

**ANAECO LIMITED**  
**ACN 087 244 228**

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## **ENTITLEMENT ISSUE PROSPECTUS**

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For a renounceable entitlement issue of 3.5 Shares for every 1 Share held by those Shareholders registered at the Record Date at an issue price of \$0.012 per Share to raise \$21,426,727 (based on the number of Shares on issue as at the date of this Prospectus) (**Offer**).

**This Offer is fully underwritten by Patersons and Wilson HTM. Refer to Sections 4.5 and 9.4 of this Prospectus for details regarding the terms of the underwriting arrangements.**

### **IMPORTANT NOTICE**

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the securities 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. CORPORATE DIRECTORY

### Directors

Patrick Kedemos – *Managing Director and Chief Executive Officer*

Shaun Scott – *Non-Executive Chairman*

Ian Campbell – *Non-Executive Director*

Gianmario Alessio Capelli – *Non-Executive Director*

### Registered Office

3 Turner Avenue  
BENTLEY WA 6102

Telephone: +61 8 9361 4777

Facsimile: +61 8 9361 4888

Email: [info@anaeco.com](mailto:info@anaeco.com)

Website: [www.anaeco.com](http://www.anaeco.com)

### Company Secretary and Chief Financial Officer

David Lymburn

### Share Registry\*

Computershare Investor Services Pty Limited  
Level 2, Reserve Bank Building  
45 St Georges Terrace,  
PERTH, WA 6000

Telephone: (Australia) 1300 850 505

Telephone: (Overseas) +61 (0)3 9415 4000

### Auditor\*

Ernst & Young  
11 Mounts Bay Road  
PERTH WA 6000

### Solicitors

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

### Joint Lead Managers and Underwriters

Patersons Securities Limited  
Level 23 Exchange Plaza  
2 The Esplanade  
PERTH WA 6000

Wilson HTM Corporate Finance Limited  
Level 11, 8 Exhibition Street  
MELBOURNE VIC 3000

\*These entities are included for information purposes only. Neither has been involved in the preparation of this Prospectus nor have they consented to being named in this Prospectus.

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2. LETTER FROM THE MANAGING DIRECTOR AND CEO

Dear Shareholder,

AnaeCo Limited (**AnaeCo** or the **Company**) has come a long way in its 14 years of technology development and is working towards completion of the first industrial-scale DiCOM™ plant in Perth.

Thanks to your support, we have so far been able to sustain a significant financial effort. As was indicated in 2012, we now need to recapitalise the Company so that we can fulfil our remaining obligations on the WMRC DiCOM Expansion Project, and prepare our Company for the effective commercialisation of the DiCOM™ System.

This is a Prospectus for a renounceable entitlements issue of 3.5 Shares for every 1 Share held by those Shareholders registered at the Record Date at an issue price of \$0.012 per Share to raise \$21,426,727 (**Offer**).

Following successful completion of the Offer, the Company will have sufficient capital to carry out completion of the WMRC DiCOM Expansion Project, and to progress commercialisation of the DiCOM System™. A beneficial outcome of this Offer is that we expect to strengthen the shareholder base by adding some institutional investors to the share register.

I encourage you to consider your own participation in this context.

Yours faithfully,



**Patrick Kedemos**  
**Managing Director & CEO**

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### 3. TIMETABLE

Lodgement of Prospectus with the ASIC	21 February 2013
Lodgement of Prospectus & Appendix 3B with ASX	21 February 2013
Notice sent to Shareholders	25 February 2013
Ex date	26 February 2013
Rights start trading	26 February 2013
Record Date for determining Entitlements	4 March 2013
Prospectus despatched to Shareholders & Company announces despatch has been completed	7 March 2013
Rights stop trading	15 March 2013
Securities quoted on a deferred settlement basis	18 March 2013
Closing Date*	22 March 2013
ASX notified of under subscriptions	26 March 2013
Despatch of holding statements	2 April 2013
Quotation of Shares issued under the Offer*	3 April 2013

\*The Directors may extend the Closing Date by giving at least 6 Business Days notice to ASX prior to the Closing Date. As such the date the Shares are expected to commence trading on ASX may vary.

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#### 4. IMPORTANT NOTES

This Prospectus is dated 21 February 2013 and was lodged with the ASIC on that date. The ASIC and its officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Shares may be issued on the basis of this Prospectus later than 13 months after the date of 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.

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

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

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering 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.

##### 4.1 Forward-looking statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' 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 our Company, the Directors and our management.

We cannot and do not give any assurance that the results, performance or achievements expressed or implied by 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.

We have 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.

These forward looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or

anticipated in these statements. These risk factors are set out in section 8 of this Prospectus.

## 4.2 Risk factors

Potential investors should be aware that subscribing for Shares in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in Section 8 of this Prospectus. These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Shares in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

A summary of some of the key risks include:

Risk	Description	Reference in Prospectus
<b>Potential for significant dilution</b>	<p>Upon implementation of the Offer, assuming all Entitlements are taken up the number of Shares in the Company will increase from 510,160,155 currently on issue to 2,295,720,698 (approximately four times its current issued share capital). This means that each Share will represent a significantly lower proportion of the ownership of the Company.</p> <p>Furthermore, upon the conversion of outstanding loans into equity following completion of the Offer, as set out in Sections 9.5, 9.6 and 9.7 (subject to Shareholder approval), Shareholdings will be further diluted.</p>	8.2(a)
<b>Ability to continue as a going concern</b>	Should the Company be unsuccessful in undertaking additional raisings or obtaining further funding (including by way of this Offer), there is a risk that the Company may not be able to continue as a going concern or may result in significant delay or postponement of the Company's projects.	8.2(b)
<b>WMRC DiCOM Expansion Project</b>	The WMRC DiCOM Expansion Project is being undertaken jointly by AnaeCo and Monadelphous Group Limited, under a Design & Construct contract for the principal, Brockway DiCOM Facility Pty Ltd atf DiCOM AWT Investment Trust. The Design & Construct contract is a fixed price contract. Whilst AnaeCo and Monadelphous have joint responsibility for delivery under this contract, certain responsibilities have been allocated between the parties with AnaeCo responsible for design, technology and commissioning, and Monadelphous responsible for construction, and project	8.2(c)

Risk	Description	Reference in Prospectus
	<p>management. Each of AnaeCo and Monadelphous account for their separate responsibilities and interests in the revenue and costs of completing the contract.</p> <p>Work to be completed includes the finalisation of a few remaining items of construction, to be followed by commissioning, ramp-up and performance trials of the plant. Ramp-up means the progressive build up of biologically processing organic waste in the bioconversion system, over a period of 12 weeks. The performance trials will be conducted once the plant is running at full operational capacity, over a 9 week period.</p> <p>The Company is targeting completion of this work by December 2013.</p> <p>The Company will not receive any revenue for completion of its remaining obligations under the Design &amp; Construct contract.</p> <p>There can be no assurance that all of these activities will go to plan or that they will be completed within time and budget.</p>	
<p><b>Government Grants – Research &amp; Development Income Tax Incentive</b></p>	<p>The Company's technology development of the DiCOM System™ has enabled it to successfully apply for the R&amp;D Tax Incentive, for which \$4.9m has been received in relation to eligible expenditure in the 2012 financial year. The Company's continued development of the DiCOM System™, including its demonstration at the WMRC Project, should mean it will have further eligible expenditure in the 2013 and 2014 financial years.</p> <p>There can be no assurance that the Company's activities and the related expenditure will continue to satisfy the eligibility and other criteria required to successfully qualify for these grants in the future. Also, there can be no assurance that the tax legislation on which these grants are based will not change in the future.</p>	<p>8.2(d)</p>
<p><b>WMRC Project Operations &amp; Maintenance Contract</b></p>	<p>The Company is contracted to provide operations and maintenance services to the WMRC DiCOM facility being constructed for Brockway DiCOM Facility Pty Ltd atf DiCOM AWT Investment Trust. This contract is a typical facilities management service contract whereby the asset owner retains the responsibility for costs, but outsources the service supply to a third party (in this</p>	<p>8.2(e)</p>



Risk	Description	Reference in Prospectus
	<p>case, the Company). It is a long term service supply contract with certain service delivery obligations commencing whilst ramp-up and performance trials are still in progress.</p> <p>There can be no assurance that the Company will continue to perform this contract to the satisfaction of the principal, and be retained as the long term service provider. Further, whilst the contract is designed to isolate the service provider from the financial and commercial risks of day to day operations, there can be no guarantee that the performance of its service delivery (including any sub-contracted services) will be profitable and or not expose the Company to potential financial risks.</p>	
<b>Development and commercialisation of technologies</b>	The Company is relying on its ability to develop and commercialise its DiCOM technology, including development of the WMRC DiCOM Expansion Project, located in Perth, Western Australia. Failure to successfully develop and commercialise this technology could lead to a loss of opportunity and adversely impact on the Company's operating results and financial position.	8.3(a)
<b>Intellectual Property</b>	The Company's interest in the DiCOM system is protected by a portfolio of issued and pending patents. Whilst this provides the Company with protection, there is no guarantee that other companies will not legally challenge the patents or that they might knowingly or unknowingly infringe the Company's patents. Any such action may adversely affect the business, operating results and financial condition of the Company.	8.3(b)
<b>Research and development</b>	The Company can make no representation that any of its research into or development of the DiCOM System necessary to achieve commercialisation will be successful, that the development milestones will be achieved, or that the DiCOM System will generate products that are commercially exploitable.	8.3(c)
<b>Product liability and uninsured risks</b>	Through its intended business, the Company is exposed to potential product liability risks which are inherent in the research and development, manufacturing marketing and use of its products or products developed with future co-development	8.3(d)

Risk	Description	Reference in Prospectus
	alliance partners. It will be necessary to secure insurance to help manage such risks. The Company may not be able to maintain insurance for product or service liability on reasonable terms in the future and, in addition, the Company's insurance may not be sufficient to cover large claims, or the insurer could disclaim coverage on claims.	

#### 4.3 Directors Interests in Securities

The relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus, together with their respective Entitlement, is set out in the table below.

Director	Shares	Entitlement	\$
Dr Ian Campbell	124,752,254	436,632,889	\$5,239,595
Mr Gianmario Alessio Capelli	39,041,837	136,646,430	\$1,639,757
Mr Shaun Scott	14,002,934	49,010,269	\$588,123
Mr Patrick Kedemos	3,502,229	12,257,802	\$147,094

As at the date of this Prospectus, Mr Capelli intends to subscribe for a minimum of \$750,000 under his Entitlement, Mr Scott intends to subscribe for a minimum of \$50,000 under his Entitlement and Mr Kedemos intends to subscribe for a minimum of \$50,000 under his Entitlement. Dr Campbell has not determined the amount (if any) that he will subscribe for as at the date of this Prospectus. Mr David Lymburn, the Company's Company Secretary and Chief Financial Officer has agreed to subscribe for a minimum of \$50,000 under his Entitlement.

#### 4.4 Substantial Holders

Based on publicly available information as at the date of this Prospectus, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

Shareholder	Shares	%
Dr Ian Campbell	124,752,254	24.45%
Monadelphous Group Ltd	44,000,000	8.62%
Mr Gianmario Capelli	39,041,837	7.65%

In the event all Entitlements are accepted there will be no change to the substantial holders on completion of the Offer.

#### 4.5 Underwriting and Sub-underwriting Arrangements

The Offer is underwritten by Patersons and Wilson HTM (together the **Underwriters**) up to the full amount under the Offer, being \$21,426,727.

The Company has agreed to pay the Underwriters an underwriting fee of \$915,336 as follows:

- (a) Patersons will receive: \$450,501; and
- (b) Wilson HTM will receive: \$464,835 (**Underwriting Fee**).

All sub-underwriting and selling fees to third parties which the Underwriters have agreed to pay will be met from the fee payable to the Underwriters above.

The Company must pay to the Underwriters in equal proportions a fee of \$100,000 for their services in managing the Offer (**Corporate Advisory Fee**). The Corporate Advisory Fee will be rebated against the Underwriting Fee on completion of the Offer. In the event that the Company or the Underwriters terminate the Underwriting Agreement, the Company will pay the Corporate Advisory Fee (in equal portions) as a termination fee.

The Company will also reimburse the Underwriters for all reasonable costs and expenses incidental to the Offer.

Under the Underwriting Agreement, an Underwriter will not be required to subscribe for Shares to the extent that this would result in a breach of the 20% limit in s606 of the Corporations Act. The Directors consider it is unlikely this circumstance will arise.

Refer to Section 9.4 for a summary of the material terms of the Underwriting Agreement.

Monadelphous Group Ltd (**Monadelphous**), a substantial shareholder of the Company, has agreed a firm commitment with the Underwriters to subscribe for a total of \$3,000,000 under the Offer (250,000,000 Shares), consisting of subscribing for its full Entitlement, being \$1,848,000, together with the agreement to sub-underwrite up to an additional \$1,152,000.

On the basis that Monadelphous takes up its full entitlement and its general sub-underwriting commitment (\$3,000,000), Monadelphous' overall holding in the Company on completion of the Offer would increase to 12.8%. On the basis that the Company converts part of the liability owed by the Company to Monadelphous (\$1,500,000) into Shares as set out in Section 4.6(c) below, this would increase Monadelphous overall holding to 17.3%, provided no other Shares are issued post completion of the Offer.

#### 4.6 Conversion of Outstanding Debts

- (a) The Company and Nichol Bay Holdings Pty Ltd (**NBH**), an entity controlled by Mr Capelli (a Director of the Company) have agreed to alter the terms for repayment of an existing short term loan in place with the Company whereby the outstanding balance of the current loan and capitalised interest will be converted to equity by the issue of Shares in the Company at the same price as the Offer, i.e. \$0.012 per Share. If, for example, the conversion date is 31 March 2013, the outstanding balance including capitalised interest will be \$268,747 and the number of Shares issued at \$0.012 per share will be 22,395,583. The

issue of these Shares to NBH are subject to the approval of Shareholders at a general meeting on a date to be set following completion of the Offer. Please refer to Section 9.5 for further details.

- (b) The Company and CF2 Pty Ltd (**CF2**), an entity controlled by Dr Campbell (a Director of the Company), have agreed to alter the terms for repayment of an existing convertible loan in place with the Company whereby the outstanding balance of the convertible loan and capitalised interest will be converted to equity by the issue of Shares at the same price as the Offer, i.e. \$0.012 per Share. If, for example, the conversion date is 31 March 2013, the outstanding balance including capitalised interest will be \$450,165 and the number of Shares issued at \$0.012 per share will be 37,513,750. The issue of these Shares to CF2 are subject to the approval of Shareholders at a general meeting on a date to be set following completion of the Offer. Please refer to Section 9.6 for further details.
- (c) The Company and Monadelphous, a substantial shareholder of the Company, have agreed that part of the liability owed by the Company to Monadelphous (\$1,500,000) shall be satisfied by the issue of Shares at the same price as the Offer, i.e. \$0.012 per Share. The number of Shares issued at \$0.012 per share will be 125,000,000. The issue of these Shares to Monadelphous are subject to the approval of Shareholders at a general meeting on a date to be set following completion of the Offer. Please refer to Section 9.7 for further details.

#### 4.7 Nominee for Foreign Holders

Patersons has been appointed as the Company's nominee for foreign shareholders for the purposes of ASX Listing Rule 7.7 for those foreign shareholders who have been deemed ineligible to participate under the Offer (**Nominee**).

Pursuant to the arrangement with the Nominee, the Company will transfer to the Nominee the rights that would otherwise be issued to the foreign holders who either accept the offer or are otherwise entitled to acquire such rights under the Offer and the Nominee will then sell those rights and provide the proceeds of those sales (net of expenses) to the Company (or its Share Register). The Company will then distribute to each of those foreign holders their proportion of the proceeds of the sale net of expenses.

The Company will pay the Nominee a brokerage fee of 1.5% on the total gross dollar value of all securities sold or \$500 plus applicable GST, whatever is the greater.

#### 4.8 Expenses of the offer

In the event that all Entitlements are accepted, the total expenses of the Offer are estimated to be approximately \$980,513 (excluding GST) (if the full subscription is raised) and are expected to be applied towards the items set out in the table below:

	<b>Maximum Subscription (\$)</b>
ASIC fees	2,171
ASX fees	25,006
Legal fees	20,000
Underwriter and Lead Manager fees	915,336

Printing and distribution	8,000
Miscellaneous	10,000
<b>Total</b>	<b><u>\$980,513</u></b>

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## 5. DETAILS OF THE OFFER

### 5.1 The Offer

The Offer is being made as a renounceable entitlement issue of 3.5 Shares for every 1 Share held by Shareholders registered at the Record Date at an issue price of 1.2 cents per Share. Fractional entitlements will be rounded up to the nearest whole number.

Based on the capital structure of the Company as at the date of this Prospectus and assuming all Entitlements are accepted, a maximum of 1,785,560,543 will be issued pursuant to this Offer to raise \$21,426,727.

All of the Shares offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 7 for further information regarding the rights and liabilities attaching to the Shares.

The purpose of the Offer and the intended use of funds raised are set out in section 6.1 of this Prospectus.

### 5.2 What Eligible Shareholders may do

The number of Shares to which Eligible Shareholders are entitled is shown on the accompanying personalised Entitlement and Acceptance Form. Eligible Shareholders may:

- (a) take up all of their Entitlement (refer to section 5.3);
- (b) take up all of their Entitlement and apply for additional Shares under the Shortfall Offer (refer to Sections 5.3 and 5.13);
- (c) sell all of their Entitlement on ASX (refer to section 5.4);
- (d) take up a proportion of their Entitlement and sell the balance on ASX (refer to section 5.5);
- (e) take up a proportion of their Entitlement and allow the balance to lapse (refer to section 5.6);
- (f) sell all or a proportion of their Entitlement other than on ASX (refer to section 5.7); or
- (g) allow all or part of their Entitlement to lapse (refer to section 5.8).

### 5.3 Taking up all of your Entitlement

Should you wish to accept all of your Entitlement, then applications for Shares under this Prospectus must be made on the Entitlement and Acceptance Form which accompanies this Prospectus or by completing a BPAY® payment, in accordance with the instructions referred to in this Prospectus and on the Entitlement and Acceptance Form. Please read the instructions carefully.

Please complete the Entitlement and Acceptance Form by filling in the details in the spaces provided and attach a cheque for the Application Monies indicated on the Entitlement and Acceptance Form.

Completed Entitlement and Acceptance Forms must be accompanied by a cheque in Australian dollars, crossed "**Not Negotiable**" and made payable to

**“AnaeCo Limited — Share Issue Account”** and lodged and received at any time after the issue of this Prospectus and on or before the Closing Date at the Company's Share Registry at:

Computershare Investor Services Pty Limited  
GPO Box 505  
Melbourne, VIC 3001

If you wish to pay via BPAY® you must follow the personalised instructions in your Entitlement and Acceptance Form. Make sure that you use the specific Biller Code and unique Customer Reference Number (CRN) on your personalised Entitlement and Acceptance Form. You do not need to return a completed Entitlement and Acceptance Form but are taken to have made the declarations in the Entitlement and Acceptance Form and the representations outlined below in section 5.9. If you have more than one shareholding of Shares and consequently receive more than one Entitlement and Acceptance Form, when taking up your Entitlement in respect of one of those Shareholdings only use the CRN specific to that Shareholding as set out in the applicable Entitlement and Acceptance Form. Do not use the same CRN for more than one of your Shareholdings. This can result in your Application Monies being applied to your Entitlement in respect of only one of your Shareholdings (with the result that any application in respect of your remaining Shareholdings will not be valid).

You should be aware that your own financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration when making payment. It is your responsibility to ensure that funds submitted through BPAY® are received by 3:00pm (WST) on the Closing Date.

The Company shall not be responsible for any postal or delivery delays or delay in the receipt of the BPAY® payment.

#### **5.4 Selling all your Entitlement on ASX**

The Entitlements under the Offer are renounceable which means that all or part of an Eligible Shareholder's rights to subscribe for Shares under the Offer may be traded on ASX. If you wish to sell all of your Entitlement on ASX, provide instructions to your stockbroker regarding the Entitlement you wish to sell on ASX. Trading of Entitlements on the ASX will be open for the period as specified in the timetable in Section 2 of this Prospectus.

There is no guarantee that an Eligible Shareholder will be able to sell all or any part of their Entitlement on ASX or that any particular price will be paid for the Entitlements sold on ASX.

#### **5.5 Taking up a proportion of your Entitlement and selling the balance on ASX**

If you wish to take up only part of your Entitlement, complete the accompanying personalised Entitlement and Acceptance Form for the number of Shares you wish to take up and follow the steps in section 5.3, or make a payment by BPAY in accordance with section 5.12.

Subsequently, provide instructions to your stockbroker regarding the proportion of your Entitlement you wish to sell on ASX.

## 5.6 Taking up a proportion of your Entitlement and allowing the balance to lapse

If you wish to take up only part of your Entitlement and allow the balance to lapse, complete the accompanying personalised Entitlement and Acceptance Form for the number of Shares you wish to take up and follow the steps in section 5.3. If you take no further action, the balance of your Entitlement will lapse and you will have forfeited any potential benefit to be gained from taking up or selling that part of your Entitlement.

## 5.7 Selling all or a proportion of your Entitlement other than on ASX

You may elect to transfer all or a proportion of your Entitlement to another person other than on ASX. If the purchaser of your Entitlement is an Ineligible Shareholder or a person that would be an Ineligible Shareholder if they were a registered holder of Shares, that purchaser will not be able to take up the Entitlement they have purchased.

If you are a shareholder on the issuer sponsored subregister and you wish to transfer all or a proportion of your Entitlement to another person other than on ASX, forward a completed standard renunciation and transfer form (obtainable from the Share Registry) and the applicable transferee's cheque for the Shares they wish to subscribe for payable to "**AnaeCo Limited - Share Issue Account**" and crossed "**Not Negotiable**" to the Share Registry (by delivery or by post at any time after the issue of this Prospectus and on or before the Closing Date) at the following address:

Computershare Investor Services Pty Limited  
GPO Box 505  
Melbourne, VIC 3001

If you wish to transfer all or a proportion of your Entitlement to or from another person on the CHESS subregister you must engage your CHESS controlling participant (usually your stockbroker). If the transferee wants to exercise some or all of the Entitlement, you should follow your stockbroker's instructions as to the most appropriate way to take up the Entitlement on their behalf. The Application Monies for Shares the transferee of the Entitlement wants to acquire must be received by Share Registry in accordance with section 5.3.

## 5.8 Allow all or part of your Entitlement to lapse

Shareholders should be aware that their Entitlement may have value. Entitlement are renounceable, which enable Eligible Shareholders who do not wish to take up part or all of their Entitlement to seek to sell or trade all or some of their Entitlement on ASX.

If you do not wish to accept or trade any part of your Entitlement, you are not obliged to do anything. If you do not take up your Entitlement or dispose of your Entitlement by the Closing Date, the Offer to you will lapse.

## 5.9 Implications of an acceptance

Returning a completed Entitlement and Acceptance Form or paying any Application Monies by BPAY® will be taken to constitute a representation by you that:

- (a) you have received a copy of this Prospectus and the accompanying Entitlement and Acceptance Form, and read them both in their entirety;



- (b) you acknowledge that once the Entitlement and Acceptance Form is returned, or a BPAY® payment instruction is given in relation to any Application Monies, the application may not be varied or withdrawn except as required by law.

#### 5.10 Minimum subscription

The minimum subscription under the Offer is \$21,426,727, being the full subscription. 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.

#### 5.11 Payment by cheque/bank draft

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to “**AnaeCo Limited – Share Issue Account**” and crossed “**Not Negotiable**”.

Your completed Entitlement and Acceptance Form and cheque must reach the Company’s share registry no later than 4:00pm WST on the Closing Date.

#### 5.12 Payment by BPAY®

For payment by BPAY®, please follow the instructions on the Entitlement and Acceptance Form. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you choose to pay by BPAY®:

- (a) you do not need to submit the Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form; and
- (b) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Shares which is covered in full by your application monies.

**It is your responsibility to ensure that your BPAY® payment is received by the share registry by no later than 3:00pm (WST) on the Closing Date. You should be aware that your financial institution may implement either cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment.** Any application monies received for more than your final allocation of Shares (only where the amount is \$1.00 or greater) will be refunded. No interest will be paid on any application monies received or refunded.

#### 5.13 Shortfall Offer

The offer of the Shortfall is a separate offer pursuant to this Prospectus. Shares not taken up by Eligible Shareholders will form part of the Shortfall Offer. The issue price of any Shares offered pursuant to the Shortfall Offer will be \$0.012 each, which is the issue price at which the Offer has been made to Eligible Shareholders.

#### Eligible Shareholders

Eligible Shareholders may, in addition to their Entitlement, apply under the Shortfall Offer, regardless of the size of their present holding.

Eligible Shareholders who wish to apply for Shortfall Shares above their Entitlement can complete the appropriate boxes on the Entitlement and Acceptance Form accompanying this Prospectus and return it together with a cheque for the value of those Shortfall Shares (at \$0.012 per Shortfall Share) to the Share Registry.

### **Other investors**

Allocation of the Shortfall Shares is subject to the terms of the Underwriting Agreement. There is no guarantee that Eligible Shareholders will receive the Shortfall Shares applied for.

Shortfall Shares will only be issued if the Offer is undersubscribed and will only be issued to the extent necessary to make up any shortfall in subscriptions. The Directors and the Underwriters reserve the right to reject any application for Shortfall Shares or to allot a lesser number of Shortfall Shares than applied for or not proceed with the issuing of the Shortfall Shares or part thereof. If the number of Shares issued is less than the number applied for in an Entitlement and Acceptance Form or Shortfall Application Form, surplus Application Monies will be refunded in full as soon as practicable after the closing date of the Shortfall Offer. Interest will not be paid on Application Monies refunded.

The Underwriters and the Directors reserve the right to place the Shortfall at their discretion within 3 months after the close of the Offer subject to the Listing Rules and any restrictions under any applicable law. The Underwriters and the Company reserve the right to allot to an Applicant a lesser number of Shortfall Shares than the number for which the Applicant applies, or to reject an Application, or to not proceed with the Shortfall Offer or issue of any Shortfall Shares.

#### **5.14 ASX listing**

Application for Official Quotation of the Shares offered pursuant to this Prospectus will be made in accordance with the timetable set out at the commencement of this Prospectus. If ASX does not grant Official Quotation of the Shares offered pursuant to this Prospectus before the expiration of 3 months after the date of issue of the Prospectus, (or such period as varied 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.

#### **5.15 Allotment**

Shares issued pursuant to the Offer will be allotted in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus.

Shares issued pursuant to the Shortfall Offer will be allotted on a progressive basis. 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 of the Shortfall Offer.

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.

Holding statements for Shares issued under the Offer will be mailed in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus and for Shortfall Shares issued under the Shortfall Offer as soon as practicable after their issue.

#### **5.16 Overseas shareholders**

This Offer does not, and is not intended to, constitute an offer 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 Offer is not being extended and Shares will not be issued to Shareholders with a registered address which is outside Australia or New Zealand.

The Offer is being made in New Zealand pursuant to the Securities Act (Overseas Companies) Exemption Notice 2002.

Shareholders resident in Australia or New Zealand holding Shares on behalf of persons who are resident overseas are responsible for ensuring that taking up an Entitlement under the Offer does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

#### **5.17 Underwriting and Sub-Underwriting**

Please refer to Sections 4.5 and 9.4 for details of the underwriting and sub-underwriting arrangements in place for the Offer.

#### **5.18 Enquiries**

Any questions concerning the Offer should be directed to David Lymburn, Company Secretary, on +61 8 9361 4777.

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## 6. PURPOSE AND EFFECT OF THE OFFER

### 6.1 Purpose of the Offer

The purpose of the Offer is to raise \$21,426,727.

The funds raised from the Offer are planned to be used in accordance with the table set out below:

Item	Proceeds of the Offer	Full Subscription (\$)	%
1.	WMRC DiCOM Expansion Project completion <sup>1</sup>	15,040,000	70.2%
3.	Expenses of the Offer <sup>2</sup>	980,513	4.6%
4.	Working capital <sup>3</sup>	5,406,214	25.2%
	<b>Total</b>	<b>21,426,727</b>	<b>100%</b>

#### Notes:

1. This includes: \$5,500,000 payments due to Monadelphous for additional costs incurred on the WMRC DiCOM Expansion Project to be paid at closure of the Offer; and \$9,540,000 in other costs relating to the completion of the project, including the final elements of construction, commissioning, ramp-up and performance trials.
2. Refer to section 4.8 of this Prospectus for further details relating to the estimated expenses of the Offer.
3. Working capital is intended to be allocated towards general operation costs of the Company over the next 12 to 18 months, which includes staff costs, business development, corporate overheads and general administration.

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

On completion of the Offer, the Board believes the Company will have sufficient working capital to achieve its objectives.

### 6.2 Effect of the Offer

The principal effect of the Offer, assuming all Entitlements are accepted will be to:

- (a) increase the cash reserves by \$20,446,214 (after deducting the estimated expenses of the Offer) immediately after completion of the Offer; and
- (b) increase the number of Shares on issue from 510,160,155 as at the date of this Prospectus to 2,295,720,698 Shares.

### 6.3 Pro-forma balance sheet

The unaudited balance sheet as at 31 December 2012 and the unaudited pro-forma balance sheet as at 31 December 2012 shown below have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position.

The pro-forma balance sheet has been prepared assuming all Entitlements are accepted and including expenses of the Offer.

The pro-forma balance sheet has been prepared to provide investors 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.

<b>BALANCE SHEET</b>	<b>unaudited 31/12/2012</b>	<b>pro-forma adjustments</b>	<b>Pro-forma 31 Dec 2012</b>
<b>Current Assets</b>			
Cash and cash equivalents	2,540,735	14,946,213 <sup>1</sup>	17,486,948
Trade and other receivables	4,729,751		4,729,751
Other	66,310		66,310
<b>Total Current Assets</b>	<b>7,336,796</b>	<b>14,946,213</b>	<b>22,283,009</b>
<b>Non Current Assets</b>			
Property, plant and equipment	54,927		54,927
Intangible assets	4,436,143		4,436,070
<b>Total Non Current Assets</b>	<b>4,491,070</b>	<b>0</b>	<b>4,491,070</b>
<b>Total Assets</b>	<b>11,827,866</b>	<b>14,946,213</b>	<b>26,774,079</b>
<b>Current Liabilities</b>			
Trade and other payables	4,822,302		4,822,302
Provision for loss on engineering services contract	12,933,380	(7,000,000) <sup>2</sup>	5,933,380
Interest bearing liabilities	4,277,873	(698,052) <sup>3</sup>	3,579,820
Provisions	213,667		213,667
<b>Total Current Liabilities</b>	<b>22,247,222</b>	<b>(7,698,052)</b>	<b>14,549,169</b>
<b>Non Current Liabilities</b>			

Interest bearing liabilities	3,000,000		3,000,000
Non interest bearing liabilities	2,000,000		2,000,000
Provisions	169,819		169,819
<b>Total Non Current Liabilities</b>	5,169,819	0	169,819
<b>Total Liabilities</b>	27,417,041	(7,698,052)	19,718,989
<b>Net Assets</b>	(15,589,175)	22,644,265	7,055,090
<b>Equity</b>			
Contributed Equity	45,145,766	22,644,265 <sup>4</sup>	67,790,031
Reserves	899,784		899,784
Accumulated profits/losses	(61,634,725)		(61,634,725)
<b>Total Equity</b>	(15,589,175)	22,644,265	7,055,090

Notes to the pro-forma adjustments

1. Cash and cash equivalents

Gross proceeds of the Offer	21,426,727
Expenses of the Offer	(980,513)
Payments to Monadelphous Group Limited	(5,500,000)
	<u>14,946,213</u>

2. Provision for loss on engineering services contract

Payments to Monadelphous Group Limited	(5,500,000)
Issue of shares to Monadelphous Group Limited in settlement of a liability	(1,500,000)
	<u>(7,000,000)</u>

3. Interest bearing liabilities

Conversion to equity of Loan owing to Nichol Bay Holdings Pty Ltd	(260,949)
Conversion to equity of loan owing to CF2 Pty Ltd	(437,103)
	<u>(698,052)</u>

4. Contributed equity

Issue of Shares under the Offer	21,426,727
Expenses of the Offer	(980,513)
Conversion to equity of Loan owing to Nichol Bay Holdings Pty Ltd	260,949
Conversion to equity of loan owing to CF2 Pty Ltd	437,103

Issue of shares to Monadelphous Group Limited in settlement of a liability	1,500,000
	22,644,265

#### 6.4 Effect on capital structure

The effect of the Offer on the capital structure of the Company, assuming all Entitlements are accepted is set out below.

##### Shares

	Number
Shares currently on issue	510,160,155 <sup>2</sup>
Shares offered pursuant to the Offer	1,785,560,543
<b>Total Shares on issue after completion of the Offer</b>	<b>2,295,720,698</b>

##### Notes:

<sup>1</sup> As the Company has no other securities on issue, the above table reflects the capital structure of the Company on a fully diluted basis as at the date of this Prospectus.

<sup>2</sup> Of this amount, the following Shares are currently subject to escrow restrictions:

- (a) 500,000 Shares restricted until 31 March 2013;
- (b) 250,000 Shares restricted until 30 June 2013;
- (c) 750,000 Shares restricted until 25 July 2013;
- (d) 750,000 Shares restricted until 18 December 2013;
- (e) 500,000 Shares restricted until 31 March 2014;
- (f) 250,000 Shares restricted until 30 June 2014;
- (g) 750,000 Shares restricted until 25 July 2014;
- (h) 750,000 Shares restricted until 18 December 2014;
- (i) 500,000 Shares restricted until 31 March 2015; and
- (j) 250,000 Shares restricted until 30 June 2015.

<sup>3</sup> As set out in Section 9.5, the Company and Nichol Bay Holdings Pty Ltd (**NBH**), an entity controlled by Mr Capelli (a Director of the Company) have agreed to alter the terms for repayment of an existing short term loan in place with the Company whereby the outstanding balance of the current loan and capitalised interest will be converted to equity by the issue of Shares in the Company at the same price as the Offer, i.e. \$0.012 per Share. If, for example, the conversion date is 31 March 2013, the outstanding balance including capitalised interest will be \$268,747 and the number of Shares issued at \$0.012 per share will be 22,395,583. The issue of these Shares to NBH are subject to the approval of Shareholders at a general meeting on a date to be set following completion of the Offer.

<sup>4</sup> As set out in Section 9.6, the Company and CF2 Pty Ltd (**CF2**), an entity controlled by Dr Campbell (a Director of the Company), have agreed to alter the terms for repayment of an existing convertible loan in place with the Company whereby the outstanding balance of the convertible loan and capitalised interest will be converted to equity by the issue of Shares at the same price as the Offer, i.e. \$0.012 per Share. If, for example, the conversion date is 31 March 2013, the outstanding balance including capitalised interest will be \$450,165 and the number of Shares issued at \$0.012 per share will be 37,513,750. The issue of these Shares to CF2 are subject to the approval of Shareholders at a general meeting on a date to be set following completion of the Offer.

<sup>5</sup> As set out in Section 9.7, the Company and Monadelphous have agreed that part of the liability owed by the Company to Monadelphous (\$1,500,000) shall be satisfied by the issue of Shares at the same price as the Offer, i.e. \$0.012 per Share. The number of Shares issued at \$0.012 per share will be 125,000,000. The issue of these Shares to Monadelphous are subject to the approval of Shareholders at a general meeting on a date to be set following completion of the Offer.



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## **7. RIGHTS AND LIABILITIES ATTACHING TO SHARES**

The following is a summary of the more significant rights and liabilities attaching to Shares being offered 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.

### **7.1 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.

### **7.2 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 fully paid 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 such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

### **7.3 Dividend rights**

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

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

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

#### **7.4 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, 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, 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.

#### **7.5 Shareholder liability**

As the Shares issued will be fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

#### **7.6 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 ASX Listing Rules.

#### **7.7 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 ASX 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.

#### **7.8 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.

## **7.9 Alteration of constitution**

In accordance with the Corporations Act, 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.

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## 8. RISK FACTORS

### 8.1 Introduction

The Shares offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus and to 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 Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

### 8.2 Company specific

#### (a) Potential for significant dilution

Upon implementation of the Offer, assuming all Entitlements is accepted the number of Shares in the Company will increase from 510,160,155 currently on issue to 2,295,720,698 (approximately four times its current issued share capital). This means that each Share will represent a significantly lower proportion of the ownership of the Company.

Furthermore, upon the conversion of outstanding loans into equity following completion of the Offer, as set out in Sections 9.5, 9.6 and 9.7 (subject to Shareholder approval), Shareholdings will be further diluted.

It is not possible to predict what the value of the Company or a Share will be following the completion of the Offer being implemented and the Directors do not make any representation as to such matters.

The last trading price of Shares on ASX on the day prior to the prospectus being lodged of \$0.025 is not a reliable indicator as to the potential trading price of Shares following the completion of the Offer.

#### (b) Ability to continue as a going concern

As noted in the Company's unaudited balance sheet (as at 31 Dec 2012 at Section 6.3), the Company has net current liabilities of A\$14,910,426, before the Offer. As at 31 December 2012, the Company has outstanding loans as follows:

<b>Outstanding Debt</b>	<b>\$</b>
CF2 Pty Ltd as trustee for CF Trust (an entity controlled by Dr. Ian Campbell)	\$437,103 <sup>1</sup>
Nichol Bay Holdings Pty Ltd (an entity controlled by Mr Les Capelli)	\$260,949 <sup>1</sup>
Monadelphous Group Limited	\$3,563,071 <sup>2</sup>
<b>Total</b>	<b>\$4,261,123</b>

**Notes:**

<sup>1</sup>Subject to Shareholder approval, these amounts will be repaid by conversion and issue of Shares in the Company following completion of the Offer.

<sup>2</sup>\$2,200,000 was repaid in January 2013 and the balance is anticipated to be repaid during March 2013.

Although the Directors are confident that the Company can meet its debts and future commitments as and when they fall due, the Company's ability to continue as a going concern is dependent on a number of factors, including:

- (a) success with commercialisation of its DiCOM technology and generating future sales to enable the Company to generate profit and positive cash flows;
- (b) obtaining additional funding as and when required, whether by way of equity, debt or a combination of both (including by way of this Offer); and
- (c) receiving the continued support of its shareholders and creditors.

Should the Company be unsuccessful in undertaking additional raisings or obtaining further funding (including by way of this Offer), there is a risk that the Company may not be able to continue as a going concern or may result in significant delay or postponement of the Company's projects.

There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing might not be favourable to the Company and might involve substantial dilution to Shareholders.

(c) **WMRC DiCOM Expansion Project**

The WMRC DiCOM Expansion Project is being undertaken jointly by AnaeCo and Monadelphous Group Limited, under a Design & Construct contract for the principal, Brockway DiCOM Facility Pty Ltd at DiCOM AWT Investment Trust. The Design & Construct contract is a fixed price contract. Whilst AnaeCo and Monadelphous have joint responsibility for delivery under this contract, certain responsibilities have been allocated between the parties with AnaeCo responsible for design, technology and commissioning, and Monadelphous responsible for construction, and project management. Each of AnaeCo and Monadelphous account for their separate responsibilities and interests in the revenue and costs of completing the contract.

Work to be completed includes the finalisation of a few remaining items of construction, to be followed by commissioning, ramp-up and performance trials of the plant. Ramp-up means the progressive build up of biologically processing organic waste in the bioconversion system, over a period of 12 weeks. The performance trials will be conducted once the plant is running at full operational capacity, over a 9 week period.

The Company is targeting completion of this work by December 2013.

The Company will not receive any revenue for completion of its remaining obligations under the Design & Construct contract.

There can be no assurance that all of these activities will go to plan or that they will be completed within time and budget.

(d) **Government Grants – Research & Development Income Tax Incentive**

The Company's technology development of the DiCOM System™ has enabled it to successfully apply for the R&D Tax Incentive, for which \$4.9m has been received in relation to eligible expenditure in the 2012 financial year. The Company's continued development of the DiCOM System™, including its demonstration at the WMRC Project, should mean it will have further eligible expenditure in the 2013 and 2014 financial years.

There can be no assurance that the Company's activities and the related expenditure will continue to satisfy the eligibility and other criteria required to successfully qualify for these grants in the future. Also, there can be no assurance that the tax legislation on which these grants are based will not change in the future.

(e) **WMRC Project Operations & Maintenance Contract**

The Company is contracted to provide operations and maintenance services to the WMRC DiCOM facility being constructed for Brockway DiCOM Facility Pty Ltd atf DiCOM AWT Investment Trust. This contract is a typical facilities management service contract whereby the asset owner retains the responsibility for costs, but outsources the service supply to a third party (in this case, the Company). It is a long term service supply contract with certain service delivery obligations commencing whilst ramp-up and performance trials are still in progress.

There can be no assurance that the Company will continue to perform this contract to the satisfaction of the principal, and be retained as the long term service provider. Further, whilst the contract is designed to isolate the service provider from the financial and commercial risks of day to day operations, there can be no guarantee that the performance of its service delivery (including any sub-contracted services) will be profitable and or not expose the Company to potential financial risks.

### 8.3 Industry specific

(a) **Development and commercialisation of technologies**

The Company is relying on its ability to develop and commercialise its DiCOM technology, including development of the WMRC DiCOM Expansion Project, located in Perth, Western Australia. Failure to successfully develop and commercialise this technology could lead to a loss of opportunities and adversely impact on the Company's operating results and financial position.

(b) **Intellectual Property**

The Company's interest in the DiCOM system is protected by a portfolio of issued and pending patents. Whilst this provides the Company with protection, there is no guarantee that other companies will not legally

challenge the patents or that they might knowingly or unknowingly infringe the Company's patents. Any such action may adversely affect the business, operating results and financial condition of the Company.

(c) **Research and Development**

The Company can make no representation that any of its research into or development of the DiCOM System necessary to achieve commercialisation will be successful, that the development milestones will be achieved, or that the DiCOM System will generate products that are commercially exploitable.

There are many risks inherent in the development of biotechnology products, particularly where the products are in the early stages of development. Projects can be delayed or fail to demonstrate sufficient benefit, or research may cease to be viable for a range of scientific and commercial reasons.

(d) **Product liability and uninsured risks**

Through its intended business, the Company is exposed to potential product liability risks which are inherent in the research and development, manufacturing marketing and use of its products or products developed with future co-development alliance partners. It will be necessary to secure insurance to help manage such risks. The Company may not be able to maintain insurance for product or service liability on reasonable terms in the future and, in addition, the Company's insurance may not be sufficient to cover large claims, or the insurer could disclaim coverage on claims.

Although the Company endeavours to work to rigorous standards there is still the potential for the products to contain defects which may result in system failures. These defects or problems could result in the loss of or delay in generating revenue, loss of market share, failure to achieve market acceptance, diversion of development resources, and injury to the Company's reputation or increased insurance costs.

If the Company fails to meet its clients' expectations, the Company's reputation could suffer and it could be liable for damages.

Further, the Company is exposed to the risk of catastrophic loss to necessary equipment, computer equipment or other facilities which would have a serious impact on the Company's operations. The Company gives no assurance that all such risks will be adequately managed through its insurance policies to ensure that catastrophic loss does not have an adverse effect on its performance.

(e) **Competition**

The Company's current and future potential competitors include companies with substantially greater resources than it. There is no assurance that competitors will not succeed in developing products that are more effective or economic than the current products or any of those being developed by the Company or which would render the products obsolete and/or otherwise uncompetitive.

In addition, the Company may not be able to compete successfully against current or future competitors where aggressive pricing policies

are employed to capture market share. Such competition could result in price reductions, reduced gross margins and loss of market share, any of which could materially adversely affect the Company's future business, operating results and financial position.

(f) **Government policy**

Users of the Company's technology will generally be waste management companies or local government authorities. Waste management and disposal is an industry which is commonly affected by government policy on matters such as waste levies to penalize landfill disposal, or taxes to penalize greenhouse gas emissions. The introduction, variation or cessation of any such levies and taxes can have an effect on investment and operational decisions of waste management companies and local government authorities. These effects may be positive or negative towards making new investment decisions.

## 8.4 General risks

(a) **Economic**

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's technology development and commercialisation activities, as well as on its ability to fund those activities. Unforeseen expenditure risk

Expenditure may need to be incurred that has not been taken into account in the preparation of this Prospectus. Although the Company is not aware of any such additional expenditure requirements, if such expenditure is subsequently incurred, this may adversely affect the expenditure proposals of the Company.

(b) **Market conditions**

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

- general economic outlook;
- introduction of tax reform or other new legislation;
- interest rates and inflation rates;
- changes in investor sentiment toward particular market sectors;
- the demand for, and supply of, capital; and
- terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration 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) **Additional requirements for capital**

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company may require further financing in addition to amounts raised under the Offer. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its technology development programmes as the case may be. There is however no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

(d) **Dividends**

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on 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.

(c) **Taxation**

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

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

(d) **Reliance on key personnel**

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

## **8.5 Speculative 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 to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those 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 pursuant to this Prospectus.

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## 9. ADDITIONAL INFORMATION

### 9.1 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

### 9.2 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 a “transaction specific prospectus” is only required to contain information in relation to the effect of the issue of securities on a 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 3 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 annual financial report most recently lodged by the Company with the ASIC;
- (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
- (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

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.

Details of documents lodged by the Company with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with the ASIC are set out in the table below.

<b>Date</b>	<b>Description of Announcement</b>
20/02/2013	Underwritten Renounceable Rights Issue
19/02/2013	Approval of R&D Tax Incentive Refund
18/02/2013	Trading Halt
31/01/2013	Appendix 4C - quarterly
22/01/2013	Investor Presentation
22/01/2013	MOU for a potential DiCOM facility in India
11/01/2013	MOU for a potential DiCOM facility in Basra, Iraq
09/01/2013	Appendix 3B
14/12/2012	Change of Director's Interest Notice
13/12/2012	Appendix 3B
12/12/2012	Appendix 3B
11/12/2012	Appendix 3B
29/11/2012	Results of AGM
29/11/2012	2012 AGM Presentation
31/10/2012	Appendix 4C - quarterly
26/10/2012	R&D Tax Incentive

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.anaeco.com](http://www.anaeco.com).

### 9.3 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, lowest and last market sale prices of the 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	6.3 cents	17 May 2012
Lowest	2.4 cents	5 December 2012
Last	2.5 cents	20 February 2013

### 9.4 Underwriting Agreement

By an agreement between Patersons, Wilson HTM and the Company dated on or about 20 February 2013 (**Underwriting Agreement**), both Patersons and Wilson HTM (together the **Underwriters**) have agreed to fully underwrite and manage the Offer, being \$21,426,727.

The Company has agreed to pay the Underwriters an underwriting fee of \$915,336 as follows:

- (a) Patersons will receive: \$450,501; and
- (b) Wilson HTM will receive: \$464,835 (**Underwriting Fee**).

All sub-underwriting and selling fees to third parties which the Underwriters have agreed to pay will be met from the fee payable to the Underwriters above.

The Company must pay to the Underwriters in equal proportions a fee of \$100,000 for their services in managing the Offer (**Corporate Advisory Fee**). The Corporate Advisory Fee will be rebated against the Underwriting Fee on completion of the Offer. In the event that the Company or the Underwriters terminate the Underwriting Agreement, the Company will pay the Corporate Advisory Fee (in equal portions) as a termination fee.

The Company will also reimburse the Underwriters for all reasonable costs and expenses incidental to the Offer.

The obligation of the Underwriters to jointly underwrite the Offer is subject to certain events of termination. The Underwriters may terminate their obligations under the Underwriting Agreement if:

- (a) (**Indices fall**): any of the S&P/ASX 200 Index or the S&P/ASX 300 Metals and Mining Index as published by ASX is at any time after the date of the Underwriting Agreement 10% or more below its respective level as at the close of business on the Business Day prior to the date of the Underwriting Agreement;

- (b) **(Prospectus):** the Company does not lodge the Prospectus on the Lodgement Date or the Prospectus or the Offer is withdrawn by the Company;
- (c) **(No Official Quotation):** Official Quotation has not been granted by the date the Company is required to give the Underwriters notice of the Shortfall or, having been granted, is subsequently withdrawn, withheld or qualified;
- (d) **(Supplementary prospectus):**
  - (i) the Underwriters, having elected not to exercise its right to terminate its obligations under the Underwriting Agreement as a result of an occurrence as described in paragraph 9.4(o)(iv) below, forms the view on reasonable grounds that a supplementary or replacement prospectus should be lodged with ASIC for any of the reasons referred to in section 719 of the Corporations Act and the Company fails to lodge a supplementary or replacement prospectus in such form and content and within such time as the Underwriters may reasonably require;
  - (ii) the Company lodges a supplementary or replacement prospectus without the prior written agreement of the Underwriters;
- (e) **(Non compliance with disclosure requirements):** it transpires that the Prospectus does not contain all the information that investors and their professional advisers would reasonably require to make an informed assessment of:
  - (i) the effect of the Offer on the Company; and
  - (ii) the rights and liabilities attaching to the Shares;
- (f) **(Misleading Prospectus):** it transpires that there is a statement in the Prospectus that is misleading or deceptive or likely to mislead or deceive, or that there is an omission from the Prospectus (having regard to the provisions of sections 711, 713 and 716 of the Corporations Act) or if any statement in the Prospectus becomes or misleading or deceptive or likely to mislead or deceive or if the issue of the Prospectus is or becomes misleading or deceptive or likely to mislead or deceive;
- (g) **(Restriction on allotment):** the Company is prevented from allotting the Shares within the time required by the Underwriting Agreement, the Corporations Act, the Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any governmental or semi governmental agency or authority;
- (h) **(Withdrawal of consent to Prospectus):** any person (other than the Underwriters) who has previously consented to the inclusion of its, his or her name in the Prospectus or to be named in the Prospectus, withdraws that consent;
- (h) **(ASIC application):** an application is made by ASIC for an order under section 1324B or any other provision of the Corporations Act in relation

to the Prospectus, the date by which the Company is required to notify the Underwriters of the Shortfall has arrived, and that application has not been dismissed or withdrawn;

- (i) **(ASIC hearing)**: ASIC gives notice of its intention to hold a hearing under section 739 of the Corporations Act in relation to the Prospectus to determine if it should make a stop order in relation to the Prospectus or the ASIC makes an interim or final stop order in relation to the Prospectus under section 739 of the Corporations Act;
- (j) **(Takeovers Panel)**: the Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company are unacceptable circumstances under Pt 6.10 of the Corporations Act, or an application for such a declaration is made to the Takeovers Panel;
- (k) **(Hostilities)**: there is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the date of the Underwriting Agreement involving one or more of Australia, New Zealand, Indonesia, Japan, Russia, the United Kingdom, the United States of America, India, Pakistan, or the Peoples Republic of China, Israel or any member of the European Union, or a terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries anywhere in the world;
- (l) **(Authorisation)**: any Authorisation which is material to anything referred to in the Prospectus is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to the Underwriters;
- (m) **(Indictable offence)**: a director or senior manager of the Company or any of its subsidiaries is charged with an indictable offence; or
- (n) **(Termination Events)**: any one or a combination of the following events occurs which results is a materially adverse in the reasonable opinion of the Underwriters:
  - (i) **(Default)**: default or breach by the Company under the Underwriting Agreement of any terms, condition, covenant or undertaking;
  - (ii) **(Incorrect or untrue representation)**: any representation, warranty or undertaking given by the Company in the Underwriting Agreement is or becomes untrue or incorrect;
  - (iii) **(Contravention of constitution or Act)**: a contravention by the Company or any of its subsidiaries of any provision of its constitution, the Corporations Act, the Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX;
  - (iv) **(Adverse change)**: an event occurs which gives rise to a material adverse effect or any adverse change or any development including a prospective adverse change after the date of the Underwriting Agreement in the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of the Company or any of its subsidiaries including, without limitation, if any forecast in the Prospectus becomes incapable of being met or in the

Underwriters' reasonable opinion, unlikely to be met in the projected time;

- (v) (**Error in Due Diligence Results**): it transpires that any of the due diligence results or any part of the verification material was false, misleading or deceptive or that there was an omission from them;
- (vi) (**Significant change**): a "new circumstance" as referred to in section 719(1) of the Corporations Act arises that is materially adverse from the point of view of an investor;
- (vii) (**Public Statements**): without the prior approval of the Underwriters a public statement is made by the Company in relation to the Offer, the issue of Shares or the Prospectus except as required by law or the ASX Listing Rules;
- (viii) (**Misleading information**): any information supplied at any time by the Company or any person on its behalf to the Underwriters in respect of any aspect of the Offer or the Issue or the affairs of the Company or a subsidiary of the Company is or becomes misleading or deceptive or likely to mislead or deceive;
- (ix) (**Official Quotation qualified**): the Official Quotation is qualified or conditional other than being conditional upon the issue of Shares under the Prospectus;
- (x) (**Change in Act or policy**): there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any of its States or Territories any Act or prospective Act or budget or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt any new, or any major change in, existing, monetary, taxation, exchange or fiscal policy;
- (xi) (**Prescribed Occurrence**): a prescribed occurrence under the Underwriting Agreement occurs, other than as disclosed in the Prospectus;
- (xii) (**Suspension of debt payments**): the Company suspends payment of its debts generally;
- (xiii) (**Event of Insolvency**): an event of insolvency occurs in respect of the Company or any of its subsidiaries;
- (xiv) (**Judgment against the Company or a Subsidiary**): a judgment in an amount exceeding \$50,000 is obtained against the Company or any of its subsidiaries and is not set aside or satisfied within 7 days;
- (xv) (**Litigation**): litigation, arbitration, administrative or industrial proceedings are after the date of the Underwriting Agreement commenced or threatened against the Company or any of its subsidiaries, other than any claims foreshadowed in the Prospectus;
- (xvi) (**Board and Senior Management composition**): there is a change in the composition of the Board or a change in the



senior management of the Company before completion of the Offer without the prior written consent of the Underwriters which consent is not be unreasonably withheld;

- (xvii) **(Change in shareholdings)**: there is a material change in the major or controlling shareholdings of the Company or any of its subsidiaries or a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to a Relevant Company;
- (xviii) **(Timetable)**: there is a delay in any specified date in the Offer timetable which is greater than 3 Business Days;
- (xix) **(Force Majeure)**: a force majeure affecting the Company's business or any obligation under the Agreement lasting in excess of 7 days occurs;
- (xx) **(Certain resolutions passed)**: the Company or any of its subsidiaries passes or takes any steps to pass a resolution under section 254N, section 257A or section 260B of the Corporations Act or a resolution to amend its constitution without the prior written consent of the Underwriters;
- (xxi) **(Capital Structure)**: the Company or any of its subsidiaries alters its capital structure in any manner not contemplated by the Prospectus;
- (xxii) **(Investigation)**: any person is appointed under any legislation in respect of companies to investigate the affairs of the Company or any of its subsidiaries; or
- (xxiii) **(Market Conditions)**: a suspension or material limitation in trading generally on ASX occurs or any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the United States of America or other international financial markets.

The Underwriting Agreement also contains a number of indemnities, representations and warranties from the Company to the Underwriters that are considered standard for an agreement of this type.

## 9.5 Loan with Nichol Bay Holdings Pty Ltd

In August 2012, the Company borrowed \$250,000 from Nichol Bay Holdings Pty Ltd, an entity controlled by Mr. G.A. Capelli, under a short term loan arrangement. This loan bears interest at 12% per annum and is repayable in cash. The loan balance at 31 December 2012 including capitalised interest is \$260,949.

The Company and Nichol Bay Holdings Pty Ltd have agreed that rather than making repayment in cash, the outstanding balance of loan and capitalised interest will be converted to equity by the issue of Shares at the same price as the Offer, i.e. \$0.012 per Share. This conversion to equity is subject to shareholder approval, and the Company has undertaken to convene a meeting of shareholders to vote on this conversion, following completion of the Offer.

If, for example, the conversion date is 31 March 2013, the outstanding balance including capitalised interest will be \$268,747 and the number of Shares to be issued at \$0.012 per share will total 22,395,583 Shares.

## 9.6 Variation to CF2 Pty Ltd Convertible Loan Facility

In April 2012, the Company entered into a convertible loan agreement (**Convertible Loan**) with CF2, a Company controlled by Dr Ian Campbell. The main terms of the Convertible Loan are detailed in the Company's 2012 Annual Financial Statements.

Total drawings under this loan to date are \$2,431,000, and on 30 July 2012 \$2,181,000 was converted to equity by the issue of 48,466,667 Shares at an issue price of \$0.045 each. The loan balance at 31 December 2012 including capitalised interest is \$437,103.

On 8 February 2013 the Company and CF2 executed a Deed of Acknowledgement which varied certain terms of the Convertible Loan. The key items agreed are as follows:

- (a) no further draw-downs will be made under the Convertible Loan;
- (b) interest on undrawn funds will not apply after August 2012; and
- (c) the outstanding balance may be converted to equity at the same price as the Offer.

It is intended that, subject to shareholder approval, the outstanding balance be converted to equity following closure and settlement of the Offer by the issue of such number of Shares required to extinguish the liability at the conversion date. If, for example, that date is 31 March 2013, the outstanding balance including capitalised interest will be \$450,165 and the number of Shares issued at \$0.012 per share will total 37,513,750.

## 9.7 Settlement with Monadelphous

On or about 16 February 2013, the Company and Monadelphous agreed terms upon which they would settle certain amounts owing by the Company to Monadelphous, arising out of work carried out, on the WMRC DiCOM Expansion Project.

A summary of the amounts and the related payment terms is as follows:

	\$
Cash payment for additional costs incurred, to be paid at closure of the Offer	5,500,000
Issue of Shares for additional costs incurred, to be issued at closure of the Offer (subject to Shareholder approval)	1,500,000

## 9.8 Interests of Directors

Other than as set out in this Prospectus, no Director or proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

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

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:

- (a) as an inducement to become, or to qualify as, a Director; or
- (b) for services provided in connection with:
  - (i) the formation or promotion of the Company; or
  - (ii) the Offer.

### ***Remuneration***

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process. 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 ASX Listing Rules, as applicable. 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 current amount has been set at an amount not to exceed \$450,000 per annum.

A Director may be paid fees or other amounts (ie non-cash performance incentives such as Options, subject to any necessary Shareholder approval) as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

Details of the remuneration paid and payable to each Director of the Company are set out in the Company's 2012 annual financial report. A copy of the Company's 2012 annual financial report can be accessed on the Company's website or on the ASX webpage for the Company (ASX Code: ANQ).

## 9.9 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) 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;
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

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

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (a) the formation or promotion of the Company; or
- (b) the Offer.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin \$20,000 (excluding GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has been paid fees totalling \$74,751.79 (excluding GST and disbursements) for legal services provided to the Company.

Patersons and Wilson HTM will be paid those fees as set out in Section 9.4. Patersons have also been appointed a nominee under ASX Listing Rule 7.7 and will be paid those fees as set out in Section 4.7. During the 24 months preceding lodgement of this Prospectus with the ASIC, Patersons and Wilson HTM have not been paid any fees by the Company.

## 9.10 Consents

Each of the parties referred to in this section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this section;
- (b) to the maximum extent permitted by law, expressly disclaim and take 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;

- (c) Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC;
- (d) Patersons has given its written consent to being named as Joint Lead Manager and Underwriter to the Offer as well as the Company's nominee under ASX Listing Rule 7.7. Patersons has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC; and
- (e) Wilson HTM has given its written consent to being named as Joint Lead Manager and Underwriter to the Company in this Prospectus. Wilson HTM has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

### **9.11 Electronic prospectus**

Pursuant to Class Order 00/44, 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 Forms. If you have not, please phone the Company on +61 8 9361 4777 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both. Alternatively, you may obtain a copy of this Prospectus from the Company's website at [www.anaeco.com.au](http://www.anaeco.com.au).

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.

### **9.12 Financial forecasts**

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

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

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

#### **9.14 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 holder of equity securities in the Company, 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 ASX Settlement Operating 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.

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**10. DIRECTORS' AUTHORISATION**

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.



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**Patrick Kedemos**  
**Managing Director and Chief Executive Officer**  
**For and on behalf of**  
**ANAECO LIMITED**

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## 11. GLOSSARY

**\$** means the lawful currency of the Commonwealth of Australia.

**Applicant** means a Shareholder who applies for Shares pursuant to the Offer or a Shareholder or other party who applies for Shortfall Shares pursuant to the Shortfall Offer.

**Application** means an application to subscribe for Shares under this Prospectus.

**Application Form** means an Entitlement and Acceptance Form or Shortfall Application Form as the context requires.

**Application Monies** means money submitted by Applicants in respect of Applications.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

**ASX Listing Rules** means the listing rules of the ASX.

**ASX Settlement Operating Rules** means the settlement rules of the securities clearing house which operates CHES.

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

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

**Closing Date** means the date specified in the timetable set out at the commencement of this Prospectus (unless extended).

**Company** means Anaeco Limited (ACN 087 244 228).

**Constitution** means the constitution of the Company as at the date of this Prospectus.

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

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

**Eligible Shareholder** means a Shareholder of the Company as at the Record Date other than an Ineligible Shareholder.

**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 accompanying this Prospectus.

**Ineligible Shareholder** means a Shareholder as at the Record Date whose registered address is not situated in Australia or New Zealand.

**Monadelphous** means Monadelphous Group Limited.



**Offer** means the renounceable entitlement issue the subject of this Prospectus.

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

**Option** means an option to acquire a Share.

**Optionholder** means a holder of an Option.

**Patersons** means Patersons Securities Limited (AFSL No. 239 052).

**Prospectus** means this prospectus.

**Record Date** means the date specified in the timetable set out at the commencement of this Prospectus.

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

**Shareholder** means a holder of a Share.

**Shortfall** means the Shares not applied for under the Offer (if any).

**Shortfall Application Form** means the shortfall application form accompanying this Prospectus.

**Shortfall Offer** means the offer of the Shortfall on the terms and conditions set out in section 5.13 of this Prospectus.

**Shortfall Shares** means those Shares issued pursuant to the Shortfall.

**Wilson HTM** means Wilson HTM Corporate Finance Limited (ACN 057 597 323).

**WST** means Western Standard Time as observed in Perth, Western Australia.