined by the Board (**Exercise Price**).
- (d) **Dealings in Performance Rights:** An Eligible Person may renounce the Invitation in respect of some or all of the Performance Rights in favour of one or more of:
- (i) an immediate family member of the Eligible Person;
 - (ii) a company whose members comprise solely the Eligible Person and/or his/her immediate family members; or
 - (iii) a corporate trustee of a self-managed superannuation fund (within the meaning of the *Superannuation Industry (Supervision) Act 1993* (Cth)) of which the Eligible Participant is a director of the trustee,
- (a **Nominee**).
- (e) **Grant of Performance Rights:** Once the Company has received and accepted a duly signed and completed application form for Performance Rights from an Eligible Person (either on his/her own behalf or on behalf of his/her Nominee), the Company will grant Performance Rights to such person (the **Participant**), with effect from grant date, upon the terms set out in the Invitation and the Long Term Incentive Plan.
- (f) **Determination of Performance Condition:** A Performance Right that is granted subject to Performance Conditions vests when both of the following have occurred:

- (i) the Performance Conditions applicable to that Performance Right has been satisfied prior to the Milestone Date (if applicable) have been determined by the Board (acting reasonably) to be satisfied, are waived by the Board, or are deemed to have been satisfied under the Long Term Incentive Plan; and
 - (ii) the Company notifying a Participant informing him or her that the Performance Right has vested.
- (g) **Exercise on Vesting:** A vested Performance Right may be exercised by a Participant at any time from the date of vesting until such time as the vested Performance Rights lapse in accordance with the Long Term Incentive Plan.
- (h) **Voluntary Escrow:** A Participant agrees to the voluntary escrow of the Shares issued upon exercise of a vested Performance Right for a period commencing on the date of issue of the Shares and ending on the earlier of:
 - (i) the date which is 12 months after the date of issue of the Share;
 - (ii) the date on which both:
 - (A) the offeror under a Takeover Bid in respect of all Shares announced that it has achieved acceptance in respect of more than 50% of those Shares; and
 - (B) that Takeover Bid has become unconditional; and
 - (C) the date on which the Company announces that Shareholders have, at a Court convened meeting of Shareholders, voted in favour, by the necessary majority, of a proposed scheme of arrangement under which all of the Shares are to be either cancelled or transferred to a third party.
- (i) **Ceasing to be Eligible Person:** Where a Participant ceases to be an Eligible Person as a result of:
 - (i) death or total and permanent disability;
 - (ii) bona fide redundancy;
 - (iii) bona fide retirement; or
 - (iv) removal from a position of Managerial or Executive Office in a Group Company,
 unless the Board determines otherwise, in respect of those Performance Rights which have not satisfied the Performance Condition but have not lapsed, the Participant will be permitted to continue to hold those Performance Rights as if the Participant was still an Eligible Person.

 Where a Participant ceases to be an Eligible Person in any other circumstance or as otherwise determined by the Board, all Performance Rights held will lapse immediately.
- (j) **Lapsing of Performance Right:** A Performance Right will lapse upon the earlier to occur of:
 - (i) in the case of a vested Performance Right, on the relevant expiry date;
 - (ii) in the case of an unvested Performance, on the date that the Board determines that any applicable Performance Conditions have not been met by the Milestone Date (if applicable).
- (k) **Issue of Shares:** Subject to the Corporations Act, the Listing Rules and the Long Term Incentive Plan, the Company must issue to, or procure the transfer to, the Participant the number of Shares the Participant is entitled to be issued in respect of vested Performance Rights that are exercised.
- (l) **Share ranking:** All Shares issued under the Long Term Incentive Plan will rank equally with all other issued Shares, and will be entitled in full to those dividends which have a record date for determining entitlements after the date of issue.

- (m) **Listing of Shares on ASX:** The Company will apply for official quotation of all Shares issued under the Long Term Incentive Plan on ASX.
- (n) **Change of Control:** Performance Rights which have not expired will automatically vest and be deemed to immediately become vested Performance Rights where:
 - (i) the Company announces that its Shareholders have at a Court convened meeting of Shareholders voted in favour, by the necessary majority, of a proposed scheme of arrangement (excluding a merger by way of scheme of arrangement for the purposes of a corporate restructure (including change of domicile, consolidation, sub-division, reduction or return) of the issued capital of the Company) and the Court, by order, approves the scheme of arrangement;
 - (ii) a Takeover Bid:
 - (A) is announced;
 - (B) has become unconditional; and
 - (C) the person making the Takeover Bid has a relevant interest in 50% or more of the Shares; or
 - (D) any person acquires a relevant interest in 50.1% or more of the Shares by any other means.
- (o) **Adjustment for bonus issues:** If Shares are issued pro rata to Shareholders generally by way of bonus issue, the number of Performance Rights to which each Participant is entitled shall be increased by that number of securities which the Participant would have been issued if the Performance Rights then held by the Participant were excised immediately prior to the record date of the bonus issue.
- (p) **Pro rata issues:** A Participant will not be entitled to any adjustment to the number of Shares issued under the Long Term Incentive Plan that he or she is entitled to or adjustment to any Performance Condition which is based, in whole or part, on the Company's share price, as a result of the Company undertaking a rights issue.
- (q) **Adjustment for reorganisation:** In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company, the number of Performance Rights shall be reconstructed (as appropriate) in accordance with the Listing Rules (applying at that time) and in a manner which will not result in any additional benefits being conferred on a Holder which is not conferred on Shareholders generally, but in all other respects the terms of exercise will remain unchanged.
- (r) **Amendments:** Subject to the Long Term Incentive Plan and the Listing Rules, the Board may from time to time amend or supplement the Long Term Incentive Plan rules in any respect. However, no amendment may be made by the Board to the rules which reduces the rights of Participants without their prior written consent, other than an amendment introduced primarily:
 - (i) for the purpose of complying with, or conforming to, the Listing Rules, any class order on which the Company is relying or present or future State or Commonwealth legislation governing or regulating the maintenance or operation of the Long Term Incentive Plan or like plans;
 - (ii) to correct any manifest error or mistake; or
 - (iii) to take into consideration possible adverse tax implications in respect of the Long Term Incentive Plan arising from, amongst others, adverse rulings from the Commissioner of Taxation, changes to tax legislation (including an official announcement by the Commonwealth of Australia) and/or changes in the interpretation of tax legislation by a Court of competent jurisdiction.

9.6 Lead Manager Mandate

On 10 December 2015, the Company, Cygnet Capital and Canaccord entered into the Lead Manager Mandate, pursuant to which Cygnet Capital and Canaccord will assist the Company through provision of the following capital raising and corporate advisory services:

- (a) acting as joint lead manager to the Public Offer;
- (b) participating in the Public Offer (at the discretion of the Lead Managers);
- (c) providing general corporate advisory services from the date the BidEnergy Acquisition was announced, being 25 November 2015, until the date that is 12 months from the date of Completion.

The fees for the completion of the services detailed above will include the following:

- (a) upon Completion, this issue of 25,000,000 Advisor Options;
- (b) as consideration for managing the Public Offer, a combined management fee equal to 1% (cash excluding GST) of the total amount raised through the Public Offer;
- (c) a capital raising fee of 5% (cash excluding GST) of the total amount raised through the Public Offer;
- (d) a monthly corporate advisory fee of \$20,000 (excluding GST);
- (e) for a minimum period of 12 months from the date of Completion, a monthly retainer of \$10,000 (excluding GST); and
- (f) GST.

10. ADDITIONAL INFORMATION

10.1 Rights attaching to Shares

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

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours or can be obtained from the Company's website at www.cve.net.au.

(a) General meetings

Shareholders are entitled to be present in person, or by proxy or attorney to attend and vote at general meetings of the Company.

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

(b) Voting rights

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

- (i) each Shareholder entitled to vote may vote in person or by proxy or attorney;
- (ii) on a show of hands, every person present who is a Shareholder or a representative of a Shareholder has one vote in respect of each Share carrying the right to vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have a fraction of a vote equivalent to the proportion which the amount paid up bears to the total issue price for the share.

(c) Dividend rights

The Directors alone may declare a dividend to be paid to Shareholders. The dividend is payable at a time determined in the Directors' discretion. No dividend may be declared or paid except as allowed by the Corporations Act. No interest is payable in respect of unpaid dividends. The Directors may set aside the Company's profit any amount that they consider appropriate. This amount may be used in any way that profits can be used, and can be invested or used in the Company's business in the interim.

(d) Winding-up

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

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

(e) Shareholder liability

As the Shares to be issued under the Offers contained in this Prospectus are fully paid shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

- (f) **Transfer of Shares**
Generally, Shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the Listing Rules.
- (g) **Variation of rights**
Pursuant to section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.
- (h) **Alteration of Constitution**
The Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

10.2 Terms of the Class A Performance Shares

Subject to approval at the General Meeting, the key terms of the Class A Performance Shares are as follows:

- (a) **No Dividend**
Holders of Class A Performance Shares are not entitled to a dividend.
- (b) **Conversion**
Each Class A Performance Share will convert into one Share upon the satisfaction of the relevant Class A Milestone prior to the Expiry Date. The Class A Milestone means the Company achieving monthly revenue of \$150,000, which will be verified on a six-monthly basis, based on the Company's audited half-year financial statements and/or full year financial statements (as the case may be), indicating revenue of at least \$900,000 for the relevant six month period.
- (c) **Conversion after Expiry Date**
If the Class A Milestone is not met by 5.00pm (WST) on the Expiry Date the Company will, as soon as reasonably practical and in any event no later than 90 days after the Expiry Date, convert the total number of the Class A Performance Shares on issue into one Share.
- (d) **Non-transferrable**
The Class A Performance Shares are not transferrable.
- (e) **No voting rights**
The holders of Class A Performance Shares shall have no right to vote, subject to the Corporations Act.
- (f) **Participation in new issues**
There are no participation rights or entitlements inherent in the Class A Performance Shares and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Class A Performance Shares.

- (g) Unquoted

The Class A Performance Shares are unquoted. No application for quotation of the Class A Performance Shares will be made by the Company.

10.3 Terms of the Class B Performance Shares

Subject to approval at the General Meeting, the key terms of the Class B Performance Shares are as follows:

- (a) No Dividend

Holders of Class B Performance Shares are not entitled to a dividend.

- (b) Conversion

Each Class B Performance Share will convert into one Share upon the satisfaction of the relevant Class B Milestone prior to the Expiry Date. The Class B Milestone means the Company achieving monthly revenue of \$250,000, which will be verified on a six-monthly basis, based on the Company's audited half-year financial statements and/or full year financial statements (as the case may be), indicating revenue of at least \$1,500,000 for the relevant six month period.

- (c) Conversion after Expiry Date

If the Class B Milestone is not met by 5.00pm (WST) on the Expiry Date the Company will, as soon as reasonably practical and in any event no later than 90 days after the Expiry Date, convert the total number of the Class B Performance Shares on issue into one Share.

- (d) Non-transferrable

The Class B Performance Shares are not transferrable.

- (e) No voting rights

The holders of Class B Performance Shares shall have no right to vote, subject to the Corporations Act.

- (f) Participation in new issues

There are no participation rights or entitlements inherent in the Class B Performance Shares and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Class B Performance Shares.

- (g) Unquoted

The Class B Performance Shares are unquoted. No application for quotation of the Class B Performance Shares will be made by the Company.

10.4 Terms of the Consideration Options and Advisor Options

The key terms of the Consideration Options and Advisor Options are as follows:

- (a) Expiry date and exercise price

The expiry date and exercise price of the Consideration Options and Advisor Options are as follows:

Consideration Options

Class of Option	Expiry Date	Exercise Price
New Series A Cove Options	30 September 2017	\$0.10
New Series B Cove Options	31 December 2018	\$0.125
New Series B Follow-on Cove Options	3 years from the date of issue	\$0.15

Advisor Options:

Class of Option	Expiry Date	Exercise Price
Advisor Options	30 June 2019	\$0.15

- (b) **Exercise**
The Consideration Options and Advisor Options may be exercised at any time after the date of issue and prior to the expiry date. After this time, any unexercised options will automatically lapse.
- (c) **Notice of Exercise**
The Consideration Options and Advisor Options may be exercised by notice in writing to the Company together with payment of the exercise price for each Option being exercised.
- (d) **Issued Shares**
Shares issued on exercise of the Consideration Options and Advisor Options will rank equally in all respects with then existing Shares.
- (e) **Non-transferrable**
The Consideration Options and Advisor Options are not transferable.
- (f) **Participation in new issues**
There are no participation rights or entitlements inherent in the Consideration Options and Advisor Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Consideration Options and Advisor Options.
- (g) **Unquoted**
The Consideration Options and Advisor Options are unquoted. No application for quotation of the Consideration Options and Advisor Options will be made by the Company.

10.5 Terms of the Performance Rights

The terms of the Performance Rights are as follows:

- (a) have an expiry date that is four years from the date of issue;
- (b) have an exercise price of Market Value; and
- (c) are subject to the following performance conditions:

Milestone Date	Proportion of Performance Rights Vesting on satisfaction of Milestone Date	Performance Condition
12 months from date of issue	25%	The Eligible Holder remaining an Eligible Person
15 months from date of issue	6.25%	
18 months from date of issue	6.25%	
21 months from date of issue	6.25%	

Milestone Date	Proportion of Performance Rights Vesting on satisfaction of Milestone Date	Performance Condition
24 months from date of issue	6.25%	
27 months from date of issue	6.25%	
30 months from date of issue	6.25%	
33 months from date of issue	6.25%	
36 months from date of issue	6.25%	
39 months from the date of issue	6.25%	
42 months from the date of issue	6.25%	
45 months from the date of issue	6.25%	
48 months from the date of issue	6.25%	

10.6 Interests of Promoters, Analysts and Advisers

No promoter or other person named in this Prospectus as having performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus (or entity in which they are a partner or director) holds, or has held in the two years before the date of this Prospectus, any interest in:

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

and no amounts have been paid or agreed to be paid and no value or other benefit has been given or agreed to be paid to a promoter or any person named in this Prospectus as having performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus (or entity in which they are a partner or director), provided in connection with the formation or promotion of the Company or the Offers, except as disclosed in this Prospectus and as follows:

- (a) Computershare Investor Services Pty Limited is the Company's share registry, and will be paid for these services on standard industry terms and conditions. However, the Company and the Lead Managers are responsible for the management of all Applications and the reconciliation of funds received under the Public Offer;
- (a) DLA Piper Australia has acted as the Australian lawyers to the Offers. In respect of this work the Company will pay approximately \$150,000;
- (b) Cygnet Capital and Canaccord have acted as the lead managers of the Public Offer. In respect of this work the Company will pay approximately \$210,000 to each of Cygnet Capital and Canaccord and, subject to Completion, issue the Lead Managers the Advisor Options. Further information on the Lead Manager Mandate is detailed in Section 9.6;

- (c) Hall Chadwick has acted as the investigating accountant and has prepared the Investigating Accountant's Report which has been included in Section 5. The Company has paid Hall Chadwick \$20,000 for these services; and
- (d) RSM Australia has acted as the industry analyst and has prepared the Independent Industry Report which has been included in Section 6. The Company will RSM Australia \$25,000 for these services.

The amounts disclosed above are exclusive of GST.

10.7 Related Party Transactions

Except as set out elsewhere in this Prospectus, the Directors are not aware of any material transactions between the Company and related parties and/or Directors.

10.8 Expenses of Offers

The estimated total expenses of the Offers payable by the Company are as follows:

	(\$)
ASIC Lodgement Fee	2,320
ASX Quotation Fee	75,000
Lead Managers Fee	420,000
Legal Fees	150,000
Investigating Accountant Fee	20,000
Independent Industry Analyst Fee	25,000
Share Registry Fees	10,000
Other costs	5,000
TOTAL	707,320

10.9 Company Tax Status and Financial Year

The Directors expect the Company will be taxed in Australia as a public company.

The financial year of the Company ends on 30 June annually. The taxation year of the Company ends on 30 June annually.

Revenues and expenditures disclosed in this Prospectus are presented exclusive of the amount of GST, unless otherwise disclosed.

10.10 Taxation Implications

The acquisition and disposal of Securities will have taxation consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in Company are urged to take independent financial advice about the taxation and any other consequences of acquiring and selling the Securities.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisers accept no liability or responsibility with respect to the taxation consequences of subscribing for Securities under this Prospectus.

10.11 Litigation and Claims

So far as the Directors are aware, there is no current or threatened civil litigation, arbitration proceedings or administrative appeals, or criminal or governmental prosecutions of a material nature in which the Company (or BidEnergy) is directly or indirectly concerned which is likely to have a material adverse effect on the business or financial position of the Company or BidEnergy.

10.12 Consents

Each of the parties referred to in this Section 10.12:

- (a) has given the following consents in accordance with the Corporations Act which have not been withdrawn as at the date of lodgement of this Prospectus with ASIC; and
- (b) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this section.

None of the parties referred to in this section authorised or caused the issue of this Prospectus or the making of the Offers.

Name	Role
DLA Piper Australia	Australian lawyers to the Offers
Cygnat Capital	Joint Lead Manager of the Public Offer
Canaccord	Joint Lead Manager of the Public Offer
Computershare Investor Services Pty Limited	Share Registry
Hall Chadwick	Investigating accountant and auditor to the Company
RSM Australia	Independent industry analyst and auditor to BidEnergy

Each of the Directors and Proposed Directors has given his or her written consent to being named in this Prospectus in the context in which they are named and have not withdrawn their consent prior to lodgement of this Prospectus with ASIC.

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

In light of the above, each of the parties referred to above, to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than the reference to its name and any statement or report included in this Prospectus with the consent of that party as described above.

This Prospectus, including the Independent Industry Report in Section 6, uses market data, estimates, industry forecasts and projections. There is no assurance that any of the forecasts referred to in this Prospectus will be achieved and the Company has not independently verified and cannot give any assurances as to the accuracy and completeness of the market and industry data in the Independent Industry Report. The Independent Industry Report includes and is based on certain information supplied to RSM Australia by the Company. RSM has not independently verified or audited information or materials provided to it by or on behalf of the Company. The Independent Industry Report also includes and relies on secondary information derived from recognised public

sources, which the Company has not independently verified. The conclusions and underlying assumptions in the Independent Industry Report involve risks and uncertainties and are subject to change based on various factors, including the risk factors in Section 6.

10.13 Continuous Disclosure

The Company is a "disclosing entity" for the purposes of Part 1.2A of the Corporations Act. As such, it is subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules which require it to disclose to ASX any information which it becomes aware of concerning the Company and which a reasonable person would expect to have a material effect on the price or value of the Securities. Exceptions apply for certain information which does not have to be disclosed.

Other documents that are required to be lodged include:

- (a) quarterly cash flow reports, provided to ASX within a specified time at the end of each quarter;
- (b) half yearly reports and preliminary financial statements, provided to ASX within a specified time of the end of each half and full year accounting period respectively; and
- (c) financial statements, lodged with ASX within a specified time after the end of each accounting period.

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

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of ASIC;
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request during between the Opening Date and the Closing Date:
 - (i) the annual financial report for the Company for the financial year ended 30 June 2015 (being the annual financial report most recently lodged by the Company with ASIC);
 - (ii) any continuous disclosure notices given by the Company during the period after lodgement of the annual financial report for the year ended 30 June 2015 and before the date of this Prospectus; and
 - (iii) the documents used to notify ASX of information relating to the Company during the period after lodgement of the annual financial report for the year ended 30 June 2015 and before the date of this Prospectus.

10.14 Electronic Prospectus

Pursuant to Regulatory Guide 107, ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic copy of this Prospectus on the basis of a paper Prospectus lodged with ASIC and the issue of Shares in response to an electronic Application Form, subject to compliance with certain provisions. If you have received an electronic copy of this Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please contact the Company and the Company will send to you, for free, either a hard copy or a further electronic copy of this Prospectus or both.

The Company reserves the right not to accept an Application Form from an Applicant if it has reason to believe that when that Applicant was given access to the electronic Application Form, it was not provided together with an electronic copy of this Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered. In such a case, the Application Monies shall be held by the Company on trust and refunded in full (without interest) to the Applicant as soon as practicable.

10.15 Documents Available for Inspection

The following documents are available for inspection during normal business hours at the registered office of the Company:

- (a) this Prospectus;
- (b) the Constitution; and
- (c) the consents referred to in Section 10.12.

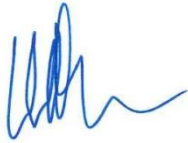
10.16 Statement of Directors

The Directors and Proposed Directors report that after due enquiries by them, in their opinion, since the date of the financial statements contained in Section 4 and referenced in the Investigating Accountant's Report (refer to Section 5) there have not been any circumstances that have arisen or that have materially affected or will materially affect the assets and liabilities, financial position, profits or losses or prospects of the Company, other than as disclosed in this Prospectus.

11. AUTHORISATION

This Prospectus is authorised by each of the Directors and the Proposed Directors.

This Prospectus is signed for and on behalf of the Company, pursuant to a resolution of the Board, by:



Winton Willesee
Executive Chairman

Dated: 29 April 2016

12. GLOSSARY

These definitions are provided to assist persons in understanding some of the expressions used in this Prospectus.

AASB 2	has the meaning give in Section 4.5(d).
AASB 3	has the meaning given in Section 4.5(d).
Acquisition Agreements	the BidEnergy Share Sale and Purchase Agreement and the BidEnergy Short Form Sale Agreement.
Acquisition Resolutions	the resolutions detailed in Section 2.2.
Advisor Options	25,000,000 Options with the terms and conditions as detailed in Section 10.4.
AIFRS	has the meaning given in Section 4.5.
ANZ	has the meaning given in Section 3.1(b).
Application Form	an application form attached to, or accompanying, this Prospectus.
Applicant	a person who submits an Application Form.
Application	a valid application for Shares under the Public Offer made pursuant to an Application Form.
Application Monies	application monies for Shares under the Public Offer received by the Company from an Applicant.
ASIC	Australian Securities and Investments Commission.
ARR	has the meaning given in Section 3.1.
ASX	ASX Limited ACN 008 624 691 or, where the context requires, the financial market operated by it.
ASX Settlement Operating Rules	ASX settlement operating rules of ASX Settlement Pty Ltd ABN 49 008 504 532.
BidEnergy	BidEnergy Pty Ltd ACN 158 837 097 of Exchange Tower Suite 210, 530 Little Collins Street, Melbourne, Victoria, 3000.
BidEnergy Acquisition	has the meaning given in Section 2.2.
BidEnergy Employee Option	an option to acquire a fully paid ordinary share in BidEnergy issued to certain employees of BidEnergy pursuant to BidEnergy's employee share option plan.
BidEnergy Product	has the meaning given in Section 3.3.
BidEnergy Share Sale and Purchase Agreements	has the meaning given in Section 2.2.
BidEnergy Vendors	the Minority Vendors and Majority Vendors.
BidEnergy Short Form Sale Agreement	has the meaning given in Section 9.1.
Board	the board of Directors from time to time.

Canaccord	Canaccord Genuity (Australia) Limited ACN 075 071 466.
Capital Raising Shares	has the meaning given in Section 1.1.
CHESS	has the meaning given in Section 1.20.
Class A Performance Share	a performance share on the terms and conditions set out in Section 10.2.
Class B Performance Share	a performance share on the terms and conditions set out in Section 10.3.
Closing Date	the closing date of the Offers, as detailed in the Indicative Timetable.
Company	Cove Resources Limited ACN 131 445 335.
Completion	completion of the BidEnergy Acquisition in accordance with the Acquisition Agreements.
Conditions	has the meaning given in Section 9.2.
Consideration Options	in aggregate: (a) 10,798,670 New Series A Cove Options; (b) 9,243,759 New Series B Cove Options; and (c) 23,415,921 New Series B Cove Follow-On Options.
Consideration Performance Shares	in aggregate: (a) 35,000,000 Class A Performance Shares; and (b) 35,000,000 Class B Performance Shares.
Consideration Shares	201,396,700 Shares.
Consideration Securities	the Consideration Shares, the Consideration Performance Shares and the Consideration Options to be issued pursuant to the Vendor Offer.
Consolidation	the consolidation of the Securities such that: (a) every 20 Shares be consolidated into one Shares; and (b) all Options on issue be adjusted in accordance with Listing Rule 7.22.1, and where this consolidation results in a fraction of either a Share or an Option being held, the Company be authorised to round that fraction up to the nearest whole Share or Option (as the case may be).
Constitution	the constitution of the Company.
Corporate Directory	'Corporate Directory' on page 5.
Corporations Act	<i>Corporations Act 2001</i> (Cth).
Cygnnet Capital	Cygnnet Capital Pty Ltd ACN 103 488 606.
Defaulting Party	has the meaning given in Section 9.2.
Directors	the directors of the Company from time to time.

Eligible Person	has the meaning given in Section 9.5(a).
Employee Offer	has the meaning given in Section 1.3.
Employee Offer Application Form	has the meaning given in Section 1.18(c).
Exercise Price	has the meaning given in Section 9.5(c).
Existing Options	the Options on issue at the date of this Prospectus having an exercise price of \$0.005 and an expiry date of 30 June 2019.
Expiry Date	the date that is four years from the date of issue of the Consideration Performance Shares.
Exposure Period	the exposure period under section 727(3) of the Corporations Act, being the seven days (which may be extended by ASIC to up to 14 days) after lodgement of this Prospectus with ASIC during which the Company must not process Applications.
Financial Information	has the meaning given in Section 4.1.
General Meeting	the general meeting of Shareholders to be held on 20 May 2016 at 10.00am (WST).
Group Company	any one of the Company or a Related Body Corporate.
GST	goods and services tax.
Hall Chadwick	Hall Chadwick Corporate (NSW) Limited ACN 080 462 488.
Independent Industry Report	the report prepared by RSM Australia included in Section 6.
Indicative Timetable	the indicative timetable for the Offers on page 8.
Investigating Accountant's Report	the report prepared by Hall Chadwick included in Section 5.
Invitation	has the meaning given in Section 9.5(b).
Lead Manager Mandate	has the meaning given in Section 1.24.
Lead Manager Offer	has the meaning given in Section 1.4.
Lead Manager Offer Application Form	has the meaning given in Section 1.18(c).
Lead Manager	Cygnit Capital or Canaccord and Lead Managers means both of them.
Listing Rules	the official listing rules of ASX.
Long Term Incentive Plan	the long term incentive plan of the Company.
Majority Vendors	has the meaning given in Section 2.2.
Managerial or Executive Office	has the meaning given in section 200AA of the Corporations Act.
Market Value	the "volume weighted average market price" (as that term is defined in the Listing Rules) per Share during the five trading days prior to the date of issue of the Performance Right.

Material Adverse Effect	<p>any event, change, circumstance, effect or other matter occurring after the date of the BidEnergy Share Sale and Purchase Agreement that has or is reasonably likely to have, individually or in aggregate, with or without notice, lapse of time or both, a material adverse effect on BidEnergy or its subsidiaries or BidEnergy's business, including the:</p> <ul style="list-style-type: none"> (a) diminution of assets by 10% or greater; (b) growth of liabilities by 10% or greater; (c) properties; (d) the condition (financial or otherwise); (e) the operations; (f) reputation; or (g) prospects, <p>of BidEnergy or its business. Where such characteristic can be measured financially, the negative impact must be 10% or greater.</p>
Milestone Date	in respect of a Performance Condition, the date on which the Performance Condition must be satisfied, as set out in the terms and conditions attached to that Performance Right.
Minority Vendor	persons holding BidEnergy securities who are not Majority Vendors.
MRR	has the meaning given in Section 3.4(c).
New Series A Cove Option	the Options with the terms and conditions set out in Section 10.4.
New Series B Cove Options	the Options with the terms and conditions set out in Section 10.4.
New Series B Cove Follow-On Options	the Options with the terms and conditions set out in Section 10.4.
Nominee	has the meaning given in Section 9.5(d).
Non-Defaulting Party	has the meaning given in Section 9.2.
Notes	the notes to the Financial Information detailed in Section 4.5.
Offers	the Public Offer, Vendor Offer, Employee Offer and Lead Manager Offer.
Official List	the official list of ASX.
Official Quotation	official quotation by ASX in accordance with the Listing Rules.
Opening Date	the date specified in the Indicative Timetable as the opening date for the Offers.
Option	an option to acquire a Share.
Participant	has the meaning given in Section 9.5(e).
Performance Condition	in relation to a Performance Right, the performance related conditions which must be satisfied or circumstances which must exist before a Performance Right can be exercised, as set out in

	the terms and conditions attached to that Performance Right.
Performance Right	a right granted under the Long Term Incentive Plan to be issued or transferred a Share, subject to the terms and conditions of the Long Term Incentive Plan.
Privacy Statement	the privacy statement detailed on pages 3.
Promoter	has the meaning given in the Listing Rules.
Proposed Directors	the persons which it is proposed are to be appointed as Directors with effect from Completion as set out in Section 8.3.
Prospectus	this prospectus dated 29 April 2016.
Public Offer	has the meaning given in Section 1.1.
Recommendations	has the meaning given in Section 8.6.
Related Body Corporate	has the meaning given in the Corporations Act.
Related Party	has the meaning given in section 228 of the Corporations Act.
Restriction Agreement	a restriction agreement in a form set out in the Listing Rules.
Restricted Securities	has the meaning given in the Listing Rules.
RSM Australia	RSM Australia Pty Ltd ACN 009 321 377.
SaaS	has the meaning given in Section 3.1.
Section	a section of this Prospectus.
Securities	a Share, Option or other form of security issued or granted (as the case may be) by the Company.
Share	fully paid ordinary share in the capital of the Company.
Share Registry	Computershare Investor Services Pty Limited.
Shareholder	a registered holder of a Share.
Takeover Bid	has the meaning given in section 9 of the Corporations Act.
TWh	terawatt hours.
WST	western standard time, being the time in Perth, Western Australia.
Vendor Application Form	has the meaning given in Section 1.18(b).
Vendor Offer	has the meaning given in Section 1.2.

13. PUBLIC OFFER APPLICATION FORM

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Offer closes at 5.00pm (WST) on 2 June 2016.

See overleaf for completion guidelines ➔

How to complete this Application Form

A Number of Shares applied for

Enter the number of Shares you wish to apply for. The Application must be for a minimum of 20,000 Shares (\$2,000). Applications for greater than 20,000 Shares must be in multiples of 1,000 Shares (\$100).

B Application Monies

Enter the amount of Application Monies. To calculate the amount, multiply the number of Shares applied for in Step A by the Issue Price of \$0.10.

C Applicant Name(s)

Enter the full name you wish to appear on the statement of shareholding. This must be either your own name or the name of a company. Up to 3 joint Applications may register. You should refer to the table below for the correct forms of registrable title. Applications using the wrong form of names may be rejected. Clearing House Electronic Subregister System (CHES) participants should complete their name identically to that presently registered in the CHES system.

D Postal Address

Enter your postal address for all correspondence. All communications to you from the Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.

E Contact Details

Enter your contact details. These are not compulsory but will assist us if we need to contact you regarding this Application.

F CHES

Cove Resources Limited participates in CHES, operated by ASX Settlement Pty Limited, a wholly owned subsidiary of ASX Limited. If you are a CHES participant (or are sponsored by a CHES participant) and you wish to hold Shares issued to you under this Application on the CHES Subregister, enter your CHES HIN. Otherwise, leave this section blank and on issue, you will be sponsored by Cove Resources Limited and allocated a Securityholder Reference Number (SRN).

G Payment

Make your cheque, bank draft or money order payable in Australian dollars to 'Cove Resources Limited' and cross it 'Not Negotiable'. Cheques must be drawn from an Australian bank. Cash will not be accepted. The total payment amount must agree with the amount shown in Step B. Complete the cheque details in the boxes provided. Cheques will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques received may not be re-presented and may result in your Application being rejected. Paperclip (do not staple) your cheque(s) to the Application Form. Receipts will not be forwarded. Funds cannot be directly debited from your bank account.

Before completing the Application Form the Applicant(s) should read the Prospectus to which this Application relates. By lodging the Application Form, the Applicant agrees that this Application for Shares in Cove Resources Limited is upon and subject to the terms of the Prospectus and the Constitution of Cove Resources Limited, agrees to take any number of Shares that may be issued to the Applicant(s) pursuant to the Prospectus and declares that all details and statements made are complete and accurate. It is not necessary to sign the Application Form.

Lodgement of Application

Application Forms must be received by Computershare Investor Services Pty Limited (CIS) by no later than 5.00pm (WST) on 2 June 2016. You should allow sufficient time for this to occur. Return the Application Form with cheque, bank draft or money order attached to:

Computershare Investor Services Pty Limited
GPO Box 52
MELBOURNE VIC 3001

Neither CIS nor Cove Resources Limited accepts any responsibility if you lodge the Application Form at any other address or by any other means.

Privacy Notice

The personal information you provide on this form is collected by CIS, as registrar for the securities issuers (the issuer), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. In addition, the issuer may authorise us on their behalf to send you marketing material or include such material in a corporate communication. You may elect not to receive marketing material by contacting CIS using the details provided overleaf or emailing privacy@computershare.com.au. We may be required to collect your personal information under the Corporations Act 2001 (Cth) and ASX Settlement Operating Rules. We may disclose your personal information to our related bodies corporate and to other individuals or companies who assist us in supplying our services or who perform functions on our behalf, to the issuer for whom we maintain securities registers or to third parties upon direction by the issuer where related to the issuer's administration of your securityholding, or as otherwise required or authorised by law. Some of these recipients may be located outside Australia, including in the following countries: Canada, India, New Zealand, the Philippines, the United Kingdom and the United States of America. For further details, including how to access and correct your personal information, and information on our privacy complaints handling procedure, please contact our Privacy Officer at privacy@computershare.com.au or see our Privacy Policy at <http://www.computershare.com.au>.

Correct forms of registrable title(s)

Note that ONLY legal entities are allowed to hold Shares. Application Forms must be in the name(s) of a natural person(s), companies or other legal entities acceptable to Cove Resources Limited. At least one full given name and the surname is required for each natural person. Application Forms cannot be completed by persons less than 18 years of age. Examples of the correct form of registrable title are set out below.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual: use given names in full, not initials	Mr John Alfred Smith	JA Smith
Company: use the company's full title, not abbreviations	ABC Pty Ltd	ABC P/L or ABC Co
Joint Holdings: use full and complete names	Mr Peter Robert Williams & Ms Louise Susan Williams	Peter Robert & Louise S Williams
Trusts: use the trustee(s) personal name(s)	Mrs Susan Jane Smith <Sue Smith Family A/C>	Sue Smith Family Trust
Deceased Estates: use the executor(s) personal name(s)	Ms Jane Mary Smith & Mr Frank William Smith <Est John Smith A/C>	Estate of late John Smith or John Smith Deceased
Minor (a person under the age of 18): use the name of a responsible adult with an appropriate designation	Mr John Alfred Smith <Peter Smith A/C>	Master Peter Smith
Partnerships: use the partners personal names	Mr John Robert Smith & Mr Michael John Smith <John Smith and Son A/C>	John Smith and Son
Long Names	Mr John William Alexander Robertson-Smith	Mr John W A Robertson-Smith
Clubs/Unincorporated Bodies/Business Names: use office bearer(s) personal name(s)	Mr Michael Peter Smith <ABC Tennis Association A/C>	ABC Tennis Association
Superannuation Funds: use the name of the trustee of the fund	Jane Smith Pty Ltd <Super Fund A/C>	Jane Smith Pty Ltd Superannuation Fund

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