

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

Name of entity

RECLAIM INDUSTRIES LIMITED

ABN

47 090 671 819

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|--|
| 1 | +Class of +securities issued or to be issued | Ordinary shares |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | Rights issue shares - 38,793,982
Top up shares - 7,807,941 |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Fully paid ordinary shares - refer to Section 6 of the Prospects |

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

4	Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?	Yes				
	<p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 					
5	Issue price or consideration	\$0.065 per share				
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	<p>Rights issue shares – to acquire additional plant and equipment, repayment of debtor funding, business acquisitions and general working capital</p> <p>Top up shares – to allow smaller shareholders to acquire additional shares so that they will have a marketable parcel.</p>				
7	Dates of entering +securities into uncertificated holdings or despatch of certificates	7 May 2009				
8	Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable)	<table border="1"> <thead> <tr> <th data-bbox="695 1570 935 1608">Number</th> <th data-bbox="935 1570 1291 1608">+Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="695 1608 935 1850">124,189,886</td> <td data-bbox="935 1608 1291 1850"> Ordinary (These include shares that are subject to voluntary escrow 733,000 until 30/6/09 689,656 until 31/12/09 1,095,000 until 31/12/2011) </td> </tr> </tbody> </table>	Number	+Class	124,189,886	Ordinary (These include shares that are subject to voluntary escrow 733,000 until 30/6/09 689,656 until 31/12/09 1,095,000 until 31/12/2011)
Number	+Class					
124,189,886	Ordinary (These include shares that are subject to voluntary escrow 733,000 until 30/6/09 689,656 until 31/12/09 1,095,000 until 31/12/2011)					

+ See chapter 19 for defined terms.

	Number	+Class
9	2,730,000	1,500,000 options @ 20 cents, 30 June 2010. (200,000 subject to voluntary escrow until 31/12/09) 810,000 options @ 30 cents, 30/6/2010 420,000 options @ 40 cents, 30 June 2011
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	
	N/A	

Part 2 - Bonus issue or pro rata issue

11	Is security holder approval required?	No
12	Is the issue renounceable or non-renounceable?	Non-renounceable
13	Ratio in which the +securities will be offered	1 for 2
14	+Class of +securities to which the offer relates	Ordinary shares
15	+Record date to determine entitlements	8 April 2009
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	Yes
17	Policy for deciding entitlements in relation to fractions	Rounded up to the nearest whole number

+ See chapter 19 for defined terms.

Appendix 3B

New issue announcement

- 18 Names of countries in which the entity has +security holders who will not be sent new issue documents
- Note: Security holders must be told how their entitlements are to be dealt with.
- Cross reference: rule 7.7.
- China, United Kingdom, Hong Kong, Mexico, Malaysia, Netherlands, Singapore, USA
- 19 Closing date for receipt of acceptances or renunciations
- 29 April 2009

+ See chapter 19 for defined terms.

20	Names of any underwriters	John Crosby, Jennifer King
21	Amount of any underwriting fee or commission	Nil
22	Names of any brokers to the issue	n/a
23	Fee or commission payable to the broker to the issue	n/a
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders	n/a
25	If the issue is contingent on +security holders' approval, the date of the meeting	n/a
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	15 April 2009
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	30 March 2009
28	Date rights trading will begin (if applicable)	n/a
29	Date rights trading will end (if applicable)	n/a
30	How do +security holders sell their entitlements <i>in full</i> through a broker?	n/a
31	How do +security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	n/a

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

- 32 How do +security holders dispose of their entitlements (except by sale through a broker)? n/a
- 33 +Despatch date 7 May 2009

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

- 34 Type of securities
(tick one)
- (a) Securities described in Part 1
- (b) All other securities
Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

- 35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
- 36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over
- 37 A copy of any trust deed for the additional +securities

+ See chapter 19 for defined terms.

Entities that have ticked box 34(b)

38 Number of securities for which
+quotation is sought

39 Class of +securities for which
quotation is sought

40 Do the +securities rank equally in
all respects from the date of
allotment with an existing +class
of quoted +securities?

If the additional securities do not
rank equally, please state:

- the date from which they do
- the extent to which they
participate for the next
dividend, (in the case of a
trust, distribution) or interest
payment
- the extent to which they do
not rank equally, other than in
relation to the next dividend,
distribution or interest
payment

41 Reason for request for quotation
now

Example: In the case of restricted securities, end
of restriction period


(if issued upon conversion of
another security, clearly identify
that other security)

		Number		+Class
42	Number and +class of all +securities quoted on ASX (including the securities in clause 38)			

+ See chapter 19 for defined terms.

Quotation agreement

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.
- 2 We warrant the following to ASX.
- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
 - There is no reason why those +securities should not be granted +quotation.
 - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.
Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
 - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
 - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here: 
(Company secretary)

Date:30/3/2009.....

Print name: .SCOTT MORGAN.....

+ See chapter 19 for defined terms.

Reclaim Industries Limited

ACN 090 671 819

ENTITLEMENT ISSUE PROSPECTUS

- (1) For a pro rata non-renounceable entitlement issue of one (1) Share for every two (2) Shares held by Shareholders at an issue price of \$0.065 per Share to raise up to approximately \$2,521,609 (**Entitlement Issue**); and
- (2) For the offer of up to approximately 7,807,941 Shares at an issue price of \$0.065 per Share to existing Shareholders who hold less than a Marketable Parcel to raise up to approximately \$507,516 (**Top Up Offer**),

(together, **Offers**).

The Entitlement Issue is partially underwritten by Jennifer King and John Crosby, both of whom are directors of the Company. Refer to Section 8.2 for details regarding the terms of the Underwriting Agreements.

IMPORTANT NOTICE

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

The Shares offered by this Prospectus should be considered as speculative.

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1. SUMMARY OF IMPORTANT DATES AND IMPORTANT NOTES

TIMETABLE AND IMPORTANT DATES*

Lodgement of Prospectus with ASIC	30 March 2009
Notice sent to Shareholders	1 April 2009
Ex Date	2 April 2009
Record Date for determining Shareholder entitlements	8 April 2009
Prospectus despatched to Shareholders	15 April 2009
Closing Date of Offers	29 April 2009
Shares quoted on a deferred settlement basis	30 April 2009
Notify ASX of under-subscriptions	4 May 2009
Despatch date/Shares entered into Shareholders' security holdings	7 May 2009

* These dates are determined based upon the current expectations of the Directors and may be changed with 6 Business Days prior notice.

IMPORTANT NOTES

Shareholders should read this document in its entirety and, if in doubt, should consult their professional advisors.

This Prospectus is dated 30 March 2009 and a copy of this Prospectus was lodged with the ASIC on that date. The ASIC and ASX take no responsibility for the content of this Prospectus.

The expiry date of the Prospectus is 30 April 2010 (**Expiry Date**). No Shares will be allotted or issued on the basis of this Prospectus after the Expiry Date.

Applications for Shares offered pursuant to this Prospectus can only be submitted on an original Entitlement and Acceptance Form which accompanies this Prospectus.

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

In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

ELECTRONIC PROSPECTUS

Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access the Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an Entitlement and Acceptance Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. Any person may obtain a hard copy of this Prospectus free of charge by contacting the Company.

2. CORPORATE DIRECTORY

Directors

Ms Jennifer King (Chairman)
Mr John Crosby (Managing Director)
Mr Neil MacKenzie (Non Exec. Director)
Mr Matthew Bickford-Smith (Non Exec. Director)

Company Secretary

Mr Scott Morgan

Registered Office

67 Miguel Road
BIBRA LAKE WA 6163

Principal Place of Business

67 Miguel Road
BIBRA LAKE WA 6163

General Enquiries:

Telephone: (08) 9418 8144
Facsimile: (08) 8232 3499

Share Registry*

Security Transfer Registrars Pty. Limited
770 Canning Highway,
Applecross WA 6153

Telephone: (08) 9315 2333

Solicitors

Steinepreis Paganin
Lawyers and Consultants
Level 4, The Read Buildings
16 Milligan Street
PERTH WA 6000

Auditor*

Deloitte Touche Tohmatsu
11 Waymouth St
ADELAIDE SA 5000

Telephone: (08) 8407 7000
Facsimile: (08) 8407 7001

*These parties have been included for information purposes only. They have not been involved in the preparation of this Prospectus.

3. CHAIRMAN'S LETTER

Dear Shareholder

The Board is pleased to offer Shareholders the opportunity to participate in a one (1) for two (2) non-renounceable rights issue of Shares to raise up to approximately \$2,521,609 (**Entitlement Issue**).

All Shareholders registered as at 5.00pm (CST) on 8 April 2009 will be entitled to participate the Entitlement Issue. The price payable on application for each Share is \$0.065 .

In addition to the Entitlement Issue, Shareholders who, after acceptance of their Entitlement under the Entitlement Issue, hold less than a marketable parcel of Shares are invited to apply for additional Shares, at \$0.065 per Share, to top up the value of their shareholding to \$500 (**Top Up Offer**).

The Closing Date for acceptances of the Offers is 5.00pm (CST) on 29 April 2009.

Shareholders wishing to subscribe for Shares in excess of their Entitlement under the Offers are invited to subscribe for the Shortfall. The Offers are partially underwritten as to \$1,000,000 by myself and the Managing Director, and any Shares not taken up by Shareholders pursuant to the Offers and the Shortfall Offer will be allocated to the Underwriters (to a maximum of 15,384,615 Shares).

The funds raised from the Offers will be used to finance important machinery upgrades to our West Australian and South Australian plants, as well as providing working capital to allow us to more vigorously market our services in difficult economic times.

The Board takes this opportunity to thank all Shareholders for their support and looks forward to your continued support in the future.

Yours faithfully



Jennifer King
Chairman

4. DETAILS OF THE OFFER

4.1 Offers

Pursuant to this Prospectus, the Company is making the following separate offers of Shares to existing Shareholders:

- (a) the Entitlement Issue; and
- (b) the Top Up Offer,

(together, the **Offers**).

For further details in relation to the Entitlement Issue, please refer to Section 4.2 of this Prospectus.

For further details in relation to the Top Up Offer, please refer to Section 4.7 of this Prospectus.

In addition to the Offers, Shareholders are invited to subscribe for any Shortfall Shares pursuant to the Shortfall Offer. For further details in relation to the Shortfall Offer, please refer to Section 4.6 of this Prospectus.

4.2 Entitlement Issue

By this Prospectus, the Company offers for subscription approximately 38,793,982 new Shares pursuant to a pro-rata non-renounceable entitlement issue to Shareholders of one (1) new Share for every two (2) Shares held on the Record Date at an issue price of \$0.065 per Share. Fractional Entitlements will be rounded up to the nearest whole number.

Based on the capital structure of the Company (and assuming no existing Options are exercised prior to the Record Date), the maximum number of Shares to be issued pursuant to the Entitlement Issue is approximately 38,793,982. The Entitlement Issue will raise approximately \$2,521,609. The purpose of the Entitlement Issue and the use of funds raised are set out in Section 5 of this Prospectus.

Holders of existing Options will not be entitled to participate in the Entitlement Issue. The Company currently has 2,730,000 Options on issue as at the date of this Prospectus, which Options may be exercised by the Option holder prior to the Record Date in order to participate in the Entitlement Issue.

4.3 How to Accept the Entitlement Issue

Your acceptance of the Entitlement Issue must be made on the Entitlement and Acceptance Form accompanying this Prospectus. Your acceptance must not exceed your Entitlement as shown on that form. If it does, your acceptance will be deemed to be for the maximum Entitlement.

You may participate in the Entitlement Issue as follows:

- (a) if you wish to accept your Entitlement in full:
 - (i) complete the Entitlement and Acceptance Form, filling in the details in the spaces provided; and

- (ii) attach your cheque for the amount indicated on that relevant Entitlement and Acceptance Form; or
- (b) if you only wish to accept part of your Entitlement:
 - (i) fill in the number of Shares you wish to accept in the space provided on the Entitlement and Acceptance Form; and
 - (ii) attach your cheque for the appropriate application monies (at \$0.065 per Share); or
- (c) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to "**Reclaim Industries Limited – Trust Account**" and crossed "**Not Negotiable**".

Your completed Entitlement and Acceptance Form and cheque must reach the Company's share registry no later than 5.00pm WST on the Closing Date.

The Entitlement Issue is non-renounceable. Accordingly, a Shareholder may not sell or transfer all or part of their Entitlement.

4.4 Minimum Subscription

The minimum subscription in respect of the Entitlement Issue is \$1,000,000 (being the extent to which the Entitlement Issue is underwritten).

No Shares will be allotted or issued until the minimum subscription has been received. If the minimum subscription is not achieved within 4 months after the date of issue of this Prospectus, the Company will either repay the Application monies to the Applicants or issue a supplementary prospectus or replacement prospectus and allow Applicants one month to withdraw their Application and be repaid their Application monies.

4.5 Underwriting

The Entitlement Issue is partially underwritten by Ms Jennifer King and Mr John Crosby.

Refer to Section 8.2 of this Prospectus for further details of the terms of the underwriting.

4.6 Shortfall

The offer of the Shortfall is a separate offer pursuant to this Prospectus made to the Shareholders (**Shortfall Offer**). Pursuant to the Shortfall Offer, an offer is made to every applicant of Shares under the Entitlement Issue to apply for any Shortfall of Shares not taken up under the Entitlement Issue (**Shortfall Shares**). The issue price of any Shares offered pursuant to the Shortfall Offer is \$0.065, being the price at which the Entitlement Issue has been offered to Shareholders pursuant to this Prospectus. The closing date for the receipt of Shortfall Application Forms shall be 5.00pm WST on 29 April 2009, being the closing date for the Entitlement Issue.

Applications pursuant to the Shortfall Offer will be dealt with as follows:

- (a) to apply for any of the Shortfall Shares an applicant must first have taken up their full Entitlement under the Entitlement Issue;
- (b) an applicant making a secondary application (**Secondary Applicant**) is entitled to apply for all or any part of the Shortfall Shares;
- (c) if the number of Shortfall Shares sought under the Shortfall Application Form exceeds the actual number of Shortfall Shares, applications will be scaled back in proportion to each Secondary Applicants' original allocation of Entitlement under the Entitlement Issue (**Rights Entitlement**) in the following manner:
 - (i) the Company will notionally divide up the Shortfall Shares between the Secondary Applicants in proportion to each Secondary Applicant's Entitlement as against the sum of the Rights Entitlement of all Shortfall Application Forms;
 - (ii) if any Secondary Applicant's notional allocation would exceed the number of Shortfall Shares specified in their Shortfall Application Form, the Company will allocate that applicant the number of Shortfall Shares specified in their Shortfall Application Form, and remove those Shortfall Shares and that Shortfall Application Form from the allocation process; and
 - (iii) the Company will repeat the process in (i) and (ii) with reduced number of Shortfall Shares and the remaining Secondary Applicants until the allocation will not exceed any specified number of Shortfall Shares set by a remaining Secondary Applicant, in which case all of the remaining Shortfall Shares are divided between the remaining Secondary Applicants in accordance with (i).

If you wish to participate in the Shortfall Offer, complete the accompanying Shortfall Application Form in accordance with the instructions set out in that form. You must also provide payment with your Shortfall Application Form in respect of all of the Shortfall Shares you are applying for. You should then forward the completed Shortfall Application Form together with subscription monies for the Shortfall Shares referred to in your Shortfall Application Form to reach the Company's share registry by no later than 5.00pm (WST) on the Closing Date.

If your allocation of the Shortfall Shares needs to be scaled back in accordance with paragraph (c) above, you will be provided with a refund of the balance of the Shortfall Offer application monies with the notification of your allocated Shares.

The number of Shortfall Shares available to Secondary Applicants will be determined as soon as practicable after the Closing Date. Shortfall Shares issued to Secondary Applicants will be issued at the same time as all the other Shares under the Entitlement Issue. If you are a Secondary Applicant, you will be notified of your share of the Shortfall at the time of dispatch of holding statements for Shares under the Entitlement Issue.

Shares are expected to be allotted and issued and shareholding statements dispatched no later than 7 May 2009.

The Directors reserve the right to allot and issue any Shortfall not taken up pursuant to the Shortfall Offer or by the Underwriters progressively at the discretion of the Directors.

4.7 Top Up Offer

The Top Up Offer invites those existing Shareholders who, after taking up their Entitlement, hold less than a Marketable Parcel, to subscribe for additional Shares at an issue price of \$0.065 per Share (payable in full upon application) to enable them to round up their shareholdings to 8,000.

A maximum of approximately 7,807,941 Shares will be offered pursuant to the Top Up Offer. While the Top Up Offer is not a fund raising initiative, up to approximately \$507,516 could be raised (although substantially less than this amount is expected). All proceeds raised from the Top Up Offer will be used for working capital purposes.

The Directors may reject any application made under the Top Up Offer or allocate fewer Shares than the existing Shareholders have applied for.

To accept the Top Up Offer, mark the place indicated in relation to the 'Top Up Offer' on your Entitlement and Acceptance Form.

4.8 Australian Securities Exchange Listing

Application for official quotation by ASX of the Shares offered pursuant to this Prospectus will be made within 7 days after the date of this Prospectus. If approval is not obtained from ASX before the expiration of 3 months after the date of issue of the Prospectus, (or such period as modified by the ASIC), the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant official quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares now offered for subscription.

4.9 Allotment of Shares

Shares issued pursuant to the Offers will be allotted as soon as practicable after the Closing Date. The Company will allot the Shares on the basis of a Shareholder's Entitlement. Where the number of Shares issued is less than the number applied for, or where no allotment is made, surplus application monies will be refunded without any interest to the applicant as soon as practicable after the Closing Date.

Pending the allotment and issue of the Shares or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

4.10 Overseas Shareholders

The Offers do not, and are not intended to, constitute offers in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of Shares these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offers are not being extended and Shares will not be issued to Shareholders with a registered address which is outside Australia or New Zealand.

Shareholders resident in New Zealand should consult their professional advisors as to whether any government or other consents are required, or other formalities need to be observed, to enable them to exercise their Entitlements under the Offers.

4.11 Taxation Implications

The Directors do not consider that it is appropriate to give Shareholders advice regarding the taxation consequences of applying for Shares under this Prospectus, as it is not possible to provide a comprehensive summary of the possible taxation consequences. The Company, its advisers and officers, do not accept any responsibility or liability for any taxation consequences to Shareholders. Shareholders should, therefore, consult their own professional tax adviser in connection with the taxation implications of the Shares offered pursuant to this Prospectus.

4.12 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company will not be issuing share certificates. The Company will apply to ASX to participate in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

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

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.

4.13 Privacy Act

If you complete an application for Shares, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules such as the ASTC Settlement Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

5. PURPOSE AND EFFECT OF THE OFFERS

5.1 Purpose of the Offers

The purpose of the Offers is to raise up to approximately \$3,029,125 (before expenses). The proceeds of the Offers are planned to be used in accordance with the table set out below:

Proceeds of the Offer	\$
Purchase of capital equipment	800,000
Purchase of remaining 30% of Reclaim Collections Pty Ltd	150,000
Repayment of debtor funding	750,000
Working Capital	1,298,125
Expenses of the Offers	31,000
Total	\$3,029,125

Notes:

1. Refer to Section 8.8 of this Prospectus for further details relating to the estimated expenses of the Offers. In the event that less than \$3,029,125 is raised under the Offers, the amount allocated to the above items will be scaled back as follows:
 - a. if funds raised are between \$1,000,000 (being the minimum subscription) and \$1,500,000: the Company will not proceed with the purchase of the remaining 30% of Reclaim Collections Pty Ltd and funds raised will be applied first towards the expenses of the Offers, and then allocated pro rata between the purchase of capital equipment, repayment of debtor funding, and working capital; and
 - b. if funds raised are between \$1,500,000 and \$3,029,125 : the Company will proceed with the purchase of the remaining 30% of Reclaim Collections Pty Ltd and funds raised will be applied first towards the cost of this acquisition and the expenses of the Offers, and then allocated pro rata between the purchase of capital equipment, repayment of debtor funding, and working capital.

5.2 Effect of the Offers and Pro Forma Consolidated Balance Sheet

Assuming all Entitlement and Top Up Offers are accepted, the principal effect of the Offers will be to:

- (a) increase the cash reserves by approximately \$2,998,125 immediately after completion of the Offers after deducting the estimated expenses of the Offers; and
- (b) increase the number of Shares on issue from 77,587,963, to approximately 124,189,886 Shares following completion of the Offers.

5.3 Consolidated Balance Sheet

The audited Balance Sheet as at 31 December 2008 and the unaudited Pro Forma Balance Sheet as at 31 December 2008 shown on the following page have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position. They have

been prepared on the assumption that all Shares pursuant to the Offers in this Prospectus are issued.

The audited Balance Sheets have been prepared to provide Shareholders with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

Consolidated Balance Sheet and Pro Forma Balance Sheet as at 31 December 2008.

	31/12/2008 proforma \$	31/12/2008 Actual \$
Current assets		
Cash and cash equivalents	3,338,227	340,102
Trade and other receivables	1,635,122	1,635,122
Inventories	757,797	757,797
Other	26,386	26,386
Total current assets	5,757,532	2,759,407
Non-current assets		
Property, plant and equipment	2,211,896	2,211,896
Goodwill	143,119	143,119
Other intangible assets	23,806	23,806
Total non-current assets	2,378,821	2,378,821
Total assets	8,136,353	5,138,228
Current liabilities		
Trade and other payables	1,945,381	1,945,381
Borrowings	168,884	168,884
Provisions	52,507	52,507
Total current liabilities	2,166,772	2,166,772
Non-current liabilities		
Borrowings	572,471	572,471
Total non-current liabilities	572,471	572,471
Total liabilities	2,739,243	2,739,243
Net assets	5,397,110	2,398,985
Equity		
Issued capital	9,373,817	6,375,692
Reserves	280,091	280,091
Retained earnings	(4,293,841)	(4,293,841)
	5,360,067	2,361,942
Minority interest	37,043	37,043
Total equity	5,397,110	2,398,985

5.4 Effect on Capital Structure

A comparative table of changes in the capital structure of the Company as a consequence of the Offers is set out below, assuming that the Offers are fully subscribed.

Shares

	Number
Shares on issue at date of Prospectus ¹	77,587,963
Shares offered pursuant to the Entitlement Issue	38,793,982
Shares offered pursuant to the Top Up Offer	7,807,941
Total Shares on issue after completion of the Offers²	124,189,886

Notes:

1. See Appendix 3B dated 5 November 2008.

Options

	Number
Options exercisable at (20 cents, 30 June 2010 and are subject to voluntary escrow as follows: 200,000 to 31 December 2009).	1,500,000
Options exercisable at (30 cents, 30 June 2010)	810,000
Options exercisable at (40 cents, 30 June 2011)	420,000
Options granted pursuant to Offers	Nil
Total Options on issue after completion of the Offers	2,730,000

6. RIGHTS AND LIABILITIES ATTACHING TO THE SHARES

6.1 Terms of 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 Company's Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

5.1.1 General Meetings

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

Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act and the Constitution of the Company.

5.1.2 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:

- (a) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (b) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (c) 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 (not credited) bears to the total issue price for the share (excluding amounts credited).

5.1.3 Dividend Rights

The Directors may from time to time declare and pay or credit a dividend in accordance with the Corporations Act. Subject to any special right as to dividends attaching to a share, all dividends will be declared and paid according to the proportion which the amount paid on the Share is to the total amount payable in respect of the Shares (but any amount paid during the period in respect of which a dividend is declared only entitles the Shareholder to an apportioned amount of that dividend as from the date of payment). The Directors may from time to time pay or credit to the Shareholders such interim dividends as they may determine. No dividends shall be payable except out of profits. A determination by the Directors as to the profits of the Company shall be conclusive. No dividend shall carry interest as against the Company.

5.1.4 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 that purpose set such value as he considers fair upon any property to be so divided.

The liquidator may also, with the authority of a special resolution, may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders, and 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 any liability.

Subject to the rights of shareholders (if any) entitled to shares with special rights in a winding up, all moneys and property that are to be distributed among Shareholders on a winding up, shall be so distributed in proportion to the shares held by them respectively, irrespective of the amount paid up or credited as paid up on the shares.

5.1.5 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.

5.1.6 Future Increase in Capital

The allotment and issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of securities contained in the Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

5.1.7 Variation of Rights

Under 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.

7. RISK FACTORS

7.1 Introduction

The Shares offered under this Prospectus are considered speculative, and involve investors being exposed to risk. The Directors strongly recommend potential applicants examine the contents of this Prospectus and consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors.

The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Company's shares.

The following summary, which is not exhaustive, represents some of the major risk factors which potential investors need to be aware of.

7.2 Commercial Risks

The Company operates in a competitive and technically challenging market for recycled rubber products. It faces a wide range of risks including:

- (a) an unstable supply of raw materials, that are required for the Company to be able to recycle tyres and manufacture its products, that could result in contracts being lost and manufacturing capacity being under utilised;
- (b) the business relies upon skilled workers required by the Company to install its products;
- (c) risks associated with the introduction of new products where there is no certainty that markets will be established for those products;
- (d) occupational health and safety issues, particularly in relation to the recycling of tyres, and the manufacture and installation of the Company's products;
- (e) product liability issues including potential legal action associated with the use of the Company's products;
- (f) the business has international and domestic competition for their products and applications that may affect the Company's gross margins in the future.
- (g) the Company sells a significant proportion of its surfacing products to schools and child care centres and is therefore exposed to sudden changes in Government funding policies;
- (h) the cost of raw materials may increase thereby eroding gross margins, and the sale price may diminish due to reduced demand;
- (i) the prices paid to the Company for assuming the disposal risks in relation to tyres recycled to produce rubber are subject to considerable volatility;

- (j) the supply of sufficient truck tyres to the Bibra Lake processing facility for processing into rubber crumb is reliant on diverting these tyres from the competing businesses;
- (k) international hostilities could undermine the Company's ability to win and complete overseas contracts;
- (l) appreciation in the Australian dollar could adversely impact the Company's competitiveness in relation to overseas contracts;
- (m) developments in technology by the Company's competitors could result in margins being eroded or the Company's products becoming inferior to those of its competitors;
- (n) the technology utilised by the Company in recycling tyres could be rendered obsolete, thereby undermining the Company's ability to generate profits from this activity, and impacting the Company's access to suitable raw material supplies;
- (o) mechanical failure of processing and manufacturing equipment could occur, causing losses associated with the cost of repair and loss of manufacturing and processing capacity; and
- (p) continued economic slowdown resulting in a reduction in spending by market segments such as property developer and therefore decline in the value of sales. This may drive a need to reduce margins in order to maintain turnover.

7.3 Environmental Risks

The Company is subject to various regulations regarding environmental matters and the discharge of hazardous wastes and materials. Whilst the Company intends to conduct its activities in an environmentally responsible manner, risks arise in relation to compliance with these regulations and the impact of the introduction of more stringent environmental regulations.

7.4 Share Market Conditions

The price of Shares quoted for trading by ASX is impacted by various international and domestic factors. As the Company is listed on ASX, its Share price is subject to these numerous influences that may affect both the trends in the share market and the share prices of individual companies.

The factors which may create fluctuations in the share market include inflation, economic conditions, commodity prices, interest rates and exchange rates.

7.5 Government Policy

The Company operates its business in a climate that is subject to various forms of government policy and regulation. Industry profitability can be affected by changes in government policy and regulation, both within Australia and internationally, that are beyond the control of the Company.

7.6 Reliance on Key Personnel

The Company's prospects depend in part on the ability of its executive officers, senior management and key consultants to operate effectively, both independently and as a group. To manage its growth, the Company must

attract and retain additional highly qualified management, technical, sales and marketing personnel and continue to implement and improve operational, financial and management information systems. Investors must be willing to rely to a significant extent on management's discretion and judgement, as well as the expertise and competence of outside contractors.

7.7 Agents, Contractors and Joint Venture Parties

The Company enters into business relationships with various parties, including agency and joint venture relationships for the sale of various products, and sub-contract agreements for the installation of its surfacing products.

In these business relationships, there is the risk of an adverse impact on the Company associated with insolvency, default or other managerial failure of agents, contractors or joint venture participants.

7.8 Intellectual Property Rights

The Company has certain rights to intellectual property, including brand names, domain names, trade marks, processing technology, product knowledge and other intellectual property. The Company relies upon various laws and agreements to protect its intellectual property rights. However, the unauthorised disclosure or use of information relating to its intellectual property may have an adverse impact on the Company's financial performance and the price of its Shares.

7.9 Mergers and Acquisitions

The Company may in the future pursue merger and acquisition strategies as part of the expansion of its business, if an appropriate opportunity becomes available. In addition, the Company may establish business operations in foreign countries, including manufacturing facilities.

Such strategies involve exposure to losses where the value to the Company of the assets acquired, having regard to their fair market value and their ability to generate profits for the Company, exceed the prices paid for those assets. In addition, operations in foreign countries carry substantial risks, including a greater risk of managerial failure, and the forfeiture of assets.

The Company's ability to pursue its merger and acquisition strategies depends upon the Company being able to identify businesses or companies for sale that the Company considers generates, or has the potential to generate, a rate of return for the Company that is adequate having regard to the associated risks being assumed through the acquisition.

The Company's inability to identify such businesses, or the acquisition of businesses that generate a lower than expected rate of return, could dilute shareholder returns, and result in the return to investors from an investment in the Company being lower than the returns achieved from the existing business.

7.10 Economic Conditions

Economic conditions, both domestic and global, may affect the performance of the Company. Factors such as currency fluctuations, inflation, interest rates, supply and demand and industrial disruption may have an impact on operating costs, commodity prices and share market prices. The Company's future possible revenue and share price can be affected by these factors all of which are beyond the control of the Company and the Directors. In addition, the

Company's ability to raise additional capital, should it be required, may be affected.

7.11 Taxation

The Company is subject to various forms of taxation, of which income tax and the goods and services tax are expected to have the most significant impact. There is an ongoing risk that changes to taxation legislation may adversely impact revenues or expenditures, and therefore the financial performance of the Company.

7.12 Contractual Risks and Other Legal Risks

All agreements entered into by the Company are subject to interpretation. There is no guarantee that the Company will be able to enforce all its rights under its agreements with third parties.

The introduction of new legislation or amendments to existing legislation by governments, developments in existing common law, or the respective interpretation of the legal requirements in any of the legal jurisdictions which govern the Company's operations or contractual obligations, could impact adversely on the assets, operations and therefore on the financial performance and share price of the Company.

7.13 Future Capital Requirements

The Company's ongoing activities will require substantial expenditures. There can be no guarantee that the funds raised through the Offer will be sufficient to successfully achieve all the objectives of the Company's overall business strategy. If the Company is unable to continue to use debt or equity to fund expansion after the substantial exhaustion of the net proceeds of the Offer, there can be no assurances that the Company will have sufficient capital resources for that purpose, or other purposes, or that it will be able to obtain additional fundraising on terms acceptable to the Company or at all. Any additional equity financing may be dilutive to shareholders and any debt financing if available may involve restrictive covenants, which may limit the Company's operations and business strategy.

The Company's failure to raise capital if and when needed could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities.

7.14 Speculative Nature of Investment

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 Shares offered under this Prospectus.

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

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

8. ADDITIONAL INFORMATION

8.1 Continuous Disclosure Obligations

The Company is a “disclosing entity” (as defined in Section 111AC of the Corporations Act) for the purposes of Section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities.

This Prospectus is a “transaction specific prospectus”. In general terms “transaction specific prospectuses” are only required to contain information in relation to the effect of the issue of securities on the Company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 12 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

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 the 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 the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - (i) the financial statements of the Company for the financial year ended 30 June 2008 being the last financial statements for a financial year, of the Company lodged with the ASIC before the issue of this Prospectus;

- (ii) any half year financial statements of the Company lodged with ASIC since the lodgement of the last financial statements for the year ended 30 June 2008 lodged with ASIC before the issue of this Prospectus; and
- (iii) any documents used to notify ASX of information relating to the Company in the period from lodgement of the financial statements referred to in paragraph (i) above until the issue of the Prospectus in accordance with the Listing Rules as referred to in Section 674(1) of the Corporations Act.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

The Company has lodged the following announcements with ASX since the lodgement of the 2008 audited financial statements:

Date	Description of Announcement
30/03/2009	Market Update
27/02/2009	Budget Tyres Purchase
27/02/2009	Rights Issue
27/02/2009	Half Yearly accounts
12/02/2009	Response to ASX Query re Appendix 4C
30/01/2009	Appendix 4C - quarterly
15/12/2008	Director Appointment/Resignation
03/12/2008	Results of Meeting *AMENDED*
27/11/2008	Director Appointment/Resignation
27/11/2008	Results of Meeting
06/11/2008	Appendix 3B
31/10/2008	Director Resignation and 3Z
23/10/2008	Annual Report to shareholders

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website www.reclaim.com.au.

8.2 Underwriting Agreements

By agreements between Ms Jennifer King and Mr John Crosby (each an **Underwriter** and together the **Underwriters**) and the Company dated 30 March

2009 (**Underwriting Agreement**), the Underwriters have agreed to partially underwrite the Entitlement Issue as follows:

Underwriter	Underwritten Shares	Underwritten Amount (\$)
Jennifer King	9,230,770	600,000
John Crosby	6,153,847	400,000
Total	15,384,617	1,000,000

The Underwritten Shares shall be issued at an issue price of \$0.065 per Share (being the issue price pursuant to the Entitlement Issue). No fee is payable by the Company in respect of the underwriting of the Entitlement Issue. The Underwriters will not be subscribing for their Entitlement but instead will be subscribing for Shares pursuant to their underwriting contracts. The Entitlement of each of Jennifer King and John Crosby pursuant to the Entitlement Issue is 7,896,056 Shares and 3,864,980 Shares respectively.

In the event that, after allocation of the Shortfall Shares to applicants under the Shortfall Offer, the number of Shortfall Shares left is less than the number of Underwritten Shares, the number of Shares to be issued to the Underwriters shall be scaled back on a pro rata basis as between the Underwriters.

8.3 Current and Potential Voting Power of the Underwriters

The Underwriters, together with their associates, currently have a relevant interest in the Shares of the Company as follows:

Underwriter	Shares	Voting Power
Jennifer King	15,792,112	20.35%
John Crosby	7,729,961	9.96%
Total	23,522,073	30.32%

Pursuant to the terms of the Underwriting Agreements, the Underwriters have agreed to partially underwrite the Entitlement Issue.

The potential effect that the issue of Shares under the Entitlement Issue will have on the control of the Company is as follows:

- (a) if all Shareholders take up all of their Entitlement under the Entitlement Issue, the percentage interest in the Shares of the Company held by the Underwriter (and any other major Shareholders) would not change and there would not be any effect on the control of the Company; and
- (b) if some or all of the Shareholders do not take up their Entitlement under the Offer, and there is a Shortfall, then the Entitlement Issue may have an effect on the control of the Company as detailed below.

To comply with the requirement to fully disclose the Underwriters' potential voting power in the Company, the table below sets out various scenarios to

indicate the effect on the Company's shareholding depending on the Shortfall (if any). Investors should note that the Underwriters' potential voting power will also be reduced to the extent that any Shortfall is applied for, and allocated, to the other Shareholders of the Company.

The potential maximum increase in the voting power of the Underwriters is set out below (100% Shortfall) and will only occur if no Shareholders take up their Entitlement under the Entitlement Issue, no Shareholders apply for, or are allocated, Shares pursuant to the Shortfall Offer and no Shareholders accept the Top Up Offer. In the table below, it is assumed that no Top Up Offers are accepted, and that no Options are exercised prior to the Record Date. It should also be noted that the Underwriters have agreed not to take up their Entitlement under the Entitlement Issue.

Event/Date	Number of Shares held by J. King and her associates	Voting Power of J. King	Number of Shares held by J. Crosby and his associates	Voting Power of J. Crosby
Date of Prospectus	15,792,112	20.35%	7,729,961	9.96%
After issue of Shares assuming 100% Shortfall	25,022,882	26.91%	13,883,808	14.93%
After issue of Shares assuming 50% Shortfall	25,022,802	22.27%	13,883,808	12.35%
After issue of Shares assuming 0% Shortfall	15,792,112	13.57%	7,729,961	6.64%

8.4 Intentions of the Underwriter

The Underwriters have indicated that their intentions mentioned in this section are based on the facts and information regarding the Company and the general business environment which are known to it as at the date of this Prospectus. Any future decisions will, of course, be reached by the Underwriters based on all material information and circumstances at the relevant time. Accordingly, if circumstances change or new information becomes available in the future, the Underwriter's intentions could change. It should be noted, however, that Ms King is presently the Chairperson of the Company and Mr Crosby is the Managing Director.

Accordingly, the Underwriters have advised the Company that since they are presently supportive of the Company's current direction, the Underwriters do not currently intend to make any major changes to the direction and objectives of the Company, and that other than as disclosed in this Prospectus, the Underwriters:

- (a) do not currently intend to make any significant changes to the existing businesses of the Company;
- (b) do not currently intend to inject further capital into the Company other than participating in the Offer and underwriting the Offer;
- (c) do not currently intend to become involved in decisions regarding the future employment of the Company's present employees and

contemplates that they will continue in the ordinary course of business (other than in their role as Directors of the Company);

- (d) do not currently intend for any property be transferred between the Company and the Underwriters or any person associated with the Underwriter;
- (e) do not currently intend to redeploy the fixed assets of the Company; and
- (f) do not currently intend to change the Company's existing financial or dividend policies.

The requirements of the Corporations Act and the ASX Listing Rules in relation to conflicts of interest and "related party" transactions will apply in the event that the Underwriters continue to be related parties of the Company.

The Underwriters will make decisions on their course of action in light of material facts and circumstances at the relevant times and after they receive appropriate legal and financial advice on such matters, where required, including in relation to any requirement for Shareholder approvals.

The statements reflect current intentions only as at the date hereof which may change as new information becomes available or circumstances change or with the passage of time.

8.5 Directors' interests

Other than as set out below or elsewhere in this Prospectus, no Director nor any firm in which such a Director is a partner, has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in:

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

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any Director or to any firm in which any such Director is a partner, either to induce him to become, or to qualify him as, a Director or otherwise for services rendered by him or by the firm in connection with the formation or promotion of the Company or Offers pursuant to this Prospectus.

Directors' interests in securities of the Company at the date of this Prospectus are:

Name	Shares	Options	Entitlement	Remuneration (\$)
Jennifer King	15,792,112	Nil	7,896,056	\$30,000 per annum
Neil Mackenzie	Nil	Nil	Nil	\$30,000 per annum

Name	Shares	Options	Entitlement	Remuneration (\$)
John Crosby	7,729,961	Nil	3,864,980	\$150,000 per annum
Matthew Bickford-Smith	Nil	Nil	Nil	\$30,000 per annum

Notes:

1. Jennifer King and John Crosby have agreed not to take up their Entitlement under the Entitlement Issue. These parties have entered into underwriting agreements to underwrite 8,571,429 and 5,714,286 Shares respectively in the event that there is a Shortfall, and not all of the Shortfall Shares are applied for pursuant to the Shortfall Offer. Please refer to Section 8.2 for further details in respect of the Underwriting Agreements.

The Constitution of the Company provides that the non-executive Directors may be paid for their services as Directors, a sum not exceeding such fixed sum per annum as may be determined by the Company in general meeting, to be divided among the Directors and in default of agreement then in equal shares. The Company paid to the Directors a total of \$252,566 the year ended 30 June 2007 and \$446,270 for the year ended 30 June 2008. Please note that the figure for the year ended 30 June 2008 includes \$149,732 of share based payments were made to previous directors of the company. In addition to the above, the Directors have been paid fees totalling \$181,396 from the end of the previous financial year until the date of this Prospectus. Directors, companies associated with the directors or their associates are also reimbursed for all reasonable expenses properly incurred in the course of conducting their duties which include, but are not in any way limited to, out of pocket expenses, travelling expenses, disbursements made on behalf of the Company and other miscellaneous expenses.

8.6 Interests and Consents of Experts and Advisers

Other than as set out below or elsewhere in this Prospectus, no expert, underwriter, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, nor any firm in which any of those persons is or was a partner, nor any company with which any of those persons is or was associated, has or had within 2 years before the lodgement of this Prospectus with the ASIC, 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 Offer of securities pursuant to this Prospectus; or
- (c) the Offers of securities pursuant to this Prospectus,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any expert, underwriter, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of this Prospectus, or to any firm in which any of those persons is or was a partner, or to any company with which any of those persons is or was associated, for services rendered by

that person, or by the firm or the company, in connection with the formation or promotion of the Company or the Offers pursuant to this Prospectus.

Pursuant to Section 716 of the Corporations Act, Ms Jennifer King has given and has not withdrawn her consent to being named as Underwriter to the Entitlement Issue in the Corporate Directory of this Prospectus in the form and context in which she is named. Ms Jennifer King has not caused or authorised the issue of this Prospectus, does not make or purport to make any statement in this Prospectus and takes no responsibility for any part of this Prospectus.

Pursuant to Section 716 of the Corporations Act, Mr John Crosby has given and has not withdrawn his consent to being named as Underwriter to the Entitlement Issue in the Corporate Directory of this Prospectus in the form and context in which he is named.

Pursuant to Section 716 of the Corporations Act, Steinepreis Paganin has given, and has not withdrawn its consent to being named as Solicitors to the Company in the Corporate Directory of this Prospectus in the form and context in which it is named. Steinepreis Paganin has not caused or authorised the issue of this Prospectus, does not make or purport to make any statement in this Prospectus and takes no responsibility for any part of this Prospectus.

Steinepreis Paganin act as solicitors to the Company. Steinepreis Paganin will be paid approximately \$15,000 for services in relation to this Prospectus.

8.7 Legal Proceedings

There is no litigation, arbitration or proceedings pending against or involving the Company as at the date of this Prospectus.

8.8 Estimated Expenses of Offers

In the event that the Offers are fully subscribed, the estimated expenses of the Offers are as follows:

	\$
ASIC fees	2,010
ASX fees	9,376
Legal expenses	15,000
Printing and other expenses	4,164
Total	31,000

8.9 Market Price of Shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

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

Highest: \$0.12 on 26 February 2008

Lowest: \$0.065 on 17 March 2009

The latest available closing sale price of the Company's Shares on ASX prior to the lodgement of this Prospectus with the ASIC was \$0.065 on 17 March 2009.

8.10 Electronic Prospectus

Pursuant to Class Order 00/044, the ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with the ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the application form. If you have not, please phone the Company and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both.

The Company reserves the right not to accept an application form from a person if it has reason to believe that when that person was given access to the electronic application form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

9. AUTHORITY OF DIRECTORS

9.1 Directors' Consent

Each of the Directors of Reclaim Industries Limited has consented to the lodgement of this Prospectus with the ASIC in accordance with Section 720 of the Corporations Act

Dated the 30th day of March 2009

SIGNED for and on behalf of



John Crosby
Managing Director
RECLAIM INDUSTRIES LIMITED

10. DEFINITIONS

Applicant means a Shareholder who applies for Shares pursuant to the Offer.

ASIC means the Australian Securities and Investments Commission.

ASTC Settlement Rules means the settlement rules of the securities clearing house which operates CHESS.

ASX means the ASX Limited (ACN 008 624 691).

Board means the board of Directors unless the context indicates otherwise.

Business Day means a day on which trading takes place on the stock market of ASX.

Closing Date means the closing date of the Offer, being 5.00pm (WST) on 29 April 2009 (unless extended).

Company means Reclaim Industries Limited (ACN 090 671 819).

Constitution means the Company's Constitution as at the date of this Prospectus.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the directors of the Company at the date of this Prospectus.

Dollar or "\$" means Australian dollars.

Entitlement means the entitlement of a Shareholder who is eligible to participate in the Offer.

Entitlement and Acceptance Form means the entitlement and acceptance form either attached to or accompanying this Prospectus.

Entitlement Issue means the issue of Shares under the Entitlement Issue contained in this Prospectus.

Entitlement Issue means the offer pursuant to the Prospectus of one (1) new Share for every two (2) Shares held by a Shareholder on the Record Date to raise \$2,521,609 and includes the offer of the Shortfall.

Listing Rules or **ASX Listing Rules** means the Listing Rules of the ASX.

Marketable Parcel means a parcel of Shares of not less than \$500 based on an issue price of \$0.065 per Share (i.e. 7,693 Shares).

Offers means the offers of Shares pursuant to this Prospectus, consisting of the Entitlement Issue and Top Up Offer.

Offer Period means the period commencing on the Opening Date and ending on the Closing Date.

Official List means the official list of ASX.

Opening Date means 15 April 2009.

Option means an option to acquire a Share.

Prospectus means this prospectus.

Quotation and **Official Quotation** means official quotation on ASX.

Record Date means 5.00pm (WST) on 8 April 2009.

Related Corporation has the meaning given to that term in the Corporations Act.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a shareholder of the Company.

Shortfall means those Shares under the Offer not applied for by Shareholders under their Entitlement.

Shortfall Application Form means the shortfall application form attached to or accompanying this Prospectus.

Top-Up Offer means the top up offer to existing Shareholders described in Section 4.7.

Underwriters means Ms Jennifer King and Mr John Crosby.

WST means Western Standard Time.