

# PROSPECTUS



Bunji Corporation Limited  
to be renamed  
"Pure Foods Tasmania Limited"  
ACN 112 682 158



## PROSPECTUS

For an offer of 15,000,000 Shares at an issue price of \$0.20 each to raise \$3,000,000 before costs (with the ability to accept oversubscriptions of up to an additional \$500,000) (Public Offer).

This Prospectus is also being issued for the Secondary Offers.

## IMPORTANT NOTICE

This is an important document and investors should read the document in its entirety and are advised to consult with their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

Any investment in the Company under this Prospectus should be considered highly speculative in nature. Refer to Section 4 for a summary of key risks associated with an investment in the Company.





Cradle Mountain, St Clair National Park, Central Tasmania



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# IMPORTANT INFORMATION

## Prospectus

This Prospectus is dated 31 January 2020 and was lodged with ASIC on that date. Neither ASIC nor ASX (or any of their respective officers) take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

Within 7 days of the date of this Prospectus, the Company will make an application to ASX for the Shares offered pursuant to the Prospectus to be admitted for quotation on ASX.

Securities will not be issued pursuant to this Prospectus later than 13 months after the date of this Prospectus.

Persons wishing to apply for Securities pursuant to the Offers must do so using the applicable Application Form attached to or accompanying this Prospectus. Before applying for Securities potential investors should carefully read the Prospectus so that they can make an informed assessment of:

- ▶ the rights and liabilities attaching to the Securities;
- ▶ the assets and liabilities of the Company; and
- ▶ the Company's financial position and performance, profits and losses, and prospects.

Investors should carefully consider these factors in light of their own personal financial and taxation circumstances.

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

## Risks

Any investment in the Company should be considered highly speculative. Before deciding to invest in the Company, potential investors should read the entire Prospectus and, in particular, in considering the prospects of the Company, potential investors should consider the risk factors that could affect the financial performance and assets of the Company. Investors should carefully consider these factors in light of their personal circumstances (including financial and taxation issues). The Securities offered by this Prospectus should be considered highly speculative. Please refer to Section 4 for details relating to risk factors. Persons considering applying for Securities pursuant to the Prospectus should obtain professional advice from an accountant, stockbroker, lawyer or other adviser before deciding whether to invest.

## Offers Outside Australia

The offer of Securities made pursuant to this Prospectus is not made to persons to whom, or places in which, it would not be lawful to make such an offer of Securities. No action has been taken to register the Offers under this Prospectus or otherwise permit the Offers to be made in any jurisdiction outside Australia. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law in those jurisdictions and therefore persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws.

## Forward-looking Statements

This Prospectus contains forward-looking statements which incorporate an element of uncertainty or risk, such as 'intends', 'may', 'could', 'believes', 'estimates', 'targets' or 'expects'. These statements are based on an evaluation of current economic and operating conditions, as well as assumptions regarding future events. These events, as at the date of this Prospectus, are expected to take place, but there is no guarantee that such will occur as anticipated or at all given that many of the events are outside the Company's control.

Accordingly, the Company cannot and does 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. Further, the Company may not update or revise any forward-looking statement if events subsequently occur or information subsequently becomes available that affects the original forward-looking statement.

## Exposure Period

This Prospectus will be circulated during the Exposure Period. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to applying for Securities. This examination may result in the identification of deficiencies in this Prospectus and, in those circumstances; any application that has been received may need to be dealt with in accordance with section 724 of the Corporations Act. Applications for Securities under the Offers set out in this Prospectus will not be processed by the Company until after the expiry of the Exposure Period. No preference will be conferred on applications lodged prior to the expiry of the Exposure Period.



## Re-compliance with Chapters 1 and 2 of the Listing Rules

The Acquisition will constitute a significant change to the nature and scale of the Company’s activities. Pursuant to Listing Rule 11.1.3, the Company must re-comply with the admission requirements of Chapters 1 and 2 of the Listing Rules, as if applying for admission to the official list of ASX. Accordingly, this Prospectus is issued for the purpose of satisfying Chapters 1 and 2 of the Listing Rules, as well as for the purpose of raising funds under the Public Offer.

## Conditional Offers

The Offers contained in this Prospectus are conditional on certain events occurring. If these events do not occur, the Offers will not proceed and investors will be refunded their Application Monies without interest. Please refer to Section 2.3 for further details on the conditions attaching to the Offers.

## Secondary Offers

This Prospectus also contains Secondary Offers of Shares and Options. Please refer to Section 2.2 for further details.

## No Forecast Financial Information

After considering ASIC Regulatory Guide 170, the Directors believe that reliable financial forecasts for the Company cannot be prepared, and accordingly, financial forecasts have not been included in this Prospectus.

## Electronic Prospectus

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 contact the Company at [info@bunjicorp.com.au](mailto:info@bunjicorp.com.au) and the Company will send you, at no cost, either a hard copy or a further electronic copy of the Prospectus or both. Alternatively, you may obtain a copy of the Prospectus from the Company’s website at [www.bunjicorp.com.au](http://www.bunjicorp.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.

## Photographs and Diagrams

Photographs used in this Prospectus which do not have descriptions are for illustration only and should not be interpreted to mean that any person shown endorses the Prospectus or that the assets shown in them are owned by the Company. Diagrams used in this Prospectus may not be drawn to scale.

## Miscellaneous

All references to “\$”, “A\$”, “AUD”, “dollar” and “cents” are references to Australian currency unless otherwise stated. All references to time relate to the time in Perth, Western Australia unless otherwise stated.

A number of terms and abbreviations used in this Prospectus have defined meanings which appear in Section 11.

# CORPORATE DIRECTORY

## Existing Board of Directors

**Nicholas Young**  
Non-Executive Director

**Shaun Hardcastle**  
Non-Executive Director

**Peter Woods**  
Non-Executive Director

## Proposed Board of Directors

**Malcolm McAully**  
Non-Executive Chairman

**Michael Cooper**  
Managing Director

**Alexander “Sandy” Beard**  
Non-Executive Director

**Ken Fleming**  
Non-Executive Director

**Company Secretary**  
Oonagh Malone

## Registered Office

Suite 23, 513 Hay St  
SUBIACO WA 6008  
**Telephone:** +61 8 6143 6702  
**Email:** [info@bunjicorp.com.au](mailto:info@bunjicorp.com.au)

## ASX Code

Current - **ASX: BCL**  
Proposed - **ASX: PFT**

## Website

[www.bunjicorp.com.au](http://www.bunjicorp.com.au)

## Share Registry\*

**Automatic Registry Services**  
Level 2, 267 St Georges Terrace  
PERTH WA 6000  
**Telephone:** 1300 288 664

## Auditor\*

**BDO Audit (WA) Pty Ltd**  
38 Station St  
SUBIACO WA 6008

## PFT Auditor\*

**Wise Lord & Ferguson**  
1/160-166 Collins Street  
HOBART TAS 7000

## Legal Advisor

**HWL Ebsworth**  
Level 20, 240 St Georges Terrace  
PERTH WA 6000

## Investigating Accountant

**BDO Corporate Finance (WA) Pty Ltd**  
38 Station St  
SUBIACO WA 6008

## Lead Manager

**Prenzler Group Pty Ltd**  
Level 22, 56 Pitt Street,  
SYDNEY NSW 2000

## Corporate Advisor

**Otsana Pty Ltd**  
108 Outram Street,  
WEST PERTH WA 6005

\* This entity is included for information purposes only. It has not been involved in the preparation of this Prospectus.

Worker at Tasmanian Pate's factory



# LETTER FROM THE BOARD

Dear Investor,

On behalf of the Board of Directors of Bunji Corporation Limited (to be renamed Pure Foods Tasmania Limited) (**Company**), I am pleased to present you with this opportunity to become a shareholder in the Company.

The Company has entered into binding agreements to acquire 100% of the issued shares in Pure Foods Tasmania Pty Ltd (**PFT**). PFT was formed in 2015. PFT aims to acquire, grow and develop premium food businesses in Tasmania, and currently owns and operates two businesses:

- ▶ **Tasmanian Pate** - one of Australia's largest pate businesses and supplier to many large retail outlets including Costco, Aldi and Woolworths; and
- ▶ **Woodbridge Smokehouse** - a boutique producer of ultra-premium Tasmanian smoked salmon and trout.

PFT's business strategy is to continue to operate and grow these businesses, as well as look for acquisition opportunities in accordance with its strategy to acquire, grow and develop premium Tasmanian-based food and beverage businesses.

On completion of the Acquisition, all existing Directors will resign and current PFT Directors Malcolm McAully (Non-Executive Chairman), Michael Cooper (Managing Director) and Ken Fleming (Non-Executive Director) will be appointed to the Board together with Alexander "Sandy" Beard (as Non-Executive Director). As outlined in this Prospectus, the proposed Board is highly credentialed and well placed to guide the Company through its future operations and growth.

The Company is proposing to raise \$3 million under the Public Offer through the issue of 15,000,000 Shares at an issue price of \$0.20 per Share (with the ability to accept oversubscriptions of up to an additional \$500,000). Funds raised will primarily be used to purchase new plant and equipment (to improve operating efficiencies at the PFT businesses), business development, product development and working capital.

This Prospectus contains details of the Acquisition, the Public Offer and Secondary Offers, the Company's operations and growth strategy moving forward, as well as key risks associated with investing in the Company. I urge you to read this Prospectus carefully and seek professional advice if required to determine whether this investment is appropriate for you.

Yours faithfully

**Nicholas Young**  
Non-Executive Director



# KEY OFFER DETAILS

As approved by Shareholders at the Annual General Meeting, the Company intends to complete a Consolidation of its issued capital (on a 10 to 1 basis) just prior to Completion of the Acquisition. Unless otherwise indicated, references to Securities in this Prospectus are on a post-Consolidation basis. The indicative capital structure of the Company on Completion of the Acquisition and Offers is set out in the table below.

| Pro-Forma Capital Structure                                                                   | Number            | %            |
|-----------------------------------------------------------------------------------------------|-------------------|--------------|
| Existing Shares on issue (post cancellation of Advisor Shares and Consolidation) <sup>1</sup> | 4,417,285         | 9.4          |
| New Shares to be issued to PFT Vendors under Acquisition                                      | 23,500,000        | 50.0         |
| Shares to be issued to Lead Manager                                                           | 1,582,715         | 3.4          |
| Public Offer Shares (assuming Minimum Subscription)                                           | 15,000,000        | 31.9         |
| Shares issued on conversion of existing Convertible Loans                                     | 2,500,000         | 5.3          |
| <b>Total Shares</b>                                                                           | <b>47,000,000</b> | <b>100.0</b> |
| Existing Options on issue (post Consolidation) <sup>1,2</sup>                                 | 3,500,000         | 27.3         |
| Consideration Options to be issued to PFT Vendors under Acquisition <sup>2</sup>              | 6,000,000         | 46.9         |
| Lead Manager Options to be issued to Lead Manager <sup>2</sup>                                | 500,000           | 3.9          |
| Incentive Options to be issued to Proposed Directors <sup>3</sup>                             | 2,800,000         | 21.9         |
| <b>Total Options</b>                                                                          | <b>12,800,000</b> | <b>100.0</b> |

<sup>1</sup> Subject to rounding post Consolidation.

<sup>2</sup> These Options have an exercise price of \$0.30 each and expire 8 November 2021. Refer to Section 9.2 for the full terms and conditions.

<sup>3</sup> These Options have an exercise price of \$0.40 each and expire 3 years from the date the Company is reinstated to the Official List and are subject to vesting conditions. Refer to Section 9.3 for the full terms and conditions.

# INDICATIVE TIMETABLE

| Event                                                       | Date            |
|-------------------------------------------------------------|-----------------|
| Lodgement of this Prospectus with ASIC                      | 31 January 2020 |
| Opening Date for the Offers                                 | 7 February 2020 |
| Closing Date for the Offers                                 | 6 March 2020    |
| Completion of the Acquisition                               | 16 March 2020   |
| Issue of Securities under the Offers                        | 16 March 2020   |
| Dispatch of holding statements                              | 16 March 2020   |
| Expected date for Shares to be reinstated to trading on ASX | 30 March 2020   |

**Note:** The dates shown above are indicative only and may vary subject to the Corporations Act, the Listing Rules and other applicable laws. In particular, the Company reserves the right to vary the Opening Date and the Closing Date without prior notice, which may have a consequential effect on the other dates. Applicants are therefore encouraged to lodge their Application Form(s) as soon as possible after the Opening Date if they wish to participate in any of the Offers. The Company also reserves the right not to proceed with any of the Offers at any time before the issue of Securities to Applicants.



# INVESTMENT OVERVIEW

This Section is not intended to provide full information for investors intending to apply for Securities offered pursuant to this Prospectus. This Prospectus should be read and considered in its entirety. The Securities offered pursuant to this Prospectus carry no guarantee in respect of return of capital, return on investment, payment of dividends or the future value of the Securities.

## Introduction

### Who is the Company and What does it do?

Bunji Corporation Limited (ACN 112 682 158) (**Company**) is an Australian public company incorporated on 28 January 2005 and was admitted to the official list of ASX on 19 December 2005 as a coal exploration and development company with assets in Queensland, Australia.

The Company was placed in administration by the (then) Directors in July 2017 and in April 2018 the Company entered into a deed of company arrangement (**DOCA**) to facilitate a recapitalisation proposal submitted by Otsana Capital (which was working with Bluebird Capital Pty Ltd (**Bluebird**) on the proposal) (**Recapitalisation Proposal**). The Recapitalisation Proposal was approved by Shareholders in August 2018 and completed later that month, at which time all Directors of the Company were replaced by nominees of Otsana and Bluebird (being Mr Nicholas Young, Mr Peter Woods and Mr Shaun Hardcastle) and all pre-administration liabilities of the Company were extinguished.

Since their appointment, the current Directors have been searching for acquisition opportunities to facilitate the reinstatement of the Company to official quotation on ASX.

*For more information, please refer to Section 3.1*

### What is the Acquisition?

The Company has entered into the Share Sale Agreement and Ancillary SSAs with the shareholders of PFT (**PFT Vendors**) to acquire 100% of the PFT Shares in consideration for the issue of 23,500,000 new Company Shares and 6,000,000 Consideration Options.

As the Company is dormant, on completion of the Acquisition, the main undertaking of the Company will be to operate the PFT businesses.

As part of the Acquisition and to implement a more appropriate capital structure for the Company moving forward and to meet Listing Rule requirements, Shareholders at the Annual General Meeting approved the consolidation of the Company's issued capital on a 10 to 1 basis (**Consolidation**), and the cancellation of 46,043,213 (pre Consolidation) Advisor Shares which were issued to the Otsana Nominees as part of the Recapitalisation Proposal (see Section 3.1). The Consolidation and cancellation of Advisor Shares will take effect just prior to Completion of the Acquisition.

*For more information, please refer to Section 1.1*

### How Was the Value of, and Consideration for, the Acquisition Determined?

Since their appointment in August 2018, the current Directors have spent significant time and resources identifying and assessing potential acquisition opportunities in a range of sectors.

The commercial terms of the Acquisition and valuation of PFT were determined following extensive arm's length negotiations between the Company and representatives of PFT, and after having regard to a wide range of factors including:

- ▶ the historical operating performance of PFT as well as internal revenue and profit forecasts;
- ▶ third party transactions in the commercial food production industry;
- ▶ the experience and strength of the Proposed Directors and incoming management; and
- ▶ the Board's assessment of the future prospects of PFT.

*For more information, please refer to Section 3.4*

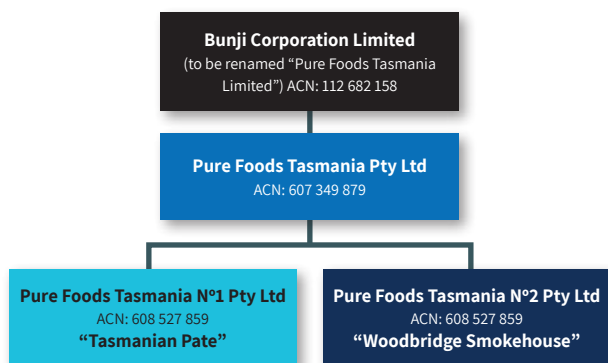
### Who is PFT?

Pure Foods Tasmania Pty Ltd was formed in 2015. PFT aims to acquire, grow and develop premium food businesses in Tasmania. To date and in line with this strategy, PFT has acquired two businesses (which are held through separate wholly owned subsidiaries):

- ▶ **Tasmanian Pate:** one of Australia's largest pate businesses and supplier to many large retail outlets including Costco, Aldi and Woolworths. Tasmanian Pate has been operating since 1996; and
- ▶ **Woodbridge Smokehouse:** a boutique producer of ultra-premium Tasmanian smoked salmon and trout. Woodbridge Smokehouse has been operating since 2004.

*For more information, please refer to Section 3.3*

## What is the corporate structure of the Company on completion of the Acquisition?



*For more information, please refer to Section 3.2*

## Business Model

### What is the Merged Group's Strategy?

PFT will become a wholly owned subsidiary of the Company on completion of the Acquisition. The strategy of the Merged Group moving forward is to:

- ▶ organically grow its existing Tasmanian Pate and Woodbridge Smokehouse businesses primarily through increased penetration of existing markets, entry into new markets with a focus on exports and new product development, as well as improve operating efficiencies; and
- ▶ grow via the acquisition of complementary businesses and/or assets, with a focus on synergistic and similar premium food/beverage businesses in Tasmania, as well as other complementary assets/businesses including product fit businesses (within the existing PFT portfolio), logistics and/or resources (particularly manpower) businesses (to further control the supply chain of its products).

*For more information, please refer to Section 3.3(f)*

## Summary of Key Risks and Key Dependencies

Prospective investors should be aware that subscribing for Securities in the Company involves a number of risks. The risk factors set out in Section 4, and other general risks applicable to all investments in listed securities, may affect the value of the Securities in the future. Accordingly, an investment in the Company should be considered highly speculative. This Section summarises the key risks which apply to an investment in the Company and investors should refer to Section 4 for a more detailed summary of the risks. The risks below assume completion of the Acquisition, and the Company is operating the PFT businesses.

### Business Strategy Risk

The Company's growth and financial performance is dependent on its ability to successfully execute its growth strategy, including through the acquisition of complementary assets and businesses. There can be no assurance that the Company will be able to secure such assets and businesses nor achieve the level of growth the Company's strategy aims to achieve. If the Company fails to execute on its business

strategy, its business, financial condition and results of operations could be adversely affected.

*For more information, please refer to Section 4.2(a)*

### Key Customers Risk

The PFT businesses depend on securing and maintaining major customers and placing product into the market at competitive prices to achieve acceptable margins and trading terms. The loss of any significant customer may adversely impact on the Company's operating and financial performance.

*For more information, please refer to Section 4.2(b)*

### Export and Distribution Risk

A significant portion of PFT's revenues are derived from exports to various markets, particularly to Asian countries. Any adverse changes to trade tariffs, quotas or duties, the subsidisation of local producers in foreign markets, the introduction of other trade barriers, increased competitor activity and export regulation could all adversely affect PFT's ability to export.

In addition, PFT relies on a limited number of distribution channels to export its products to export markets. The growth objectives of the Company depend in part on its ability to increase its distribution channels. The loss or disruption of a distribution channel or loss of an export market could adversely affect the Company's financial performance and future prospects.

*For more information, please refer to Section 4.2(c)*

### Food Safety, Handling and Product Quality Risks

Selling food for human consumption carries inherent risks relating to food safety. Food safety incidents (such as tampering or contamination) could result in product liability lawsuits, product recalls, reputational damage and potential civil or criminal liability. Product recalls could result in significant losses because of the destruction of inventory and lost sales due to product unavailability, and any safety incidents could adversely affect the Company's ability to retain existing customers or attract new customers. Food tampering, including the introduction of foreign objects, chemical or biological contaminants into the Company's products could also result in serious harm to consumers.

Seafood in particular is a highly perishable product unless handled with strict processing, packing, storage and transport protocols. PFT implements and maintains strict quality control policies and provides high levels of training for its staff to mitigate these risks. Any serious food poisoning incident as a result of an operational lapse in food safety or sanitation procedures or malicious tampering could have a material adverse impact on the business.

Food safety also depends on appropriate storage during transport, and the Company also depends on its transport agents to maintain appropriate storage conditions. There is a risk that if the Company's products are transported, stored or handled inappropriately by third parties, the Company's products may be contaminated. Contamination may also result in food-borne illness and reputational damage to the Company. Any spoilage or degradation in quality due to retailers' failure to observe shelf life regulations or expiration dates may also adversely affect the Company's brand and reputation.

*For more information, please refer to Section 4.2(d)*



### Prior Year Losses, Future Capital Needs and Additional Funding

As set out in Section 6, PFT made losses during the financial years ended 30 June 2018 and 30 June 2019 and was partly reliant on raising funds from investors to continue to fund its operations and development. Further, as set out in Section 3.3(f), part of PFT’s business strategy is to grow through acquisition of complementary businesses, with a focus on synergistic and similar premium food/beverage businesses in Tasmania, as well as other complementary assets/businesses.

The Company may require further funds in order to fund transaction costs in relation to such acquisition(s), to provide some (or all) of the acquisition consideration or to continue to fund its operations and development in the event that the Company generates further losses.

Should the Company require additional funding, there can be no assurance that additional financing will be available on acceptable terms or at all. Any inability to obtain additional financing, if required, would have a material adverse effect on the Company’s business, financial condition and results of operations.

*For more information, please refer to Sections 4.2(e) and 6*

### Product Liability Risk

Retailing food for human consumption carries an inherent risk of product liability. The Company may have to limit the retailing of its products if it cannot successfully secure or renew product liability insurance or defend itself against product liability claims. The Company may not be able to obtain further product liability insurance, or may not be able to obtain insurance on commercially viable terms. Any product liability claims may disrupt the Company’s business operations and may cause reputational harm, adversely affecting the Company’s financial performance.

*For more information, please refer to Section 4.2(f)*

### Dependence on Key Personnel Risk

The Company’s success largely depends on the core competencies of the Directors and management (in particular, Michael Cooper), as well as the ability of the Company to retain these key executives. The loss of Mr Cooper, as well as other key executives, could have an adverse effect on the Company’s performance.

*For more information, please refer to Section 4.2(g)*

### Supplier Risk

PFT sources ingredients for its products from a number of suppliers. The loss of a supplier or a significant interruption or negative change in the availability of ingredients from suppliers could adversely impact on the Company’s operating and financial performance.

*For more information, please refer to Section 4.2(h)*

### Consumer Demand Risk

The Company’s growth objectives depend on continued growth in the demand for its products in domestic and international markets, predominantly in Asia. Consumer demand for food products can change over time and may be influenced by a number of factors. Changes in consumer dietary preferences or an excess of supply of smoked salmon, smoked trout or chicken liver pate products may adversely impact demand or prices for these products.

In addition, smoked salmon, smoked trout and chicken liver pate may be considered to be luxury food products. An economic downturn in the markets in which the Company sells its products may cause the retail environment to deteriorate as consumers reduce their retail spending on discretionary items, which may adversely impact on the Company’s operations and growth prospects.

If economic conditions deteriorate or the Company is unable to penetrate these markets due to a change in demand for these products or if demand were to otherwise fall or the Company is unable to adapt to changing consumer trends and behaviours more generally, the Company may be unable to achieve its growth objectives.

*For more information, please refer to Section 4.2(i)*

### Brand and Reputation

PFT’s brand names are key assets of the business. In particular, Woodbridge Smokehouse’s products are marketed as a high quality ‘niche’ product which justifies a premium price. The reputation and value associated with these brands could be adversely affected by a number of factors, many of which are beyond PFT’s control. Such factors include failing to provide customers with the quality of product they expect, contamination or recall issues, third party disputes and adverse media coverage. The loss of reputation of PFT’s brands could have an adverse effect on the operations, financial position and growth of the Company.

*For more information, please refer to Section 4.2(j)*

### Uncontracted Arrangement Risk

A large proportion of PFT’s business relationships (particularly with customers and suppliers) are under arrangements which are subject to standard terms and conditions rather than comprehensive agreements which protect PFT’s interests.

Such arrangements are standard in the food industry, but given the nature of these contractual relationships, it is not possible for the Company to contractually guarantee consistency of sales volumes, price or terms going forward.

*For more information, please refer to Section 4.2(k)*

## Competition Risk

PFT is in the highly competitive fast-moving consumer goods global business market and competes with many participants who are larger and have significantly greater resources, including financial, technical, marketing and human resources, than the Company. PFT competes in this market based on distribution channels, brand recognition, product quality and price, product placement and promotional activities. These competitors have already established a market share and brand and may be able to respond more quickly to changing business, regulatory and economic conditions than the Company. The Company may not be able to effectively compete with other participants in this market.

*For more information, please refer to Section 4.2(l)*

## Workplace Health and Safety Risk

PFT's businesses (particularly Woodbridge Smokehouse) involve operations which are inherently risky for staff employed in particular areas. Other employees may also be exposed to risks whilst working or travelling for work.

The Company must comply with various health and safety laws in Australia. There is a risk that penalties and other liabilities for the breach of health and safety law and standards may be imposed on the Company and may have an adverse effect on the Company's reputation, and its revenue, profitability and growth.

*For more information, please refer to Section 4.2(m)*

## Counterparty and Credit Risk

The business operations of PFT require the involvement of a number of third parties, including suppliers, logistics providers and customers. Not being able to reach a binding agreement with any third party, financial failure, default or contractual non-performance on the part of such third parties (including failure to pay amounts due to PFT pursuant to its agreements) may have a material impact on the operations and financial performance of the Company.

*For more information, please refer to Section 4.2(n)*

## Insurance

Both the Company and PFT endeavour to maintain insurance (including product liability insurance and workers' compensation insurance) appropriate for the current level of each of the Company and PFT's operations, having regard to relevant risks. However, the Company and PFT cannot insure against all risks, or guarantee that the level of insurance coverage it obtains will be adequate, either because appropriate or necessary cover is not available or because the Board may consider the required premiums to be excessive in relation to the benefits that would accrue.

If the Company or PFT incurs losses or liabilities for which they are uninsured, this may have a negative impact on the Company's financial performance and ability to operate its businesses.

*For more information, please refer to Section 4.2(o)*

## General Regulatory Risk

PFT's current and future products are subject to various laws and regulations, including, without limitation, product liability laws, product content requirements, labelling and packing requirements, environmental laws, tax laws, anti-corruption laws, and export laws and regulations. The failure by the Company to comply with the laws and regulations in the jurisdictions in which it exports and sells its products could result in the loss of access to those and other markets. In addition, compliance with government regulations may also subject the Company to additional fees and costs. Further, changes to these laws and regulations (including interpretation and enforcement), or the failure by the Company to remain current with those changes, could adversely affect the Company's business and financial performance.

In particular, the Company's business operations are subject to food safety laws and regulations. Failure to comply with all applicable food safety laws and regulations may expose PFT or its suppliers to fines, penalties, potential civil or criminal actions, product recalls and reputational damage.

*For more information, please refer to Section 4.2(p)*

## Directors and Key Management Personnel

### Directors

The current Directors of the Company are Nicholas Young, Shaun Hardcastle and Peter Woods. All of the existing Directors will resign on completion of the Acquisition and be replaced by:

- ▶ Malcolm McAully – Non-Executive Chairman;
- ▶ Michael Cooper – Managing Director;
- ▶ Alexander "Sandy" Beard – Non-Executive Director; and
- ▶ Ken Fleming – Non-Executive Director.

*For more information, please refer to Section 3.5*

### Transactions With Entities in Which the Directors Have an Interest

Shaun Hardcastle, a Director of the Company, is a partner of HWL Ebsworth, a national law firm that has provided legal services to the Company in relation to the Offers, the Acquisition and the Annual General Meeting. Details of the amounts expected to be paid to HWL Ebsworth are set out in Section 9.7(d). Mr Hardcastle does not control HWL Ebsworth and therefore HWL Ebsworth is not considered a related party of the Company.

A related entity of Nicholas Young, a Director of the Company, is a director and shareholder of Onyx Corporate Pty Ltd, an accounting business. The Company has and continues to engage Onyx Corporate Pty Ltd to provide accounting and financial services to the Company. Under the Company's arrangement with Onyx Corporate Pty Ltd, the Company will pay Onyx Corporate Pty Ltd a total of \$30,000 (plus GST), being fees of \$5,000 (plus GST) for each reporting period between 1 January 2017 to 31 December 2019 (inclusive). Onyx Corporate Pty Ltd has agreed to withhold its fees until Completion of the Acquisition and Offers. Mr Young does not control Onyx Corporate Pty Ltd and therefore Onyx Corporate Pty Ltd is not considered a related party of the Company.



The Company further notes that Nicholas Young is a Director of Otsana Capital, Corporate Advisor to the Company (see Section 8.3(g) for further information on the Company's mandate with Otsana Capital). Mr Young does not control Otsana Capital and therefore Otsana Capital is not considered a related party of the Company.

In addition, each of the Proposed Directors (other than Mr Beard) are also PFT Vendors and are receiving consideration for the Acquisition pro-rata to their shareholdings in PFT as set out in Section 7.3.

The Company is also party to the related party transactions set out in Sections 7.4 and 8.3(b) to 8.3(e).

*For more information, please refer to Sections 7.4, 7.5, 8.3(b) to 8.3(e) and 9.7(d)*

## Financial Information

### How have the Company and PFT performed over the past 3 years?

The Company is currently dormant. PFT is an operating and revenue generating business, however investors should be aware that PFT made losses during FY18 and FY19 and refer to Sections 5 and 6 for further historical financial information of PFT.

The following table sets out the key financial metrics of PFT based on audited financial statements for the financial years ended 30 June 2017, 30 June 2018 and 30 June 2019:

|                         | FY17 (\$)     | FY18 (\$)                    | FY19 (\$)                    |
|-------------------------|---------------|------------------------------|------------------------------|
| Sales                   | 3,119,334     | 3,580,782                    | 3,789,405                    |
| COGS                    | 2,144,813     | 2,574,751                    | 2,478,721                    |
| Gross Profit            | 974,521       | 1,006,031                    | 1,310,684                    |
| Expenses                | 1,125,142     | 1,576,053                    | 1,329,045                    |
| EBITDA                  | 189,797       | (310,087)                    | 144,678                      |
| <b>Profit after tax</b> | <b>56,952</b> | <b>(499,563)<sup>1</sup></b> | <b>(322,158)<sup>2</sup></b> |

#### Notes:

- During FY18, PFT implemented an aggressive strategy to increase sales revenue and reduce costs. This resulted in additional costs related to promotion, travel, marketing, etc. during FY18. In addition, the Company also undertook an extensive review of operating efficiencies, input product costs, packaging and processes at Woodbridge Smokehouse. As a result of incurring these additional costs and conducting this review, the Company has achieved lower costs of production, lower raw product costs, product rationalisation (improving productivity and operating efficiency) and price increases on the sale of its products.
- The Company notes that, as detailed in Section 6, the Investigating Accountant determined that an impairment of \$334,000 in respect of intangible assets should have been recognised as at 30 June 2019. Accordingly, this resulted in an after tax loss of \$(322,158) for PFT during FY19 (previously a \$11,842 profit after tax).

*For more information, please refer to Section 3.3(d)*

### What is the Financial Outlook for the Merged Group?

PFT is an operating and revenue generating business and made a profit during the financial year ended 30 June 2019. However, as detailed in section 3.3(f), upon completion of the Public Offer and re-admission of the Company to the Official List, the Merged Group intends to pursue a defined organic and acquisition growth strategy.

As set out in Section 5.2, after considering ASIC Regulatory Guide 170, the Directors and Proposed Directors believe that reliable financial forecasts for the Company cannot be prepared, and accordingly, financial forecasts have not been included in this Prospectus.

*For more information, please refer to Section 5.2*

### Will the Merged Group Have Sufficient Funds for its Activities?

Yes. The Directors and Proposed Directors are satisfied that upon completion of the Public Offer, the Company will have sufficient working capital to meet its stated objectives.

*For more information, please refer to Section 3.6*

### What is the Proposed Use of Funds Raised Under the Public Offer?

The Company intends to apply funds raised from a recent Convertible Loan raising which raised \$500,000 and the Public Offer (assuming oversubscriptions are not accepted) as follows:

| Proposed use of funds              | (\$)             | (%)           |
|------------------------------------|------------------|---------------|
| Plant and Equipment                | 1,000,000        | 28.57         |
| Business development and marketing | 600,000          | 17.14         |
| New product development            | 200,000          | 5.71          |
| Working capital <sup>1,2</sup>     | 1,122,489        | 32.07         |
| Costs of the Public Offer          | 577,511          | 16.50         |
| <b>Total funds allocated</b>       | <b>3,500,000</b> | <b>100.00</b> |

#### Notes:

- Working capital incorporates administration and operating costs.
- In line with the Company's growth strategy set out in Section 3.3(f) (ii), the Company anticipates that a portion of working capital will be allocated to potential costs associated with acquisition growth, which may include due diligence on a range of assets, transaction costs, and, depending on the acquisition(s), providing some (or all) of the acquisition consideration.

The Directors reserve the right to accept oversubscriptions under the Public Offer of up to \$500,000. Any additional funds raised will be used for marketing, new product development and working capital.

The above table is a statement of the Board's current intentions as at the date of this Prospectus. Prospective investors should note that, as with any budget, the allocation of funds set out in the above table may change depending on a number of factors.

*For more information, please refer to Section 3.6*

## What Are the Offers?

### What is the Public Offer?

The Company is seeking to raise \$3 million (which will be the Minimum Subscription) through a public offer of 15,000,000 Shares at an issue price of \$0.20 per Share (Public Offer). The Directors may accept oversubscriptions of up to an additional 2,500,000 Shares to raise up to an additional \$500,000.

*For more information, please refer to Section 2.1*

### What are the Secondary Offers and What are the Purposes of the Secondary Offers?

In connection with the Acquisition, the Company is also conducting the following Secondary Offers:

- ▶ **Consideration Offer:** under the Consideration Offer, the Company will issue the PFT Vendors 23,500,000 new Shares and 6,000,000 Consideration Options as consideration for the acquisition of 100% of the issued shares in PFT;
- ▶ **Conversion Shares Offer:** in December 2019 and January 2020, the Company conducted a convertible loan raising to raise \$500,000 to fund costs of the Acquisition and provide working capital (Convertible Loans). The Convertible Loans will automatically convert into Shares at a conversion price of \$0.20 per Share on completion of the Acquisition. The Company is offering 2,500,000 Shares on conversion of the Convertible Loans under the Conversion Shares Offer;
- ▶ **Lead Manager Securities Offer:** the Company has engaged Prenzler to be the Lead Manager to the Public Offer. As part consideration for these services, the Company will issue Prenzler (or its nominees) 1,582,715 Shares and 500,000 Lead Manager Options under the Lead Manager Securities Offer; and
- ▶ **Director Options Offer:** the Company intends to issue a total of 2,800,000 Incentive Options to the Proposed Directors as part of their remuneration package and to align their interests with that of other Shareholders.

*For more information, please refer to Section 2.2*

### What Are the Conditions of the Offers?

The Offers under this Prospectus are conditional upon:

- ▶ the Share Sale Agreement and the Ancillary SSAs becoming unconditional;
- ▶ the Company raising the Minimum Subscription of \$3,000,000 under the Public Offer; and
- ▶ to the extent required by ASX or the Listing Rules, each person entering into a restriction agreement imposing restrictions on Securities as mandated by the Listing Rules; and
- ▶ ASX providing the Company with a list of conditions which, when satisfied, will result in ASX reinstating the Shares to quotation on ASX upon the satisfaction of Chapters 1 and 2 of the Listing Rules.

If these conditions are not satisfied, the Offers will not proceed and the Company will repay any Application Moines received under the Public Offer in accordance with the Corporations Act.

*For more information, please refer to Section 2.3*

### Why is the Company Required to Re-comply with Chapters 1 & 2 of the Listing Rules?

The Company is currently dormant. As such, the Acquisition will result in a significant change in the nature and scale of the Company's activities, which requires the Company to obtain Shareholder approval and re-comply with Chapters 1 and 2 of the Listing Rules, pursuant to Chapter 11 of the Listing Rules.

*For more information, please refer to Section 1.2*

## Additional information

### What are the key dates of the Offers?

| Item                      | Date            |
|---------------------------|-----------------|
| Prospectus lodged         | 31 January 2020 |
| Public Offer Opening Date | 7 February 2020 |
| Closing Date              | 6 March 2020    |
| New Shares issued         | 16 March 2020   |
| Holding statements sent   | 16 March 2020   |
| Trading re-commences      | 30 March 2020   |

\* The above dates are indicative only and may change without notice.

### What rights and liabilities attach to the Securities on issue post-Acquisition?

The rights and liabilities attaching to Shares are described in Section 9.1. The rights and liabilities attaching to Options are described in Sections 9.2 and 9.3.

*For more information, please refer to Sections 9.1 to 9.3*

### Is the Public Offer underwritten?

No, however the Company has appointed Prenzler to be the Lead Manager to the Public Offer.

*For more information, please refer to Section 2.5*

### How do I apply for Securities under the Offers?

Applications for Shares under the Public Offer may be made using the Public Offer Application Form provided with this Prospectus.

Applications for Shares must be for a minimum of 10,000 Shares (i.e. \$2,000) and thereafter in multiples of 2,500 Shares (i.e. \$500) and payment for the Shares must be paid in full at the issue price of \$0.20 per Share.

Application Forms for the Secondary Offers will be provided by the Company, with a copy of this Prospectus, to the nominated participants in those Offers.

All Application Forms must be completed in accordance with the instructions accompanying the form.

*For more information, please refer to Section 2.7*

### Who is the lead manager to the Public Offer?

The Company has appointed Prenzler to be the Lead Manager to the Public Offer.

*For more information, please refer to Section 2.6*



## What fees are payable to the Lead Manager and Corporate Advisor?

### Lead Manager

Prenzler will, in consideration for acting as Lead Manager in relation to the Public Offer and Convertible Loan Agreements, receive a Lead Manager Fee of 6% of the amount raised under the Convertible Loan Agreements and Public Offer and the Company will issue to Prenzler (or its nominees) 1,582,715 Shares and 500,000 Lead Manager Options.

In addition, PFT has entered into a mandate with Prenzler in relation to the Acquisition, pursuant to which Prenzler will receive a fee of \$50,000 (if the Company is relisted on or before 3 May 2020) or \$60,000 (if the Company is relisted between 4 May 2020 and 3 December 2020).

### Corporate Advisor

Otsana Capital will receive a fee of \$100,000 (plus GST) in consideration for services provided to the Company in relation to project managing the Acquisition and the Company's relisting to the Official List.

*For more information, please refer to Section 2.9*

## What are the Lead Manager's and Corporate Advisor's interests in the Securities of the Company?

### Lead Manager

As at the date of this Prospectus, Prenzler (and its associates) do not hold a relevant interest in the Company's Securities. Assuming neither the Lead Manager nor its associates take up Shares under the Public Offer, the Lead Manager and its associates will have a relevant interest in 1,582,715 Shares (being the Shares to be issued under the Lead Manager mandate as noted above, and which will constitute 3.37% of all Shares, assuming the Minimum Subscription under the Public Offer) and 500,000 Lead Manager Options (being 3.9% of all Options on issue and 0.84% of all Securities on issue (on a fully diluted basis)).

### Corporate Advisor

As at the date of this Prospectus, Otsana Capital (and its associates) do not hold a relevant interest in the Company's Securities. However, as detailed in Section 8.3(g), the Otsana Nominees (being nominees of Otsana Capital and Bluebird Capital) were issued Shares in consideration for corporate advisory services provided by Otsana Capital in relation to the Company's recapitalisation proposal, and following a selective capital reduction of the Company's capital approved by Shareholders at the Annual General Meeting and completion of the Consolidation, will retain 395,679 of these Shares. Upon completion of the Offers, these 395,679 Shares will represent approximately 0.84% of Shares on issue (assuming the Minimum Subscription under the Public Offer).

*For more information, please refer to Section 2.9*

## What is the allocation policy for the Public Offer?

The Directors, in conjunction with the Lead Manager, will allocate Shares at their sole discretion with a view to:

- ▶ Obtaining an appropriate spread of investors to satisfy Listing Rule 1.1 condition 8;
- ▶ Recognising the ongoing support of existing Shareholders (and shareholders of PFT);
- ▶ Identifying new potential long-term or cornerstone investors; and
- ▶ Ensuring an appropriate Shareholder base for the Company moving forward.

There is no assurance that any Applicant will be allocated any Shares for which the Applicant has applied.

*For more information, please refer to Section 2.8*

## When will I receive confirmation that my application has been successful?

Holding statements confirming allocations under the Public Offer will be sent to successful applicants as required by ASX. Holding statements are expected to be issued to Shareholders on or around 16 March 2020.

*For more information, please refer to Section 2.8*

## Will any Securities be subject to escrow?

Yes. Subject to the Shares being reinstated to trading on the ASX, it is expected that certain Shares and Options in the Company will be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of reinstatement. Assuming the Minimum Subscription under the Public Offer, the Company expects that on its reinstatement to the Official List, that approximately 5,068,427 Shares will be classified as restricted securities by ASX, which will comprise approximately 11% of the issued share capital.

*For more information, please refer to Section 2.11*

## What is the Company's dividend policy?

The dividend policy of the Company will be dependent on its future operations, levels of profitability (if any) and the financial and taxation position of the Company at the time. As such, the Board cannot provide any guarantees that dividends will be paid in the future.

*For more information, please refer to Section 9.6*

## How can I find out more about the Prospectus or the Offers?

By speaking to your stockbroker, solicitor, accountant or other independent professional advisor or by contacting the Company on +61 8 6143 6702.



Preparing the smoker at Woodbridge Smokehouse's factory



# 1. TRANSACTION OVERVIEW

## 1.1. The Acquisition

The Company has entered into a Share Sale Agreement and Ancillary SSAs with the shareholders of Pure Foods Tasmania Pty Ltd (**PFT**) to acquire 100% of the issued capital in PFT. The Share Sale Agreement and Ancillary SSAs will complete contemporaneously.

PFT is an Australian private company formed in 2015. PFT aims to acquire, grow and develop premium food businesses in Tasmania. To date and in line with this strategy, PFT has acquired two businesses: Tasmanian Pate (one of Australia’s largest pate businesses and supplier to many large retail outlets including Costco, Aldi and Woolworths) and Woodbridge Smokehouse (a boutique producer of ultra-premium Tasmanian smoked salmon and trout).

Further details of PFT and the strategy of the Merged Group moving forward is provided in Section 3.

Under the Share Sale Agreement and the Ancillary SSAs, the Company will acquire all of the issued shares in PFT in consideration for the issue of 23,500,000 new Company Shares and 6,000,000 Options, each with an exercise price of \$0.30 and expiring on 8 November 2021 (**Consideration Options**) to the PFT Vendors.

As part of the Acquisition and to implement a more appropriate capital structure for the Company moving forward and to meet the ASX Listing Rule requirements, Shareholders at the Annual General Meeting approved the consolidation of the Company’s issued capital on a 10 to 1 basis (**Consolidation**), and the cancellation of 46,043,213 (pre-Consolidation) Advisor Shares which were issued to the Otsana Nominees as part of the Recapitalisation Proposal (see Section 3.1). The Otsana Nominees separately approved the cancellation of these Advisor Shares at a meeting held on 30 January 2020 in accordance with section 256C of the Corporations Act. The Consolidation and cancellation of Advisor Shares will take effect just prior to Completion of the Acquisition.

Completion under the Share Sale Agreement is subject to satisfaction (or waiver) of certain condition precedents. Key remaining outstanding conditions precedent include:

- a. the Company completing the Consolidation and the cancellation of Advisor Shares;
- b. the Company completing the Public Offer;
- c. the Company raising a minimum of \$3,000,000 through the issue of a minimum of 15,000,000 Shares at an issue price of \$0.20 per share via the Public Offer;
- d. execution of all necessary restriction deeds required by ASX or the Listing Rules imposing such restrictions on trading of Shares as mandated by the Listing Rules;
- e. the Company obtaining all third-party consents and regulatory approvals which may be required to undertake the Acquisition; and
- f. the Company receiving a conditional re-listing letter from ASX advising that ASX will reinstate the Company’s Shares to Official Quotation on ASX on terms acceptable to the Company and PFT (acting reasonably).

Completion of the Share Sale Agreement (and Ancillary SSAs) will take place 5 business days after satisfaction or waiver of the conditions precedent (or such other date as the parties may agree). On completion of the Share Sale Agreement and Ancillary SSAs, the Company will acquire 100% of the issued capital in PFT in consideration for the issue of the Consideration Securities described above, and all existing Directors will resign, with the nominees of PFT (being Malcolm McAully, Alexander “Sandy” Beard, Michael Cooper and Ken Fleming) to be appointed to the Board.

The Share Sale Agreement contains additional provisions, including warranties and indemnities in relation to the status and operations of PFT which are considered standard for agreements of this kind.

## 1.2. Suspension and Reinstatement on ASX

ASX has determined that the Acquisition, if successfully completed, will represent a significant change in the nature and scale of the Company’s activities and therefore requires:

- a. the approval of Shareholders (which the Company obtained at the Annual General Meeting); and
- b. the Company to re-comply with the admission requirements set out in Chapters 1 and 2 of the Listing Rules.

The Company’s Securities are currently suspended from trading on ASX and will not be reinstated unless ASX is satisfied the Company has met the requirements of Chapters 1 and 2 of the Listing Rules.

Some of the key requirements of Chapters 1 and 2 of the Listing Rules are:

- a. the Company must satisfy the shareholder spread requirements relating to the minimum number of Shareholders and the minimum value of the shareholdings of those Shareholders; and
- b. the Company must satisfy the “assets test” as set out in Listing Rule 1.3.

It is expected that the conduct of the Public Offer pursuant to this Prospectus will enable the Company to satisfy the above requirements.

Applicants should be aware that ASX will not re-admit or admit any Shares to Official Quotation until the Company re-complies with Chapters 1 and 2 of the Listing Rules and is re-admitted by ASX to the Official List.

In the event that the Company does not receive conditional approval for re-admission to the Official List, the Company will not proceed with the Public Offer and will repay all Application Monies received by it in connection with this

Prospectus (without interest).

The Company will apply to ASX no later than 7 days from the date of this Prospectus for ASX to grant official quotation of the Shares issued pursuant to this Prospectus. If the Shares are not admitted to quotation within three months after the date of this Prospectus, no Shares will be issued and Application Monies received under the Public Offer will be refunded in full without interest in accordance with the Corporations Act.

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

### 1.3. Annual General Meeting

The Company held the Annual General Meeting primarily for the purpose of seeking the approval of Shareholders for a number of resolutions required to implement the Acquisition. At the Annual General Meeting, the following resolutions were approved by Shareholders:

- a. **Cancellation of Advisor Shares:** the approval for the Company to cancel 46,043,213 (pre-Consolidation) Advisor Shares held by the Otsana Nominees (refer to Section 1.1);
- b. **Consolidation:** the approval for the consolidation of the Company's issued capital on a 10 to 1 basis;
- c. **Change in nature and scale of activities:** the Company changing the nature and scale of its activities as a result of the Acquisition;
- d. **Consideration Offer:** the issue of 23,500,000 Shares and 6,000,000 Consideration Options to the PFT Vendors (or their nominees) under the Consideration Offer (refer to Section 2.2(a));
- e. **Public Offer:** the issue of up to 17,500,000 Shares under the Public Offer (refer to Section 2.1);
- f. **Related party participation:** approval for certain Directors and Proposed Directors to participate in the Public Offer;
- g. **Lead Manager Securities Offer:** the issue of up to 1,582,715 Shares and 500,000 Lead Manager Options to the Lead Manager under the Lead Manager Securities Offer (refer to Section 2.2(c));
- h. **Conversion Shares Offer:** the issue of 2,500,000 Conversion Shares to Alexander "Sandy" Beard, Michael Cooper and the Convertible Loan Lenders (refer to Section 2.2(b));
- i. **Appointment of Proposed Directors:** the appointment of Malcolm McAully, Alexander "Sandy" Beard, Michael Cooper and Ken Fleming as Directors (Proposed Directors) subject to completion of the Acquisition (refer to Section 7);
- j. **Director Options Offer:** the issue of a total of 2,800,000 Incentive Options to the Proposed Directors (refer to Section 2.2(d));
- k. **Employee Securities Incentive Plan:** approval of the Company's Employee Securities Incentive Plan (refer to Section 9.4);
- l. **Change of Company name:** the change of the Company's name to "Pure Foods Tasmania Limited"; and
- m. **New Constitution:** approval to replace the Company's Constitution with a new Constitution.





## 2. DETAILS OF THE OFFERS

### 2.1. Public Offer

#### a. General

Pursuant to the Public Offer the Company offers 15,000,000 Shares at an Offer Price of \$0.20 per Share to raise \$3,000,000 (before costs) with the ability to accept oversubscriptions of up to an additional \$500,000 through the issue of an additional 2,500,000 Shares. The Public Offer is open to the general public.

The Shares to be issued pursuant to the Public Offer are of the same class and will rank equally in all respects with the existing Shares in the Company. The rights and liabilities attaching to the Shares are further described in Section 9.1.

Applications for Shares under the Public Offer must be made on the Public Offer Application Form accompanying this Prospectus and received by the Company on or before the Closing Date. Persons wishing to apply for Shares under the Public Offer should refer to Section 2.7 for further details and instructions.

#### b. Minimum Subscription

The minimum level of subscription for the Public Offer is 15,000,000 Shares to raise a minimum of \$3,000,000 (before costs) (**Minimum Subscription**). If the Minimum Subscription has not been achieved within four months after the date of this Prospectus (or such period as varied by ASIC), the Company will not issue any Securities under this Prospectus and will repay all Application Monies in accordance with the Corporations Act.

#### c. Purpose of the Public Offer

The purposes of the Public Offer are to:

- i. assist with the Company's re-compliance with the admission requirements under Chapters 1 and 2 of the Listing Rules following a significant change to the nature and scale of the Company's activities; and
- ii. provide funding for the purposes outlined in Section 3.6.

### 2.2. Secondary Offers

The Company is also undertaking the Secondary Offers (described below) in connection with the Acquisition. The Secondary Offers are being made under this Prospectus for the purposes described below and also to remove the need for an additional disclosure document to be issued upon the sale of any Securities (or any Shares issued on exercise of any Options) that are issued under the Secondary Offers.

#### a. Consideration Offer

This Prospectus also includes the Consideration Offer, under which the Company offers:

- i. 23,500,000 Shares; and
- ii. 6,000,000 Options (each with an exercise price of \$0.30 and expiring 8 November 2021 (**Consideration Options**),

in consideration for the acquisition by the Company of 100% of the issued capital in PFT pursuant to the Share Sale Agreement and Ancillary SSAs.

The Shares to be issued pursuant to the Consideration Offer are of the same class and will rank equally in all respects with the existing Shares in the Company. A summary of the rights and liabilities attaching to the Shares is set out in Section 9.1 of the Prospectus.

The terms and conditions of the Consideration Options are set out in Section 9.2. Shares issued on exercise of the Consideration Options will be of the same class and will rank equally in all respects with the existing Shares in the Company.

Applications for Securities under the Consideration Offer may only be made by the PFT Vendors (or their nominees) on the personalised Consideration Offer Application Form issued to the PFT Vendors together with a copy of this Prospectus, and must be completed and received by the Company on or before the Closing Date. The Company will only provide Consideration Offer Application Forms to persons entitled to participate in the Consideration Offer.

PFT Vendors should refer to Section 2.7 for further details and instructions. No Application Monies are payable under the Consideration Offer.

#### b. Conversion Shares Offer

In December 2019 and January 2020, the Company conducted a convertible loan raising to raise \$500,000 to fund costs of the Acquisition and provide working capital (**Convertible Loans**), with the Company receiving the funds in January 2020. The terms of the Convertible Loans provide that they will automatically convert into Shares at a conversion price of \$0.20 per Share on completion of the Acquisition. The Company is offering 2,500,000 Shares on conversion of the Convertible Loans under the Conversion Shares Offer to the holders of the Convertible Loans (or their nominees).

The Shares to be issued pursuant to the Conversion Shares Offer are of the same class and will rank equally in all respects with the existing Shares in the Company. A summary of the rights and liabilities attaching to the Shares is set out in Section 9.1 of the Prospectus.

Applications for Shares under the Conversion Shares Offer may only be made by the Convertible Loans holders (or their nominees) on the personalised Conversion Shares Offer Application Form issued to the Convertible Loans holders together with a copy of this Prospectus, and must be completed and received by the Company on or before the Closing Date. The Company will only provide Conversion Shares Offer Application Forms to persons entitled to participate in the Conversion Shares Offer.

The Convertible Loan holders should refer to Section 2.7 for further details and instructions. No Application Monies are payable under the Conversion Shares Offer.

### c. Lead Manager Securities Offer

The Company has engaged Prenzler to be the Lead Manager to the Public Offer. As part consideration for these services, the Company will issue Prenzler (or its nominees) 1,582,715 Shares and 500,000 Lead Manager Options under the Lead Manager Securities Offer.

The Shares to be issued pursuant to the Lead Manager Securities Offer are of the same class and will rank equally in all respects with the existing Shares in the Company. A summary of the rights and liabilities attaching to the Shares is set out in Section 9.1 of the Prospectus.

The Lead Manager Options to be issued pursuant to the Lead Manager Securities Offer have an exercise price of \$0.30 each and expire on 8 November 2021. The terms and conditions of the Lead Manager Options are set out in Section 9.2 of the Prospectus.

Applications for Shares and Lead Manager Options under the Lead Manager Securities Offer may only be made by Prenzler (and/or its nominees) on the personalised Lead Manager Securities Offer Application Form issued to Prenzler together with a copy of this Prospectus, and must be completed and received by the Company on or before the Closing Date. The Company will only provide Lead Manager Securities Offer Application Forms to persons entitled to participate in the Lead Manager Securities Offer.

The Lead Manager should refer to Section 2.7 for further details and instructions. No Application Monies are payable under the Lead Manager Securities Offer.

The Company expects all Shares and Lead Manager Options issued under the Lead Manager Securities Offer will be escrowed for 24 months in accordance with the Listing Rules.

### d. Directors Options Offer

The Company is proposing to issue a total of 2,800,000 Incentive Options to the Proposed Directors as follows:

- i. 500,000 Incentive Options to Malcolm McAully (proposed Non-Executive Chairman) (or his nominees);
- ii. 500,000 Incentive Options to Alexander "Sandy" Beard (proposed Non-Executive Director) (or his nominees);
- iii. 500,000 Incentive Options to Ken Fleming (proposed Non-Executive Director (or his nominees); and
- iv. 1,300,000 Incentive Options to Michael Cooper (proposed Managing Director) (or his nominees).

The Incentive Options provide an incentive component to each of the Proposed Directors' remuneration packages and align their interests with those of Shareholders. The Incentive Options are exercisable at \$0.40 and expire 3 years from the date of reinstatement of the Company's securities to trading following completion of the Acquisition, and are subject to specified vesting conditions. The terms and conditions of the Incentive Options are set out in Section 9.3 of the Prospectus.

Applications for Incentive Options under the Directors Options

Offer may only be made by the Proposed Directors (and/or their nominees) on the personalised Directors Options Offer Application Form issued to the Proposed Directors together with a copy of this Prospectus, and must be completed and received by the Company on or before the Closing Date. The Company will only provide the Directors Options Offer Application Forms to persons entitled to participate in the Directors Options Offer.

The Proposed Directors should refer to Section 2.7 for further details and instructions. No Application Monies are payable under the Directors Options Offer.

The Company expects all Incentive Options issued under the Directors Options Offer will be escrowed for 24 months in accordance with the Listing Rules.

## 2.3. Conditional Offers

The Offers under this Prospectus are conditional upon the following events occurring:

- a. the Share Sale Agreement and the Ancillary SSAs becoming unconditional;
- b. the Company raising the Minimum Subscription, being \$3,000,000, under the Public Offer (refer to Section 2.1(b)); and
- c. to the extent required by ASX or the Listing Rules, each person entering into a restriction agreement imposing restrictions on Securities as mandated by the Listing Rules; and
- d. ASX providing the Company with a list of conditions which, when satisfied, will result in ASX reinstating the Shares to quotation on ASX upon the satisfaction of Chapters 1 and 2 of the Listing Rules.

If these conditions are not satisfied then the Offers will not proceed and the Company will repay all Application Monies received under the Public Offer in accordance with the Corporations Act.





## 2.4. Capital Structure

The proposed pro forma capital structure of the Company following completion of the Offers and the Acquisition is as follows:

| Pro-Forma Capital Structure                                                                        | Number            | %            |
|----------------------------------------------------------------------------------------------------|-------------------|--------------|
| Existing Shares on issue (following cancellation of Advisor Shares and Consolidation) <sup>1</sup> | 4,417,285         | 9.4          |
| Shares to be issued to PFT Vendors under Acquisition                                               | 23,500,000        | 50.0         |
| Shares to be issued to Lead Manager                                                                | 1,582,715         | 3.4          |
| Public Offer Shares (assuming Minimum Subscription)                                                | 15,000,000        | 31.9         |
| Shares issued on conversion of existing Convertible Loans                                          | 2,500,000         | 5.3          |
| <b>Total Shares</b>                                                                                | <b>47,000,000</b> | <b>100.0</b> |
| Existing Options on issue (post Consolidation) <sup>1,2</sup>                                      | 3,500,000         | 27.3         |
| Consideration Options to be issued to PFT Vendors under Acquisition <sup>2</sup>                   | 6,000,000         | 46.9         |
| Lead Manager Options to be issued to Lead Manager <sup>2</sup>                                     | 500,000           | 3.9          |
| Incentive Options to be issued to Proposed Directors <sup>3</sup>                                  | 2,800,000         | 21.9         |
| <b>Total Options</b>                                                                               | <b>12,800,000</b> | <b>100.0</b> |

### Notes:

- <sup>1</sup> Subject to rounding post Consolidation.
- <sup>2</sup> These Options have an exercise price of \$0.30 each and expire 8 November 2021. Refer to Section 9.2 for the full terms and conditions.
- <sup>3</sup> These Options have an exercise price of \$0.40 each and expire 3 years from the date the Company is reinstated to the Official List and are subject to vesting conditions. Refer to Section 9.3 for the full terms and conditions.

## 2.5. No Underwriting

The Public Offer is not underwritten.

## 2.6. Lead Manager

The Company has appointed Prenzler to be the Lead Manager to the Public Offer. The key terms of engagement of the Lead Manager are set out in Section 8.3(f).

## 2.7. Applications

Applications for Securities under the Offers can only be made using the relevant Application Form accompanying this Prospectus. The Application Form must be completed in accordance with the instructions set out on the form.

Applications under the Public Offer must be for a minimum of 10,000 Shares (\$2,000) and then in increments of 2,500 Shares (\$500). No brokerage, stamp duty or other costs are payable by applicants. Payment must be made in accordance with the instructions on the form. Applicants paying by cheque must make the cheques payable to "Bunji Corporation Limited" and should be crossed "Not Negotiable". All Application Monies will be paid into a trust account.

Completed Application Forms and accompanying cheques (where relevant) must be received by the Company before 5.00pm WST on the Closing Date by either being delivered to, or posted to, the addresses set out in the Application Form.

Applicants are urged to lodge their Application Forms as soon as possible as the Public Offer may close early.

A completed and lodged Application Form (together with a cheque for the Application Monies for applicants paying by cheque), constitutes a binding and irrevocable offer to subscribe for the number of Securities specified in the Application Form. The Application Form does not need to be signed to be valid. If the Application Form is not completed correctly or if the accompanying payment is for the wrong amount, it may be treated by the Company as valid. The Directors' decision as to whether to treat such an application as valid and how to construe, amend or complete the Application Form is final; however an applicant will not be treated as having applied for more Shares than is indicated by the amount of the cheque for the Application Monies.

It is the responsibility of applicants outside Australia to obtain all necessary approvals for the allotment and issue of Securities pursuant to this Prospectus. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by the applicant that all relevant approvals have been obtained.

## 2.8. Allocation and Allotment of Shares Under the Public Offer

The Directors, in consultation with the Lead Manager, will allocate Shares under the Public Offer at their sole discretion with a view to:

- a. obtaining an appropriate spread of Shareholders to satisfy Listing Rule 1.1 condition 8;
- b. recognising the ongoing support of existing Shareholders and PFT Vendors;
- c. identifying new potential long-term or cornerstone investors; and
- d. ensuring an appropriate Shareholder base for the Company going forward.

The Directors reserve the right to reject any Application or to allot a lesser number of Shares than that applied for. If the number of Shares allocated is less than that applied for, or no allotment is made, any surplus Application Monies will be promptly refunded without interest.

Subject to ASX granting approval for quotation of the Shares, the allotment of Shares will occur as soon as practicable after the Public Offer closes. Holding statements will be dispatched as required by ASX. It is the responsibility of Applicants to determine their allocation prior to trading in the Shares.

Applicants who sell the Shares before they receive their holding statement will do so at their own risk. There is no assurance that any Applicant will be allocated any Shares for which the Applicant has applied.

## 2.9. Advisors' interests in the Public Offer

### a. Lead Manager

As set out in Section 8.3(f), Prenzler will, in consideration for acting as Lead Manager in relation to the Public Offer and Convertible Loan Agreements, receive a Lead Manager Fee of 6% of the amount raised under the Convertible Loan Agreements and Public Offer and the Company will issue to Prenzler (or its nominees) 1,582,715 Shares and 500,000 Lead Manager Options (on a post-Consolidation basis). The terms and conditions of the Lead Manager Options are set out in Section 9.2.

As at the date of this Prospectus, Prenzler (and its associates) do not hold a relevant interest in the Company's Securities. Assuming neither the Lead Manager nor its associates take up Shares under the Public Offer, the Lead Manager and its associates will have a relevant interest in 1,582,715 Shares (being the Shares it will be issued under the Lead Manager mandate as noted above and which constitutes 3.37% of all Shares, assuming the Minimum Subscription under the Public Offer) and 500,000 Lead Manager Options (being 3.9% of all Options on issue and 0.84% of all Securities on issue (on a fully diluted basis)). Based on the Investigating Accountant's valuation (see Section 6), the Lead Manager Options have a fair value of \$0.079 per option (being a total value of \$39,500).

It is further noted, as set out in Section 8.2(e), that PFT has entered into a mandate with Prenzler in relation to the Acquisition, pursuant to which Prenzler will receive a fee of \$50,000 (if the Company is relisted on or before 3 May 2020) or \$60,000 (if the Company is relisted between 4 May 2020 and 3 December 2020). In addition, in the event that PFT makes an acquisition introduced by Prenzler prior to completion of the Acquisition, Prenzler will be paid a fee of 2% of the enterprise value of the acquired business/asset. As at the date of this Prospectus, it is not expected that PFT will complete an M&A transaction prior to completion of the Acquisition and therefore it is not expected that the 2% fee will be payable.

Other than as detailed above, Prenzler has not participated in a placement of Securities by the Company in the two years preceding lodgement of this Prospectus.

### b. Corporate Advisor

As set out in Section 8.3(g), Otsana Capital will receive a fee of \$100,000 (plus GST) in consideration for services provided to the Company in relation to project managing the Acquisition and the Company's relisting to the Official List.

As at the date of this Prospectus, Otsana Capital (and its associates) do not hold a relevant interest in the Company's Securities. However, as detailed in Section 8.3(g), the Otsana Nominees (being nominees of Otsana Capital and Bluebird Capital) were issued Shares in consideration for corporate advisory services provided by Otsana Capital in relation to the Company's recapitalisation proposal, and following a selective capital reduction of the Company's capital approved by Shareholders at the Annual General Meeting and completion of the Consolidation, will retain 395,679 of these Shares. Upon completion of the Offers, these 395,679 Shares will represent approximately 0.84% of Shares on issue (assuming the Minimum Subscription under the Public Offer).

Other than as detailed above, Otsana Capital has not participated in a placement of Securities by the Company in the two years preceding lodgement of this Prospectus.

## 2.10. Application Monies to be Held in Trust

The Application Monies for Shares to be issued pursuant to the Public Offer will be held in a separate bank account on behalf of applicants until the Shares are allotted. If the Shares to be issued under this Prospectus are not admitted to quotation within a period of three months from the date of this Prospectus, the Application Monies will be refunded in full without interest, and any Shares issued will be deemed to be void. All interest earned on Application Monies (including those which do not result in the issue of Shares) will be retained by the Company.



## 2.11. Escrow Arrangements

Subject to the Company's Shares being reinstated to trading on the ASX, certain Securities in the Company will be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of reinstatement. During the period in which these Securities are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of their Shares in a timely manner.

The securities likely to be subject to escrow are approximately 13% of the Shares to be issued to the PFT Vendors as part consideration for the Acquisition, all Consideration Options to be issued to the PFT Vendors, all Shares and Lead Manager Options issued pursuant to the Lead Manager Securities Offer, all Incentive Options issued to the Proposed Directors and certain Shares held by the Otsana Nominees (see section 8.3(g) for further detail). The Company anticipates that upon re-admission of the Company to the Official List, assuming that the Public Offer is fully subscribed (and no oversubscriptions are accepted), approximately 5,068,427 Shares will be classified as restricted securities by ASX, which will comprise approximately 11% of the issued share capital. Accordingly, the Company's free float at the time of re-admission to ASX will not be less than 20%.

The Shares offered under the Public Offer will not be subject to any escrow restrictions.

Prior to the Company's Shares being reinstated to trading on the ASX, the Company will enter into escrow agreements with the recipients of the restricted securities or issue escrow notices in accordance with Chapter 9 of the Listing Rules, and the Company will announce to ASX full details (quantity and duration) of the Securities required to be held in escrow.

## 2.12. CHESS and Issuer Sponsorship

The Company participates in CHESS. All trading on the ASX in existing Shares is, and in new Shares will be, settled through CHESS. ASX Settlement, a wholly-owned subsidiary of the ASX, operates CHESS in accordance with the Listing Rules and the ASX Settlement Operating Rules. On behalf of the Company, the Share Registry operates an electronic issuer sponsored sub-register and an electronic CHESS sub-register. The two sub-registers together make up the Company's principal register of securities.

Under CHESS, the Company does not issue certificates to Shareholders. Rather, holding statements (similar to bank statements) will be sent to Shareholders as soon as practicable after allotment. Holding statements will be sent either by CHESS (for Shareholders who elect to hold Shares on the CHESS sub-register) or by the Company's Share Registry (for Shareholders who elect to hold their Shares on the issuer sponsored sub-register). The statements will set out the number of existing Shares (where applicable) and the number of new Shares allotted under this Prospectus and provide details of a Shareholder's holder identification number (for Shareholders who elect to hold Shares on the CHESS sub-register) or Shareholder reference number (for Shareholders who elect to hold their Shares on the issuer sponsored sub-register). Updated holding statements will also be sent to each Shareholder at the end of each month in which there is a transaction on their holding, as required by the Listing Rules.

## 2.13. ASX Listing and Official Quotation

Within seven days after lodgement of this Prospectus, the Company will apply to ASX for re-admission to the Official List of ASX and for the Shares, including those offered by this Prospectus, to be granted official quotation (apart from any Shares that may be designated by ASX as restricted securities).

If ASX does not grant permission for official quotation within three months after the date of this Prospectus (or within such longer period as may be permitted by ASIC), none of the Securities offered by this Prospectus will be allotted and issued. If no allotment and issue is made, all Application Monies will be refunded to Applicants (without interest) as soon as practicable.

ASX takes no responsibility for the contents of this Prospectus. The fact that ASX may grant official quotation is not to be taken in any way as an indication of the merits of the Company or the Securities offered pursuant to this Prospectus.

## 2.14. Risks

As with any investment in securities, there are risks associated with investing in the Company. The principal risks that could affect the financial and market performance of the Company are detailed in Section 4 of this Prospectus. The Securities on offer under this Prospectus should be considered highly speculative. Accordingly, before deciding to invest in the Company, applicants should read this Prospectus in its entirety and should consider all factors in light of their individual circumstances and seek appropriate professional advice.

## 2.15. Overseas Investors

An offer made pursuant to this Prospectus is not made to persons or in places which would not be lawful to make the offer. No action has been taken to register the Offers under this Prospectus or otherwise permit the Offers to be made in any jurisdiction outside Australia.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law in those jurisdictions and therefore persons who come into possession of this Prospectus should observe any such restrictions. Failure to comply with such restrictions may constitute a violation of applicable securities laws.

This Prospectus does not constitute an offer of Securities in any jurisdiction in which it would be unlawful. In particular, this Prospectus may not be distributed to any person, and the Securities may not be offered or sold, in any country outside Australia.



## 2.16. Privacy Disclosure

Persons who apply for Securities pursuant to this Prospectus are asked to provide personal information to the Company, either directly or through the Share Registry. The Company and the Share Registry collect, hold and use that personal information to assess applications for Securities, to provide facilities and services to Security holders, and to carry out various administrative functions.

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.

If the information requested is not supplied, the Company may not be able to process your application for Securities. By submitting an Application Form, you agree that the Company may use the information provided by you on the Application Form for the purposes set out herein and may disclose it for those purposes to the share registry, the Company's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities.

A Security holder has a right to gain access to, correct and update the information that the Company holds about that

person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the Company's registered office.

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.

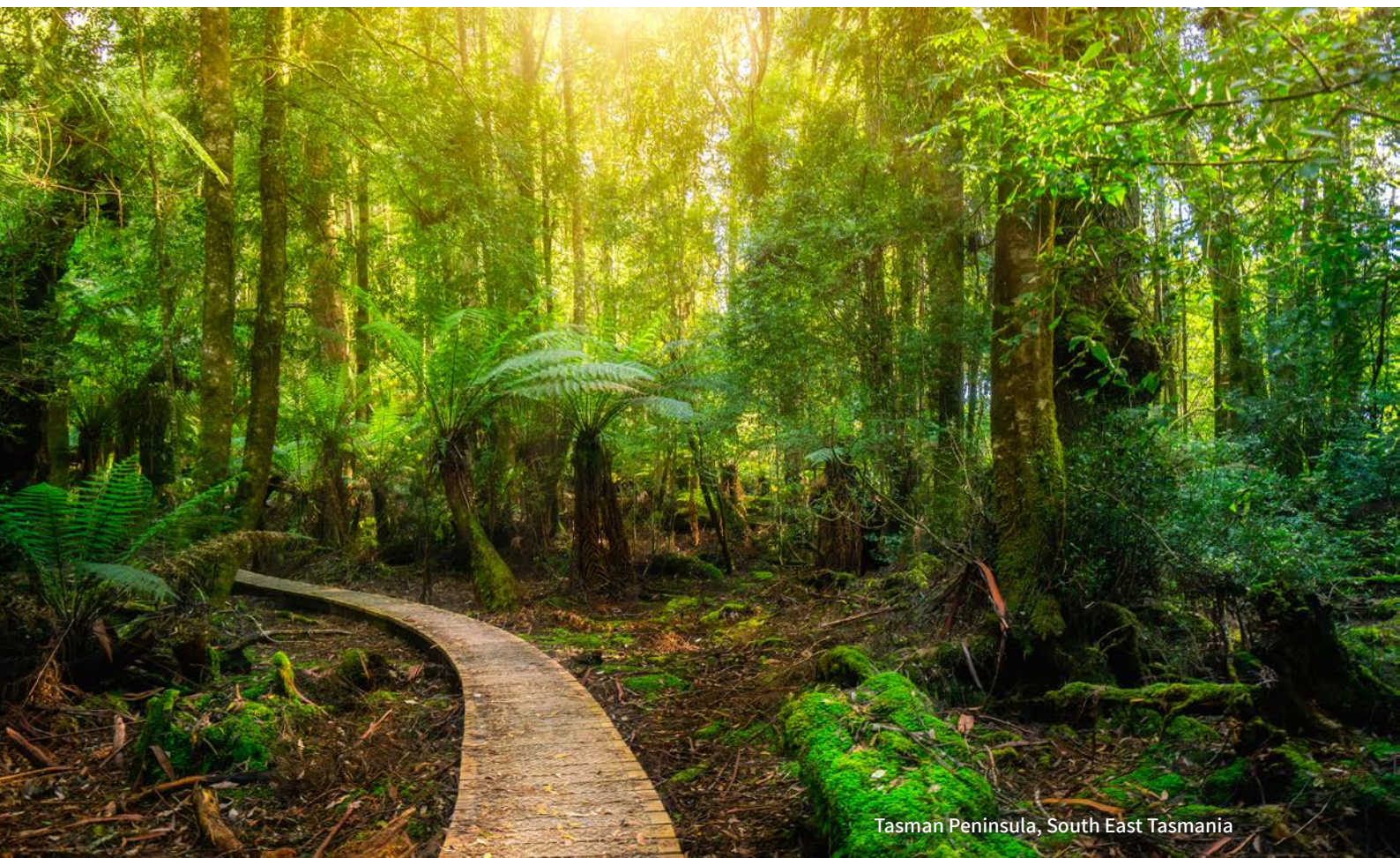
## 2.17. Taxation

It is the responsibility of all persons to satisfy themselves of the particular taxation treatment that applies to them in relation to the Offers, by consulting their own professional tax advisers. Neither the Company nor any of its Directors or officers accepts any liability or responsibility in respect of the taxation consequences of the matters referred to above.

## 2.18. Enquiries

This is an important document and should be read in its entirety. Investors should consult with their professional advisers before deciding whether to apply for Securities under this Prospectus. Any investment in the Company under this Prospectus should be considered highly speculative.

Questions relating to the Offers and the completion of an Application Form can be directed to the Company on +61 8 6143 6702.



Tasman Peninsula, South East Tasmania



## 3. OVERVIEW OF THE COMPANY, PFT AND THE MERGED GROUP

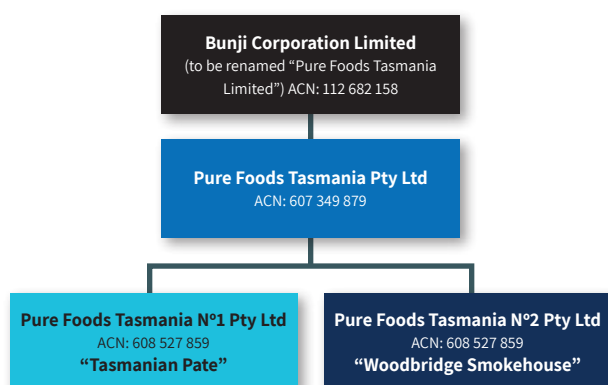
### 3.1. Existing Activities of the Company

The Company was previously a coal mining, exploration and development company, with a primary focus on its Baralaba North mine in the Bowen Basin Queensland, Australia. Following a failed capital raising, the Company was suspended from trading on ASX in July 2017 and put into administration by the (then) Directors later that month. Otsana Capital submitted a proposal to the administrators to recapitalise the Company by way of a deed of company arrangement (**DOCA**) in April 2018 (**Recapitalisation Proposal**), and shortly thereafter the parties entered into a formal agreement to facilitate implementation of the Recapitalisation Proposal.

Otsana Capital worked together with Bluebird Capital on the Recapitalisation Proposal which completed in August 2018 at which time all pre-administration liabilities of the Company were extinguished, and all Directors were removed and replaced by the current Directors, being Nicholas Young, Peter Woods and Shaun Hardcastle. Since their appointment, the Directors (with assistance from Otsana Capital and Bluebird Capital), have spent significant time and effort searching for acquisition opportunities to facilitate the relisting of the Company on ASX, which has culminated in the Company's entry into the Share Sale Agreement and Ancillary SSAs to acquire 100% of the issued shares in PFT as announced by the Company on ASX on 24 December 2019.

### 3.2. The Merged Group

The Company is currently dormant. On completion of the Acquisition, PFT will become a wholly owned subsidiary of the Company and the Company's main undertaking will be to operate the PFT businesses and pursue its growth strategy (**Merged Group**). The corporate structure of the Merged Group will be as follows:



### 3.3. About PFT

#### a. Overview of PFT

PFT was formed in 2015. PFT aims to acquire, grow and develop premium food businesses in Tasmania. To date and in line with this strategy, PFT has acquired two businesses (which are held through separate wholly owned subsidiaries):

- i. in 2015, PFT acquired Tasmanian Pate (one of Australia's largest pate businesses and supplier to many large retail outlets including Costco, Aldi and Woolworths) which has been operating since 1996. Tasmanian Pate is held and operated by Pure Foods Tasmania No1 Pty Ltd which is a wholly owned subsidiary of PFT; and
- ii. in 2015, PFT acquired Woodbridge Smokehouse, a boutique producer of ultra-premium Tasmanian smoked salmon and trout which has operated since 2004. Woodbridge Smokehouse is held and operated by Pure Foods Tasmania No2 Pty Ltd which is a wholly owned subsidiary of PFT.

#### b. Woodbridge Smokehouse

Woodbridge Smokehouse is a producer of premium quality smoked ocean trout and Atlantic salmon. The key features of Woodbridge Smokehouse's business model are set out below:

- i. **Suppliers:** Woodbridge Smokehouse sources trout and salmon from Tasmanian suppliers such as Huon Aquaculture, Petuna Seafoods and Tassal. Ocean trout is sourced from Macquarie Harbour, on the west coast of Tasmania, and Atlantic salmon is sourced from Tasmania's cool south-east region which is considered a perfectly protected breeding environment. There are three major suppliers of salmon and two suppliers of trout in Tasmania. The market for salmon and trout is competitive, and fish quality is impacted by various issues, including seasonality which can result in varying sizes of fish. As such, Woodbridge Smokehouse has used each of these suppliers (and often two at any point in time) to ensure it obtains the right quality product at the right price. Changes in supplier have not been uncommon over the years (due to the competitive market), and the ability of Woodbridge Smokehouse to change suppliers assists Woodbridge Smokehouse to mitigate supply risk for the business.
- ii. **Smokehouse and Processing Facility:** Sourced trout and salmon are then smoked and processed at Woodbridge Smokehouse's purpose-built smokehouse and processing facility, located on a 25-acre apple orchard on the south-east coast of Tasmania. The facility (and all equipment) is owned by Woodbridge Smokehouse, while the premises are subject to a long-term lease which has a term expiring on 27 November 2020 with an option for PFT to renew for a further term of up to 5 years).

**iii. Products:** from its facility, the business produces a range of hot and cold smoked ocean trout and Atlantic salmon products which are sold to a range of wholesale customers, as well as retail customers through its website: <https://woodbridgesmokehouse.myfoodlink.com/>. The business prides itself on using only natural 100% Australian ingredients, and has established product and manufacturing links with Australian Made. Woodbridge Smokehouse's products have won a range of awards: <https://woodbridgesmokehouse.com.au/awards>.

**iv. Customers:** over ~60% of Woodbridge Smokehouse's products are exported to Asian markets (the business is registered by the Department of Agriculture as an export establishment). The business' major customers include high end food services and retailers throughout Australia, with the main export markets being Singapore and Hong Kong. Most customer orders are received on a regular basis. Major customers include Prestige Foods International, Cathay Pacific, Little Farms Pte Ltd, David Jones and Hill Street Grocer (a multi-location upscale grocery business in Tasmania).

### c. Tasmanian Pate

Tasmanian Pate produces a wide range of premium pates in a variety of packaging sizes from 125g through to 1kg catering packs. The key features of Tasmanian Pate's business model are set out below:

- i. Suppliers:** Chicken liver is the principal ingredient in pate. Tasmanian Pate has a preferred supplier (due to proximity and availability of 'free range' product), however the market is competitive and alternative suppliers are available if any disruption was to occur.
- ii. Facility:** Tasmanian Pate historically operated out of a purpose-built factory located centrally in North Hobart. Due to capacity constraints and the decision to investigate export opportunities for pate, the business has recently completed a move to a larger purpose-built facility at Mornington, Hobart. Tasmanian Pate has a 6-year lease at these premises maturing in May 2025, with an option to renew for a further 6 years.
- iii. Products:** Tasmanian Pate produces a wide range of premium pates in a variety of packaging sizes. See: <http://taspate.com.au/product/>.
- iv. Customers:** Tasmanian Pate's customers are mainly major supermarkets (Woolworths, Aldi, Costco, IGA). The business has established relationships with these customers, whereby the typical process for supplying products to these customers will be that Tasmanian Pate (as well as other suppliers of products) will submit products to these customers within a designated 'range review' period and, if successful, the customer will stock these products on their shelves for sale to retail consumers until the end of the next review period. A review period is typically 12 months, but can be reviewed after 9 months in the event that a product does not meet the customers' sales expectations. This supply arrangement is standard practice in Australia. Tasmanian Pate's product lines are continually monitored and discussed with department purchasing managers from each customer. New product

development is done in conjunction with feedback from the respective buyers for the purpose of seasonal promotion and in-store specials.

### d. Current Level of Operations

PFT is an operating and revenue generating business, however investors should be aware that PFT made losses during FY18 and FY19 and refer to Sections 5 and 6 for further historical financial information of PFT.

The following table sets out the key financial metrics of PFT based on audited financial statements for the financial years ended 30 June 2017, 30 June 2018 and 30 June 2019:

|                           | FY17 (\$)     | FY18 (\$)                    | FY19 (\$)                      |
|---------------------------|---------------|------------------------------|--------------------------------|
| Sales                     | 3,119,334     | 3,580,782                    | 3,789,405                      |
| Cost of Goods Sold (COGS) | 2,144,813     | 2,574,751                    | 2,478,721                      |
| Gross Profit              | 974,521       | 1,006,031                    | 1,310,684                      |
| Expenses                  | 1,125,142     | 1,576,053                    | 1,329,045                      |
| EBITDA                    | 189,797       | (310,087)                    | 144,678                        |
| <b>Profit after tax</b>   | <b>56,952</b> | <b>(499,563)<sup>1</sup></b> | <b>(322,158)<sup>1,2</sup></b> |

#### Notes:

- 1 During FY18, PFT implemented an aggressive strategy to increase sales revenue and reduce costs. This resulted in additional costs related to promotion, travel, marketing, etc. during FY18. In addition, the Company also undertook an extensive review of operating efficiencies, input product costs, packaging and processes at Woodbridge Smokehouse. As a result of incurring these additional costs and conducting this review, the Company has achieved lower costs of production, lower raw product costs, product rationalisation (improving productivity and operating efficiency) and price increases on the sale of its products.
- 2 The Company notes that, as detailed in Section 6, the Investigating Accountant determined that an impairment of \$334,000 in respect of intangible assets should have been recognised as at 30 June 2019. Accordingly, this resulted in an after tax loss of \$(322,158) for PFT during FY19 (previously a \$11,842 profit after tax).

### e. Competitors

- i. Tasmanian Pate:** Tasmanian Pate has two main competitors in the Australian market, being:
  - (A) Normandie Foods - a Western Australian based company which supplies to major supermarket chains, including Woolworths and IGA stores, with a similar product price point as Tasmanian Pate; and
  - (B) Maggie Beer - a South Australian based company which supplies to major supermarket chains, including Woolworths and IGA stores, with products typically at a price premium to Tasmanian Pate.
- ii. Woodbridge Smokehouse:** Woodbridge Smokehouse exports approximately 60% of its products, competing with products supplied from suppliers based in Norway and the United Kingdom. Woodbridge Smokehouse has achieved accelerated growth in the export of its product over the previous three years, with significant sales to Asian buyers focussed on quality, brand, reputation and flavour.

The fresh and smoked salmon and trout market in Australia is dominated by three operators, being



Tassal Group Limited, Huon Aquaculture and Petuna Aquaculture. Woodbridge Smokehouse's product, however, is lower volume than the above competitors, with Woodbridge Smokehouse's product marketed as a higher quality 'niche' product, with a distinctive flavour which justifies a super-premium price.

There are a number of niche and smaller operators which compete with Woodbridge Smokehouse in the premium Australian market, including:

- (A) Harris Smoke House – based in South Australia;
- (B) Bellarine Smoke House – based in Victoria; and
- (C) Pialligo Estate Smoke House – based in the ACT.

## f. Growth Strategy

PFT's (and the Company's) objectives following successful completion of the Public Offer and re-admission of the Company to the Official List are to: (i) organically grow its existing Tasmanian Pate and Woodbridge Smokehouse businesses; and (ii) grow via the acquisition of complementary businesses.

- i. Organic growth:** PFT intends to organically grow its existing Tasmanian Pate and Woodbridge Smokehouse businesses primarily through increased penetration of existing markets, entry into new markets with a focus on exports and new product development. The growth strategy will be overseen by Michael Cooper who, as detailed in Section 3.5(b), has significant experience in the food and beverage industry. Tasmanian Pate's move to new purpose-built facilities in Mornington, Hobart provides a platform for the Company to increase production, and the company intends to continue growth through:

- (A) penetrating new markets and obtaining new customers, with a focus on exports. The Company has allocated a budget of \$600,000 towards marketing and business development to achieve this;
- (B) new product development. The Company has allocated a budget of \$200,000 for this; and
- (C) purchase new plant and equipment to automate production for the Tasmanian Pate business (approx. \$1,000,000).

- ii. Growth by acquisition:** PFT also intends to grow through the acquisition of complementary businesses, with a focus on synergistic and similar premium food/beverage businesses in Tasmania, as well as other complementary assets/businesses including product fit businesses (within the existing PFT portfolio), logistics and/or resources (particularly manpower) businesses (to further control the supply chain of its products). The Proposed Directors have significant experience and networks in the food and beverage industry in Tasmania, and PFT intends to leverage off these networks in pursuing its growth by acquisition strategy. The ability for the Merged Group on and from listing to have better access to capital, as well as the ability to offer listed Shares as consideration will also greatly enhance its ability to pursue this growth strategy. PFT has had discussions with potential acquisition targets but discussions are at an early stage, with no guarantee that a transaction will materialise in the short term.

## 3.4. Consideration for Acquisition

The Board considers that the quantum of Consideration Securities to be issued for the Acquisition reflects reasonable fair value of PFT in view of the Company having conducted arm's length negotiations with representatives of PFT to arrive at the commercial terms of the Acquisition.

In determining the consideration for the Acquisition, the Company also took into account the following considerations:

- a.** internal revenue and profit forecasts of PFT. However, those forecasts cannot be stated publicly as they do not comply with ASIC guidelines (in particular, ASIC Regulatory Guide 170 which requires directors to have a reasonable basis for disclosing forecast financial information);
- b.** third party transactions in the commercial food production industry;
- c.** the experience and strengths of the Proposed Directors and incoming management; and
- d.** the Board's assessment of the future prospects of PFT based on the current level of its operations and the growth forecast in industry.

As with the acquisition of any growth business or asset that does not have a stable track record of revenue and profitability, there is not always an appropriate formal valuation methodology (e.g. discounted cash flow) available when determining the purchase price. As such, the Company did not adopt a particular formal valuation methodology but rather the Company undertook a comparable transaction approach and was required to take into account qualitative factors such as those set out above in coming to a decision on price.

The Board is of the opinion that the opportunity presented under the Acquisition represents an opportunity that is in the best interests of current Shareholders of the Company and was involved in a lengthy negotiation process prior to executing the Share Sale Agreement.

The opportunity structured and presented under the Acquisition presents Shareholders with the opportunity to hold a position in a unique business with the ability to generate revenue in an existing market with an opportunity for growth.

The Company's entry into the Share Sale Agreement followed an extensive search for potential acquisition assets by the existing Directors, in particular Nicholas Young and Peter Woods who both specialise in the identification and listing of businesses on ASX.

Since their appointment as Directors in August 2018, Messrs Young and Woods have spent significant time and resources identifying and conducting due diligence on a large number of potential acquisition opportunities in a range of sectors. Following the identification of PFT as a potential acquisition, Mr Young travelled to Tasmania to visit and conduct due diligence on the PFT businesses, meet the Proposed Directors and senior management of PFT and conduct negotiations. As noted in Section 3.1, the primary role of the existing Directors was to identify and implement a transaction to facilitate the reinstatement of the Company's securities to the Official List, and delivering value for shareholders. As such, on completion of the Acquisition, all existing Directors (including Mr Young and Mr Woods) will resign and be replaced by Messrs McAully, Cooper, Fleming and Beard.

### 3.5. Board of Directors

On completion of the Acquisition, all existing Directors will resign and the following persons will be appointed to the Board:

#### a. Mr Malcolm McAully – proposed Non-Executive Chairman

Malcolm McAully is an experienced company director having held roles over a diverse range of industry backgrounds such as financial services, energy generation, waste management, agribusiness, technology manufacturing, human resource management and food manufacturing. Malcolm was the Chairman of ASX listed Pinnacle VRB Ltd (ASX:PCE) from 2004 to 2005, and remained Chairman when the company (following an acquisition) changed its name to Cougar Energy Limited (ASX:CXY) until 2013 when he resigned. Malcolm is also the Chairman of Chaucer Energy Limited which is seeking to list on ASX in 2020.

Malcolm has held various executive management positions including National Manager for MLC Life when owned by the Lend Lease Group. He holds a Master of Business and qualifications in accounting, business management, mediation, turn around management and GAICD. Malcolm's primary focus is on strategic development, financial performance, corporate governance and investor relations.

#### b. Mr Michael Cooper – proposed Managing Director

Michael Cooper is currently the Managing Director of PFT. Michael has over 28 years' experience in senior executive roles in the food and beverage industry. He was the CEO and later Managing Director of Juicy Isle Pty Ltd (JI) and recently sold his family interest to Myer Family Investments. JI was the largest supplier of organic juice in Australia to Woolworths, Coles and Costco. He was also a Director (2012 to 2017) of Ausfec Ltd, a \$550M revenue business. Ausfec was the major route to market distribution channel for global brands such as Cadbury, Nestle, Mars, Wrigley, Smith and SBA Snack Foods, Red Bull and V energy drinks. Michael is also a director of Brand Tasmania, a Tasmanian State Authority created under

the Brand Tasmania Act 2018. Michael joined the PFT Board in February 2017 and was appointed Managing Director on a part time basis in October 2018 and full time from April 2019.

#### c. Mr Alexander "Sandy" Beard – proposed Non-Executive Director

Alexander "Sandy" Beard is the former Chief Executive Officer of CVC Limited (ASX:CVC) (between 1991-2019). He has extensive experience with investee businesses, both in providing advice and in direct management roles, especially bringing management expertise to early-stage businesses. Sandy has been a Director of numerous public and private companies encompassing 25 years, including being a Director of Eildon Capital Limited (ASX:EDC), Probiotec Ltd (ASX:PBP), US Residential Fund (ASX:USF), TasFoods Ltd (ASX:TFL) and Lantern Hotel Group (ASX:LTN). Sandy is currently a Director of ASX listed entities Probiotec Ltd (ASX:PBP), TasFoods Ltd (ASX:TFL) and Centrepoint Alliance Limited (ASX:CAF) and a director of unlisted public company, Shellfish Culture Limited.

#### d. Mr Ken Fleming – proposed Non-Executive Director

Ken Fleming has extensive experience in capital markets and has held senior roles at Deutsche Bank, James Capel Australia and Tricom. He has also worked in the Australian public service and at KPMG. He is a Director of Shellfish Culture (oyster spat and oyster farming business), Castray Capital and TasmaNet (ICT company) in addition to his role as a non-executive director of PFT. He holds an honours degree in economics and post graduate qualifications in economics and finance and is also a Fellow of the Financial Services Institute of Australasia (FFIN).





### 3.6. Proposed Use of Funds

The Company intends to apply funds raised from the Convertible Loans and the Public Offer (assuming **Minimum Subscription**) as follows:

| Proposed use of funds              | (\$)             | (%)           |
|------------------------------------|------------------|---------------|
| Plant and Equipment                | 1,000,000        | 28.57         |
| Business development and marketing | 600,000          | 17.14         |
| New product development            | 200,000          | 5.71          |
| Working capital <sup>1,2</sup>     | 1,122,489        | 32.07         |
| Costs of the Public Offer          | 577,511          | 16.50         |
| <b>TOTAL FUNDS ALLOCATED</b>       | <b>3,500,000</b> | <b>100.00</b> |

**Notes:**

- 1 Working capital incorporates administration and operating costs.
- 2 In line with the Company's growth strategy set out in Section 3.3(f) (ii), the Company anticipates that a portion of working capital will be allocated to potential costs associated with acquisition growth, which may include due diligence on a range of assets, transaction costs, and, depending on the acquisition(s), providing some (or all) of the acquisition consideration.

As noted above the Directors reserve the right to accept oversubscriptions under the Public Offer of up to \$500,000. Any additional funds raised will be used for marketing, new product development and working capital. The above table is a statement of the Board's current intentions as at the date of

this Prospectus. Prospective investors should note that, as with any budget, the allocation of funds set out in the above table may change depending on a number of factors including;

- a. the risk factors outlined in Section 4; and
- b. the outcome of operational activities, regulatory developments and market and general economic conditions.

In light of this, the Board reserves the right to alter the way the funds are applied.

The Board is satisfied that upon completion of the Public Offer, the Company will have sufficient working capital to meet its stated objectives.

The Company notes there is no certainty as to when or to what extent any Options will be exercised. Depending on the amount raised (if any) from the exercise of any Options, the Directors' current intention is to apply funds towards:

- a. further marketing and business development; and
- b. general working capital, including identifying, pursuing and developing other revenue opportunities.

### 3.7. Voting Power of PFT Vendors

As detailed in Sections 1.1 and 2.4, on completion of the Acquisition, it is expected that the PFT Vendors will hold approximately 50% of the issued capital in the Company and that, excluding any participation in the Public Offer, no PFT Vendor will be a substantial Shareholder of the Company. No PFT Vendor (together with any associates) will hold more than 20% of the issued capital of the Company on completion of the Acquisition.



Tasmanian Pate factory





Pate production at Tasmanian Pate's factory

## 4. RISK FACTORS

This Section identifies the major areas of risk associated with the Acquisition, the operating business of the Merged Group on completion of the Acquisition and other general risks, but should not be taken as an exhaustive list of the risk factors to which the Company and its Security holders are exposed.

### 4.1. Risks Relating to the Change in Nature and Scale of Activities

#### a. Re-compliance, Removal of Suspension and Additional Requirements for Capital

Due to the Company's long-term suspension and the change in nature and scale of activities which will result from completion of the Acquisition of PFT by the Company, ASX requires the Company to re-comply with Chapters 1 & 2 of the Listing Rules. The Company's Securities have been suspended since 10 July 2017 and will remain suspended until completion of the Acquisition and until the Company satisfies any re-admission conditions imposed by ASX (which includes successful completion of the Offers).

Pursuant to the Listing Rules and ASX Guidance Note 33 which sets out ASX's policy on the delisting of long term suspended entities (**GN 33**), the Company is due to be removed from the Official List on 3 February 2020. In this regard, GN 33 notes that ASX may grant a short extension to the deadline for automatic removal from the Official List (of not more than 3 months) where an entity is in the final stages of implementing a transaction that will lead to the resumption of trading in the Company's Securities. The Company considers it is in the “final stages” of implementing a transaction (as set out in GN 33), having:

- i. announced the Acquisition to the market on 27 December 2019;
- ii. signed definitive legal agreements for the Acquisition (being the Share Sale Agreement (as announced on 27 December 2019) and Ancillary SSAs (as announced on 30 January 2020);
- iii. lodged this Prospectus with ASIC; and
- iv. obtained the approval of Shareholders for the Acquisition at the Annual General Meeting.

Based on correspondence with ASX to date, the Company has no reason to believe that ASX will not grant the extension referred to above, however there is a risk that if ASX does not grant the extension, the Company will be removed from the Official List on 3 February 2020. In this regard, the Company intends to submit its request to ASX for an extension of the deadline for automatic removal from the Official List immediately following lodgement of this Prospectus with ASIC and ASX and seek an extension of the Company's delisting deadline for a period of 3 months from the date of lodgement of this Prospectus (being 30 April 2020).

In addition, even if the extension is granted by ASX, there remains a risk that the Acquisition may not complete, ASX may not grant the relevant approvals or that the Company may not be able to satisfy any re-compliance conditions imposed by ASX. In any of these events, the Company's Securities will remain suspended from trading and the Company would be removed from the Official List at the end of the extension period.

#### b. Dilution Risk

Following completion of the Consolidation and Advisor Shares cancellation, the Company will have 4,417,285 Shares and 3,500,000 Options on issue. On Completion, the Company proposes to issue Shares and Options pursuant to the Public Offer and Secondary Offers which will dilute existing Shareholders, as detailed in Sections 2.1 and 2.2.

On completion of the Acquisition and Public Offer (assuming no oversubscriptions are accepted), the existing Shareholders will retain approximately 9.4% of the issued capital of the Company, the PFT Vendors will hold 50%, investors under the Public Offer will hold 31.9%, Prenzler (or its nominees) will hold 3.37% and Alexander “Sandy” Beard, Michael Cooper and the Convertible Loan Lenders will be issued Conversion Shares comprising 5.3% of the issued capital of the Company.

There is also a risk that the interests of Shareholders will be further diluted as a result of future capital raisings required in order to fund the future development of the Company.

#### c. Liquidity Risk

On Completion, the Company will issue certain Securities which may be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of reinstatement. Details of the expected escrow restrictions are set out in Section 2.11. The application of the ASX escrow restrictions may be considered to result in a liquidity risk as the issued capital will not be able to be traded freely for a period of time and the ability of a Shareholder to dispose of his or her Shares in a timely manner may be affected.

#### d. Contractual and Completion Risk

Pursuant to the Share Sale Agreement and Ancillary SSAs, the Company has agreed to acquire 100% of the issued PFT Shares subject to the fulfilment of certain conditions precedent. If any of the conditions precedent are not satisfied or waived, or any of the counterparties do not comply with their obligations, completion of the Acquisition may be deferred or not occur. Failure to complete the Acquisition would mean the Company may not be able to meet the requirements of ASX for re-quotation of its Shares and, in accordance with ASX's long term suspended companies policy, the Company will be removed from the Official List.

The ability of the Company to achieve its stated objectives will depend on the performance by the parties of their obligations under the Share Sale Agreement and Ancillary SSAs. If any party defaults in the performance of their obligations, the Offers will not complete and the Company will refund all Application Monies. In such circumstance, it may be necessary for the Company to approach a court to seek a legal remedy, which can be costly.

## 4.2. Specific Risks to the Company's Operations

On completion of the Acquisition, PFT will become a wholly owned subsidiary of the Company and the businesses conducted by PFT will become the Company's main undertaking. Set out below is a non-exhaustive list of key risks of operating the PFT business.

### a. Business Strategy Risk

The Company's growth and financial performance is dependent on its ability to successfully execute its growth strategy, including through the acquisition of complementary assets and businesses. There can be no assurance that the Company will be able to secure such assets and businesses nor achieve the level of growth the Company's strategy aims to achieve. If the Company fails to execute on its business strategy, its business, financial condition and results of operations could be adversely affected.

### b. Key Customers Risk

The PFT businesses depend on securing and maintaining major customers and placing product into the market at competitive prices to achieve acceptable margins and trading terms. The loss of any significant customer (in particular, PFT's key customers noted in Section 8.2(c)) may adversely impact on the Company's operating and financial performance.

### c. Export and Distribution Risk

A significant portion of PFT's revenues are derived from exports to various markets, particularly to Asian countries. Any adverse changes to trade tariffs, quotas or duties, the subsidisation of local producers in foreign markets, the introduction of other trade barriers, increased competitor activity and export regulation could all adversely affect PFT's ability to export.

In addition, PFT relies on a limited number of distribution channels to export its products to export markets. The growth objectives of the Company depend in part on its ability to increase its distribution channels. The loss or disruption of a distribution channel or loss of an export market could adversely affect the Company's financial performance and future prospects. Additionally, the Company may take a credit risk with regard to parties to whom it supplies products. In the event of such parties failing to meet their obligations to the Company on time or at all, the Company's financial performance may be adversely affected. PFT has no long term contractual security of sale of its products at present (this is considered standard for the industry in which PFT operates, where contracting on a monthly purchase order basis (rather than long term contracts) is common practice). PFT mitigates customer risk by establishing business relationships with as broad an array of creditable customers as possible, considering the scale and resources of its business to date.

### d. Food Safety, Handling and Product Quality Risks

Selling food for human consumption carries inherent risks relating to food safety. Food safety incidents (such as tampering or contamination) could result in product liability lawsuits, product recalls, reputational damage and potential civil or criminal liability. Product recalls could result

in significant losses because of the destruction of inventory and lost sales due to product unavailability, and any safety incidents could adversely affect the Company's ability to retain existing customers or attract new customers. Food tampering, including the introduction of foreign objects, chemical or biological contaminants into the Company's products could also result in serious harm to consumers.

Seafood in particular is a highly perishable product unless handled with strict processing, packing, storage and transport protocols. PFT implements and maintains strict quality control policies and provides high levels of training for its staff to mitigate these risks. Any serious food poisoning incident as a result of an operational lapse in food safety or sanitation procedures or malicious tampering could have a material adverse impact on the business.

Food safety also depends on appropriate storage during transport, and the Company also depends on its transport agents to maintain appropriate storage conditions. There is a risk that if the Company's products are transported, stored or handled inappropriately by third parties, the Company's products may be contaminated. Contamination may also result in food-borne illness and reputational damage to the Company. Any spoilage or degradation in quality due to retailers' failure to observe shelf life regulations or expiration dates may also adversely affect the Company's brand and reputation.

### e. Prior Year Losses, Future Capital Needs and Additional Funding

As set out in Section 6, PFT made losses during the financial years ended 30 June 2018 and 30 June 2019, was not cash flow positive during those years and was partly reliant on raising funds from investors to continue to fund its operations and development. Further, as set out in Section 3.3(f), part of PFT's business strategy is to grow through acquisition of complementary businesses, with a focus on synergistic and similar premium food/beverage businesses in Tasmania, as well as other complementary assets/businesses.

The Company may require further funds in order to fund transaction costs in relation to such acquisition(s), to provide some (or all) of the acquisition consideration or to continue to fund its operations and development in the event that the Company generates further losses. In addition, the future capital requirements of the Company will depend on many factors, including the success of the Company's organic growth strategy (see Section 3.3(f)). Whilst the Company believes that it has sufficient working capital to carry out its stated objectives and to satisfy the anticipated current working capital and other capital requirements set out in this Prospectus, there can be no assurance that the Company's organic growth strategy will result in a net cash flow benefit, nor that the Company's objectives can continue to be met in the future without securing further funding.

Should the Company require additional funding, there can be no assurance that additional financing will be available on acceptable terms or at all. Any inability to obtain additional financing, if required, would have a material adverse effect on the Company's business, financial condition and results of operations.



#### **f. Product Liability Risk**

Retailing food for human consumption carries an inherent risk of product liability. The Company may have to limit the retailing of its products if it cannot successfully secure or renew product liability insurance or defend itself against product liability claims. The Company may not be able to obtain further product liability insurance, or may not be able to obtain insurance on commercially viable terms. Any product liability claims may disrupt the Company's business operations and may cause reputational harm, adversely affecting the Company's financial performance.

PFT currently holds product liability insurance, which the Board and Proposed Directors consider to be appropriate for the current level of PFT's business operations. However, the Company may not be able to obtain further product liability insurance, or may not be able to obtain insurance on commercially viable terms. While PFT has product liability insurance, its insurance coverage or limits may be inadequate to cover judgments or claims from food safety incidents. Any claims brought against the Company may be outside the scope of the insurance policy or coverage, which may require the Company to satisfy such claims, if successful, from the Company's capital reserves.

#### **g. Dependence on Key Personnel Risk**

As detailed in Section 3.5(b), Michael Cooper has significant experience in the food and beverage industry, and is important to the ongoing operations of PFT as well as implementation of its growth strategy. The Company's success largely depends on the core competencies of the Directors and management (in particular, Mr Cooper), as well as the ability of the Company to retain these key executives. The loss of Mr Cooper, as well as other key executives, could have an adverse effect on the Company's performance.

#### **h. Supplier Risk**

PFT sources ingredients for its products from a number of suppliers. The loss of a supplier or a significant interruption or negative change in the availability of ingredients from suppliers could adversely impact on the Company's operating and financial performance. However, given the number of available suppliers for PFT's raw products, the Company considers this to be a very low risk. While PFT has no contractual security of supply at present, this is considered standard for the industry in which PFT operates. PFT further believes it has mitigated supply risk by establishing long term trade accounts with several suppliers.

#### **i. Consumer Demand Risk**

The Company's growth objectives depend on continued growth in the demand for its products in domestic and international markets, predominantly in Asia. Consumer demand for food products can change over time and may be influenced by a number of factors. Changes in consumer dietary preferences or an excess of supply of smoked salmon, smoked trout or chicken liver pate products may adversely impact demand or prices for these products. In addition, smoked salmon, smoked trout and chicken liver pate may be considered to be luxury food products. An economic downturn in the markets in which the Company sells its products may cause the retail environment to deteriorate as consumers reduce their retail spending on discretionary

items, which may adversely impact on the Company's operations and growth prospects.

If economic conditions deteriorate, or the Company is unable to penetrate these markets due to a change in demand for these products or if demand were to otherwise fall or the Company is unable to adapt to changing consumer trends and behaviours more generally, the Company may be unable to achieve its growth objectives.

In addition, PFT's financial performance will be influenced by the price it can obtain for its products, in both domestic and export markets. A drop in the demand for PFT's products may require PFT to reduce its product prices which could have an adverse impact on its businesses.

#### **j. Brand and Reputation**

PFT's brand names are key assets of the business. In particular, Woodbridge Smokehouse's products are marketed as a high quality 'niche' product which justifies a premium price. The reputation and value associated with these brands could be adversely affected by a number of factors, many of which are beyond PFT's control. Such factors include failing to provide customers with the quality of product they expect, contamination or recall issues, third party disputes and adverse media coverage. The loss of reputation of PFT's brands could have an adverse effect on the operations, financial position and growth of the Company.

#### **k. Uncontracted Arrangement Risk**

A large proportion of PFT's business relationships (particularly with customers and suppliers) are under arrangements which are subject to standard terms and conditions rather than comprehensive agreements which protect PFT's interests.

Such arrangements are standard in the food industry, but given the nature of these contractual relationships, it is not possible for the Company to contractually guarantee consistency of sales volumes, price or terms going forward.

#### **l. Competition Risk**

PFT is in the highly competitive fast-moving consumer goods global business market and competes with many participants who are larger and have significantly greater resources, including financial, technical, marketing and human resources, than the Company. PFT competes in this market based on distribution channels, brand recognition, product quality and price, product placement and promotional activities. These competitors have already established a market share and brand and may be able to respond more quickly to changing business, regulatory and economic conditions than the Company. The Company may not be able to effectively compete with other participants in this market.

#### **m. Workplace Health and Safety Risk**

PFT's businesses (particularly Woodbridge Smokehouse) involve operations which are inherently risky for staff employed in particular areas. Other employees may also be exposed to risks whilst working or travelling for work.

The Company must comply with various health and safety laws in Australia. There is a risk that penalties and other liabilities for the breach of health and safety law and

standards may be imposed on the Company and may have an adverse effect on the Company's reputation, and its revenue, profitability and growth.

#### **n. Counterparty and Credit Risk**

The business operations of PFT require the involvement of a number of third parties, including suppliers, logistics providers and customers. Not being able to reach a binding agreement with any third party, financial failure, default or contractual non-performance on the part of such third parties (including failure to pay amounts due to PFT pursuant to its agreements) may have a material impact on the operations and financial performance of the Company.

#### **o. Insurance**

Both the Company and PFT endeavour to maintain insurance (including product liability insurance and workers' compensation insurance) appropriate for the current level of each of the Company and PFT's operations, having regard to relevant risks. However, the Company and PFT cannot insure against all risks, or guarantee that the level of insurance coverage it obtains will be adequate, either because appropriate or necessary cover is not available or because the Board may consider the required premiums to be excessive in relation to the benefits that would accrue.

If the Company or PFT incurs losses or liabilities for which they are uninsured, this may have a negative impact on the Company's financial performance and ability to operate its businesses.

#### **p. General Regulatory Risk**

PFT's current and future products are subject to various laws and regulations, including, without limitation, product liability laws, product content requirements, labelling and packing requirements, environmental laws, tax laws, anti-corruption laws, and export laws and regulations. The failure by the Company to comply with the laws and regulations in the jurisdictions in which it exports and sells its products could result in the loss of access to those and other markets. In addition, compliance with government regulations may also subject the Company to additional fees and costs. Further, changes to these laws and regulations (including interpretation and enforcement), or the failure by the Company to remain current with those changes, could adversely affect the Company's business and financial performance.

In particular, the Company's business operations are subject to food safety laws and regulations. Failure to comply with all applicable food safety laws and regulations may expose PFT or its suppliers to fines, penalties, potential civil or criminal actions, product recalls and reputational damage. While the Company takes its legal and regulatory obligations very seriously, any inadvertent breach by the Company or any breach caused by its suppliers may adversely impact the financial performance or operating results of the Company. If existing food safety laws and regulations are revised to become more restrictive or new, more restrictive laws or regulations are introduced, the Company may not be able to meet these new or revised requirements, which may jeopardise its business operations.

### **4.3. General Risks**

#### **a. Economic**

The market price of the Company's Shares can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities.

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

- i. general economic outlook;
- ii. interest rates and inflation rates;
- iii. currency fluctuations;
- iv. changes in investor sentiment;
- v. the demand for, and supply of, capital; and
- vi. terrorism or other hostilities.

Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

#### **b. Government and Legal Risk**

Changes in government, monetary policies, taxation and other laws can have a significant impact on the Company's assets, operations and ultimately the financial performance of the Company and its Shares. Such changes are likely to be beyond the control of the Company.

The Company is not aware of any reviews or changes that would affect the PFT business. However, changes in community attitudes on matters such as taxation, competition policy and environmental issues may bring about reviews and possibly changes in government policies. There is a risk that such changes may affect the Company's operations and growth strategy. Any such government action may also require increased capital or operating expenditures and could prevent or delay certain operations by the Company.



Pate production at Tasmanian Pate's factory



## 5. FINANCIAL INFORMATION

### 5.1. Financial Information

The Investigating Accountant's Report contained in Section 6 sets out:

- a. the audited Statement of Financial Position as at 30 June 2017, 30 June 2018 and 30 June 2019 of the Company;
- b. the audited Statement of Financial Position as at 30 June 2019 of PFT;
- c. the audited Statements of Profit or Loss and other Comprehensive Income for the years ended 30 June 2017, 30 June 2018 and 30 June 2019 of PFT;
- d. the audited Statements of Cash Flows for the years ended 30 June 2017, 30 June 2018 and 30 June 2019 of PFT.

It is noted that, given the Company was previously in voluntary administration (with a deed of company arrangement (DOCA) effectuated in August 2018) and has been dormant since effectuation of DOCA, the following financial statements for the Company have not been presented in this Prospectus as they relate to the Company's former business which no longer exists:

- a. the audited Statements of Profit or Loss and other Comprehensive Income for the years ended 30 June 2017, 30 June 2018 and 30 June 2019 of the Company; and
- b. the audited Statements of Cash Flows for the years ended 30 June 2017, 30 June 2018 and 30 June 2019 of the Company.

The Company's consolidated financial statements for the years ended 30 June 2017, 30 June 2018 and 30 June 2019 have been subject to an audit by BDO Audit (WA) Pty Ltd. In this regard, BDO Audit (WA) Pty Ltd issued:

- a. a disclaimed opinion in respect of the financial report for the years ended 30 June 2017 and 2018 as the Company was in administration and the directors of the Company

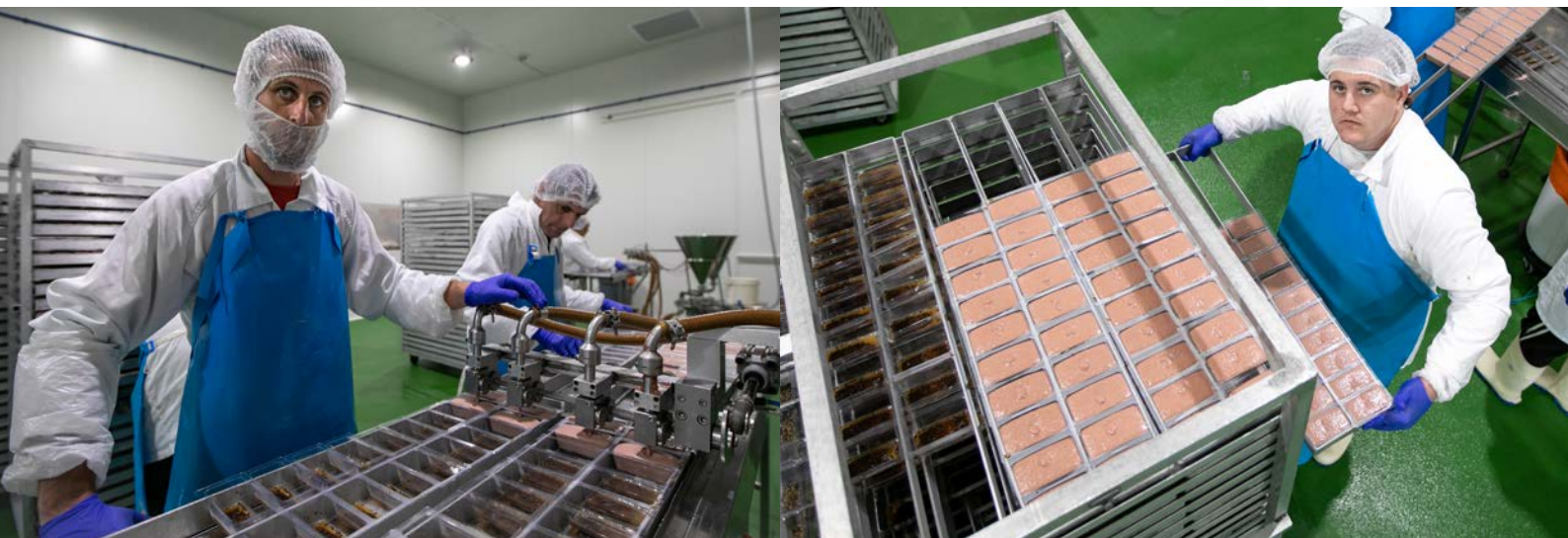
(at the time) did not have oversight or control over the Company's financial reporting systems, (including but not limited to) being unable to obtain access to complete accounting records. An emphasis of matter in relation to going concern was also noted; and

- b. a qualified opinion in 2019 in relation to comparatives due to the disclaimed opinion in the prior year and also in relation to the gain on effectuation of DOCA. An emphasis of matter in relation to going concern was also noted.

PFT financial statements for the year ended 30 June 2017, 30 June 2018 and 30 June 2019 have been subject to an audit by Wise Lord & Ferguson. Wise Lord & Ferguson issued an unmodified audit opinion on the financial report for all years but noted an emphasis of matter relating to the fact that the accounts are Special Purpose Accounts. As noted in Section 3.3(d), the Investigating Accountant determined that an impairment of \$334,000 in respect of intangible assets should have been recognised for PFT as at 30 June 2019. Accordingly, this resulted in an after tax loss of \$(322,158) for PFT during FY19 (previously a \$11,842 profit after tax).

### 5.2. Forecast Financial Information

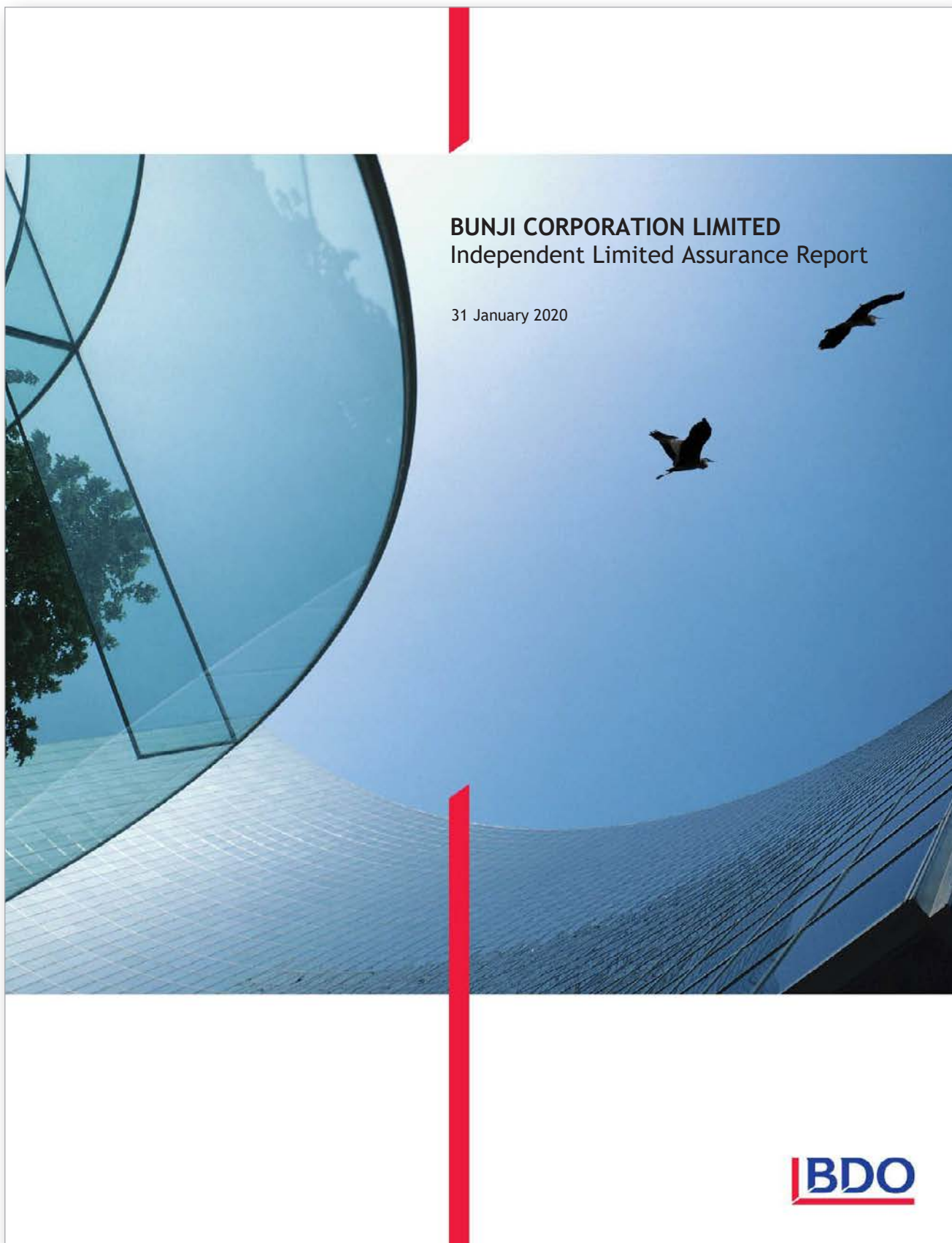
There are significant uncertainties associated with forecasting future revenues and expenses of the Company. In light of uncertainty as to timing and outcome of the Company's growth strategies and the general nature of the industry in which the Company will operate, as well as uncertain macro market and economic conditions in the Company's markets, the Company's performance in any future period cannot be reliably estimated. On these bases and after considering ASIC Regulatory Guide 170, the Directors do not believe they have a reasonable basis to reliably forecast future earnings and accordingly forecast financials are not included in this Prospectus.







## 6. INVESTIGATING ACCOUNTANT'S REPORT







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Subiaco, WA 6008  
PO Box 700 West Perth WA 6872  
Australia

31 January 2020

The Directors

Bunji Corporation Limited

Suite 23, 513 Hay Street

Subiaco, WA, 6008

Dear Directors

## INDEPENDENT LIMITED ASSURANCE REPORT

### 1. Introduction

BDO Corporate Finance (WA) Pty Ltd ('BDO') has been engaged by Bunji Corporation Limited ('Bunji' or 'the Company') to prepare this Independent Limited Assurance Report ('Report') in relation to certain financial information of Bunji, for the Initial Public Offering of shares in Bunji, for inclusion in the Prospectus. Broadly, the Prospectus will offer up to 17,500,000 Shares at an issue price of \$0.20 each to raise up to \$3.5 million before costs ('the Offer'). The Offer is subject to a minimum subscription level of 15,000,000 shares to raise \$3 million. Bunji will in conjunction with the Offer acquire Pure Foods Tasmania Pty Ltd ('PFT').

Expressions defined in the Prospectus have the same meaning in this Report. BDO Corporate Finance (WA) Pty Ltd ('BDO') holds an Australian Financial Services Licence (AFS Licence Number 316158).

This Report has been prepared for inclusion in the Prospectus. We disclaim any assumption of responsibility for any reliance on this Report or on the Financial Information to which it relates for any purpose other than that for which it was prepared.

### 2. Scope

You have requested BDO to perform a limited assurance engagement in relation to the historical and pro forma historical financial information described below and disclosed in the Prospectus.

The historical and pro forma historical financial information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements

BDO Corporate Finance (WA) Pty Ltd ABN 27 124 031 045 AFS Licence No 316158 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Corporate Finance (WA) Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.



applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001.

You have requested BDO to review the following historical financial information (together the **'Historical Financial Information'**) of Bunji and PFT included in the Prospectus:

- the audited/reviewed historical Statement of Financial Position of Bunji as at 30 June 2019;
- the Statement of Profit or Loss and Other Comprehensive Income and Cash Flows of PFT for the years ended 30 June 2017, 2018 and 2019; and
- the Statement of Financial Position of PFT as at 30 June 2019.

The Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the company's adopted accounting policies.

The Historical Financial Information has been extracted from the financial report of Bunji for the year ended 2019, which was audited by BDO Audit (WA) Pty Ltd in accordance with the Australian Auditing Standards. BDO Audit (WA) Pty Ltd issued

- a disclaimed opinion in respect of the financial report for the years ended 30 June 2017 and 2018 as the Company was in Administration and the Directors did not have oversight or control over the Group's financial reporting systems, (including but not limited to) being unable to obtain access to complete accounting records. An emphasis of matter in relation to going concern was also noted.
- A qualified opinion in 2019 in relation to comparatives due to the disclaimed opinion in the prior year and also in relation to the gain on effectuation of the Deed of Company Arrangement. An emphasis of matter in relation to going concern was also noted.

The Historical Financial Information has been extracted from the financial report of PFT for the years ended 30 June 2017, 2018 and 2019, which was audited by Wise Lord & Ferguson in accordance with the Australian Auditing Standards. Wise Lord & Ferguson issued an unmodified audit opinion on the financial report for all years but noted an emphasis of matter relating to the fact that the accounts are Special Purpose Accounts.

#### *Pro Forma Historical Financial Information*

You have requested BDO to review the following pro forma historical financial information (the **'Pro Forma Historical Financial Information'**) of Bunji included in the Prospectus:

- the pro forma historical Statement of Financial Position as at 30 June 2019.

The Pro Forma Historical Financial Information has been derived from the historical financial information of Bunji, after adjusting for the effects of the subsequent events described in Section 6 of this Report and the pro forma adjustments described in Section 7 of this Report. The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the historical financial information and the events or transactions to which the pro forma adjustments relate, as described in Section 7 of this Report, as if those events or transactions had occurred as at the date of the historical financial information. Due to its nature, the Pro Forma Historical Financial Information does not represent the company's actual or prospective financial position or financial performance.

The Pro Forma Historical Financial Information has been compiled by Bunji to illustrate the impact of the events or transactions described in Section 6 and Section 7 of the Report on Bunji's financial position as at 30 June 2019. As part of this process, information about Bunji's financial

position has been extracted by Bunji from Bunji and PFT's financial statements for the year ended 30 June 2019.

### 3. Directors' responsibility

The directors of Bunji are responsible for the preparation and presentation of the Historical Financial Information and Pro Forma Historical Financial Information, including the selection and determination of pro forma adjustments made to the Historical Financial Information and included in the Pro Forma Historical Financial Information. This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of Historical Financial Information and Pro Forma Historical Financial Information are free from material misstatement, whether due to fraud or error.

### 4. Our responsibility

Our responsibility is to express limited assurance conclusions on the Historical Financial Information and the Pro Forma Historical Financial Information. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

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

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

### 5. Conclusion

#### *Historical Financial Information*

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Historical Financial Information, as described in the Appendices to this Report, and comprising:

- the Statement of Financial Position of Bunji as at 30 June 2019,
- the Statement of Profit or Loss and Other Comprehensive Income and Cash Flows of PFT for the years ended 30 June 2017, 2018 and 2019; and
- the Statement of Financial Position of PFT as at 30 June 2019,

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 2 of this Report, other than in respect of Intangible assets as at 30 June 2019 which have been adjusted for. As part of our procedures it was determined that an impairment in respect of intangible assets of \$334,000 relating to the Woodbridge Smokehouse should have been recognised as at 30 June 2019. Accordingly we have adjusted the Historical Financial Information to reflect this.

#### *Pro Forma Historical Financial information*

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information as described in the Appendices to this Report, and comprising:

- the pro forma historical Statement of Financial Position of Bunji as at 30 June 2019, is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 2 of this Report.

### **6. Subsequent Events**

The pro-forma statement of financial position reflects the following events that have occurred subsequent to the period ended 30 June 2019:

- the purchase of \$720,276 of Property plant and equipment by PFT via draw \$470,000 down on a debt facility and \$250,276 via cash; and
- the issue of \$500,000 in Converting Notes for which 2.5 million shares will be issued upon listing.

Apart from the matters dealt with in this Report, and having regard to the scope of this Report and the information provided by the Directors, to the best of our knowledge and belief no other material transaction or event outside of the ordinary business of Bunji and PFT not described above, has come to our attention that would require comment on, or adjustment to, the information referred to in our Report or that would cause such information to be misleading or deceptive.

### **7. Assumptions Adopted in Compiling the Pro-forma Statement of Financial Position**

The pro forma historical Statement of Financial Position is shown in Appendix 2. This has been prepared based on the financial statements as at 30 June 2019, the subsequent events set out in Section 6, and the following transactions and events relating to the issue of Shares under this Prospectus:

- the issue of 15 million Shares at an offer price of \$0.20 each to raise \$3 million before costs pursuant to the Prospectus, based on the minimum subscription;
- the issue of 17.5 million Shares at an offer price of \$0.20 each to raise \$3.5 million before costs pursuant to the Prospectus, based on the maximum subscription;
- the acquisition of PFT via the issue of 23.5 million Shares and 6 million Consideration Options;
- the cancellation of 46,043,213 Bunji shares held by Otsana and a 10 for 1 share consolidation;
- the issue of 500,000 lead manager options;
- the issue of 2,800,000 Incentive options;
- Bunji working capital payments and other expense post 30 June 2019 of \$160,398; and



- costs of the Offer are estimated to be between \$577,511 and \$607,511 which are to be offset against the contributed equity and expensed based on their nature of being capital raising costs and listing expenses respectively.

## 8. Independence

BDO is a member of BDO International Ltd. BDO does not have any interest in the outcome of the proposed listing other than in connection with the preparation of this Report and participation in due diligence procedures, for which professional fees will be received. BDO is the auditor of Bunji and from time to time, BDO also provides Bunji with certain other professional services for which normal professional fees are received.

## 9. Disclosures

This Report has been prepared, and included in the Prospectus, to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to be a substitute for professional advice and potential investors should not make specific investment decisions in reliance on the information contained in this Report. Before acting or relying on any information, potential investors should consider whether it is appropriate for their objectives, financial situation or needs.

Without modifying our conclusions, we draw attention to Section 2 of this Report, which describes the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose.

BDO has consented to the inclusion of this Report in the Prospectus in the form and context in which it is included. At the date of this Report this consent has not been withdrawn. However, BDO has not authorised the issue of the Prospectus. Accordingly, BDO makes no representation regarding, and takes no responsibility for, any other statements or material in or omissions from the Prospectus.

Yours faithfully

**BDO Corporate Finance (WA) Pty Ltd**



**Adam Myers**

Director

**APPENDIX 1**  
**BUNJI**  
**PRO FORMA STATEMENT OF FINANCIAL POSITION**

|                                      |      | Bunji          | PFT              |                |                  |                  |                  |                  |
|--------------------------------------|------|----------------|------------------|----------------|------------------|------------------|------------------|------------------|
|                                      |      | Audited        | Audited          | Subsequent     | Pro forma        | Pro forma        | Pro forma        | Pro forma        |
|                                      |      | 30-Jun-19      | 30-Jun-19        | events         | adjustments      | adjustments      | after Offers     | after Offers     |
|                                      | Note | \$             | \$               | \$             | Minimum \$       | Maximum \$       | Minimum \$       | Maximum \$       |
| <b>CURRENT ASSETS</b>                |      |                |                  |                |                  |                  |                  |                  |
| Cash and cash equivalents            | 2    | 98,058         | 1,388,806        | 249,724        | 2,262,091        | 2,732,091        | 3,998,679        | 4,468,679        |
| Trade and other receivables          |      | 11,578         | 424,208          | -              | -                | -                | 435,786          | 435,786          |
| Inventories                          |      | -              | 181,135          | -              | -                | -                | 181,135          | 181,135          |
| Other assets                         |      | -              | 63,324           | -              | -                | -                | 63,324           | 63,324           |
| <b>TOTAL CURRENT ASSETS</b>          |      | <b>109,636</b> | <b>2,057,473</b> | <b>249,724</b> | <b>2,262,091</b> | <b>2,732,091</b> | <b>4,678,924</b> | <b>5,148,924</b> |
| <b>NON CURRENT ASSETS</b>            |      |                |                  |                |                  |                  |                  |                  |
| Property, plant & equipment          | 3    | -              | 556,436          | 720,276        | -                | -                | 1,276,712        | 1,276,712        |
| Intangible assets*                   |      | -              | 782,402          | -              | -                | -                | 782,402          | 782,402          |
| <b>TOTAL NON CURRENT ASSETS</b>      |      | <b>-</b>       | <b>1,338,838</b> | <b>720,276</b> | <b>-</b>         | <b>-</b>         | <b>2,059,114</b> | <b>2,059,114</b> |
| <b>TOTAL ASSETS</b>                  |      | <b>109,636</b> | <b>3,396,311</b> | <b>970,000</b> | <b>2,262,091</b> | <b>2,732,091</b> | <b>6,738,038</b> | <b>7,208,038</b> |
| <b>CURRENT LIABILITIES</b>           |      |                |                  |                |                  |                  |                  |                  |
| Trade and other payables             | 4    | 71,707         | 397,792          | -              | (71,707)         | (71,707)         | 397,792          | 397,792          |
| Borrowings                           | 5    | -              | 47,496           | 470,000        | -                | -                | 517,496          | 517,496          |
| Provisions                           |      | -              | 97,780           | -              | -                | -                | 97,780           | 97,780           |
| <b>TOTAL CURRENT LIABILITIES</b>     |      | <b>71,707</b>  | <b>543,068</b>   | <b>470,000</b> | <b>(71,707)</b>  | <b>(71,707)</b>  | <b>1,013,068</b> | <b>1,013,068</b> |
| <b>NON CURRENT LIABILITIES</b>       |      |                |                  |                |                  |                  |                  |                  |
| Provisions                           |      | -              | 5,448            | -              | -                | -                | 5,448            | 5,448            |
| Borrowings                           |      | -              | 147,903          | -              | -                | -                | 147,903          | 147,903          |
| <b>TOTAL NON CURRENT LIABILITIES</b> |      | <b>-</b>       | <b>153,351</b>   | <b>-</b>       | <b>-</b>         | <b>-</b>         | <b>153,351</b>   | <b>153,351</b>   |
| <b>TOTAL LIABILITIES</b>             |      | <b>71,707</b>  | <b>696,419</b>   | <b>470,000</b> | <b>(71,707)</b>  | <b>(71,707)</b>  | <b>1,166,419</b> | <b>1,166,419</b> |
| <b>NET ASSETS</b>                    |      | <b>37,929</b>  | <b>2,699,892</b> | <b>500,000</b> | <b>2,333,798</b> | <b>2,803,798</b> | <b>5,571,619</b> | <b>6,041,619</b> |
| <b>EQUITY</b>                        |      |                |                  |                |                  |                  |                  |                  |
| Contributed equity                   | 6    | 624,631,000    | 3,535,898        | 500,000        | (621,054,490)    | (620,584,490)    | 7,612,408        | 8,082,408        |
| Reserves                             | 7    | -              | -                | -              | 774,628          | 774,628          | 774,628          | 774,628          |
| Accumulated losses*                  | 8    | (624,593,071)  | (836,006)        | -              | 622,613,660      | 622,613,660      | (2,815,417)      | (2,815,417)      |
| <b>TOTAL EQUITY</b>                  |      | <b>37,929</b>  | <b>2,699,892</b> | <b>500,000</b> | <b>2,333,798</b> | <b>2,803,798</b> | <b>5,571,619</b> | <b>6,041,619</b> |

\*as adjusted based on the procedures performed by BDO and referred to in Section 5 of our report.

The pro-forma statement of financial position after the Offer is as per the statement of financial position before the Offer adjusted for any subsequent events and the transactions relating to the issue of shares pursuant to this Prospectus. The statement of financial position is to be read in conjunction with the notes to and forming part of the historical financial information set out in Appendix 2 and the prior year financial information set out in Appendix 3.

## APPENDIX 2

### PFT

#### NOTES TO AND FORMING PART OF THE HISTORICAL FINANCIAL INFORMATION

##### 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the historical financial information included in this Report have been set out below. The Financial Statements of PFT are special purpose financial statements and do not adopt all disclosure requirements of Australian Accounting Standards.

The financial report has been prepared on an accrual basis and under the historical cost convention, except for certain assets, which, as noted, have been written down to fair value as a result of impairment. Unless otherwise stated, the accounting policies adopted are consistent with those of the prior year.

The accounting policies that have been adopted in the preparation of the statements are as follows:

##### a) Income Tax

The income tax expense for the year comprises current income tax expense. The Company does not apply deferred tax. Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at 30 June 2019. Current tax liabilities are therefore measured at the amounts expected to be paid to the relevant taxation authority.

##### b) Inventories

Inventories are carried out at the lower of cost or net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on a first-in first-out basis.

##### c) Property, Plant and Equipment

Property, plant and equipment is initially recorded at the cost of acquisition or fair value less, if applicable, any accumulated depreciation and impairment losses. Plant and equipment that has been contributed at no cost, or for nominal cost, is valued and recognised at the fair value of the asset at the date it is acquired. The plant and equipment is reviewed annually by directors to ensure that the carrying amount is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the utilisation of assets and the subsequent disposal. The expected net cash flows have been discounted to their present values in estimating recoverable amounts.

Freehold land and buildings are measured at their fair value, based on periodic but at least triennial, valuations by independent external valuers, less subsequent depreciation for buildings.

Increases in the carrying amount of land and buildings arising on revaluation are credited in equity to a revaluation surplus. Decreases against previous increases of the same asset are charged against fair value reserves in equity. All other decreases are charged to profit or loss.

Any accumulated depreciation at the date of revaluation is offset against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.



**d) Intangibles**

Goodwill is recognised as the excess of the purpose price for a business acquired over the fair value of the net assets at the date of acquisition. Goodwill is assessed for impairment annually and is carried at cost less accumulated impairment losses.

**e) Other Intangibles**

Trademarks, business acquisition costs, formation costs and the Salamanca Stall, have been recognised and recorded in the Balance Sheet of the group at the time of acquisition.

**f) Employee Benefits**

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cash flows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cash flows. Changes in the measurement of the liability are recognised in profit or loss.

**g) Trade and Other Receivables**

Trade receivables and other receivables, including distributions receivable, are recognised at the nominal transaction value without taking into account the time value of money. If required a provision for doubtful debt has been created.

**h) Trade and Other Payables**

Trade and other payables represent the liabilities for goods and services rendered by the Company that remain unpaid at 30 June 2019. Trade payables are recognised at their transaction price. They are subject to normal credit terms and do not bear interest.

**i) Provisions**

Provisions are recognised when the entity has a legal or constructive obligation resulting from past events, for which it is probable that there will be an outflow of economic benefits and that outflow can be reliably measured. Provisions are measured using the best estimate available of the amounts required to settle the obligation at the end of the reporting period.

**j) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held on call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

**k) Revenue Recognition**

Revenue from the sale of goods is recognised upon the delivery of goods to customers. Revenue from the rendering of services is recognised upon the delivery of the services to customers. Revenue from commissions is recognised upon delivery of services to customers. Revenue from interest is recognised using the effective interest rate method. Revenue from dividends is recognised when the entity has a right to receive the dividend.

All revenue is stated net of the amount of goods and services tax ('GST').

## l) Goods and Services Tax

Transactions are recognised net of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office ('ATO').

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the balance sheet.

### New Accounting Standards for Application in Future Periods:

The AASB has issued a number of new and amended Accounting Standards that have mandatory application dates for future reporting periods, some of which are relevant to the Company. The directors have decided not to early adopt any of the new standards.

#### AASB 16 - Leases

Preliminary review of the impact of AASB 16 - Leases has identified that the Company will be impacted by the standard. The preliminary impact assessment on 1 July 2019 expects to recognise right of use assets and lease liabilities of approximately \$374,386. Following adoption of this new standard, the Company's net profit is expected to decrease by \$13,605 in the first year of adoption.

### Impact of Accounting Standards introduced 1 July 2018:

#### Introduction of AASB 15 - Revenue from customers with contracts

There has been no impact with the introduction of AASB 15 with regards to the accounting treatment of revenue.

#### Introduction of AASB 9 - Financial instruments

There has been no impact with the introduction of AASB 9 with regards to the accounting treatment of financial instruments.

|                                                                     | Audited<br>30-Jun-19 | Pro forma<br>after Offer | Pro forma<br>after Offer |
|---------------------------------------------------------------------|----------------------|--------------------------|--------------------------|
|                                                                     | \$                   | \$ Minimum               | \$ Maximum               |
| <b>NOTE 2. CASH AND CASH EQUIVALENTS</b>                            |                      |                          |                          |
| Cash and cash equivalents                                           | 98,058               | 3,998,679                | 4,468,679                |
| Audited balance of Bunji at 30 June 2019                            |                      | 98,058                   | 98,058                   |
| Audited balance of PFT at 30 June 2019                              |                      | 1,388,806                | 1,388,806                |
| <i>Subsequent events:</i>                                           |                      |                          |                          |
| Proceeds received by Bunji for converting notes                     |                      | 500,000                  | 500,000                  |
| Purchases of fixed assets by PFT post 30 June 2019                  |                      | (250,276)                | (250,276)                |
|                                                                     |                      | 249,724                  | 249,724                  |
| <i>Pro-forma adjustments:</i>                                       |                      |                          |                          |
| Proceeds from shares issued under the Public Offer                  |                      | 3,000,000                | 3,500,000                |
| Costs of the Public Offer                                           |                      | (267,447)                | (297,447)                |
| Listing expenses                                                    |                      | (310,064)                | (310,064)                |
| Bunji working capital payments and other expenses post 30 June 2019 |                      | (160,398)                | (160,398)                |
|                                                                     |                      | 2,262,091                | 2,732,091                |
| Pro-forma Balance                                                   |                      | 3,998,679                | 4,468,679                |

|                                                    | Audited<br>30-Jun-19 | Pro forma<br>after Offer | Pro forma<br>after Offer |
|----------------------------------------------------|----------------------|--------------------------|--------------------------|
|                                                    | \$                   | \$ Minimum               | \$ Maximum               |
| <b>NOTE 3. PLANT AND EQUIPMENT</b>                 |                      |                          |                          |
| Plant and equipment                                | -                    | 1,026,472                | 1,026,472                |
| Audited balance of Bunji at 30 June 2019           |                      | -                        | -                        |
| <i>Subsequent events</i>                           |                      |                          |                          |
| Acquisition of PFT - 30 June 2019 balance          |                      | 556,436                  | 556,436                  |
| Payments for Plant and equipment post 30 June 2019 |                      | 470,036                  | 470,036                  |
|                                                    |                      | 1,026,472                | 1,026,472                |
| Pro-forma Balance                                  |                      | 1,026,472                | 1,026,472                |

|                                                             | Audited<br>30-Jun-19 | Pro forma<br>after Offer | Pro forma<br>after Offer |
|-------------------------------------------------------------|----------------------|--------------------------|--------------------------|
|                                                             | \$                   | \$ Minimum               | \$ Maximum               |
| <b>NOTE 4. TRADE AND OTHER PAYABLES</b>                     |                      |                          |                          |
| Trade and other payables                                    | 71,707               | -                        | -                        |
| Audited balance of Bunji at 30 June 2019                    |                      | 71,707                   | 71,707                   |
| <i>Pro-forma adjustments:</i>                               |                      |                          |                          |
| Payment of post 30 June 2019 expenses included in creditors |                      | (71,707)                 | (71,707)                 |
| Acquisition of PFT - 30 June 2019 balance                   |                      | -                        | -                        |
|                                                             |                      | (71,707)                 | (71,707)                 |
| Pro-forma Balance                                           |                      | -                        | -                        |

|                                                                   | Audited<br>30-Jun-19 | Pro forma<br>after Offer | Pro forma<br>after Offer |
|-------------------------------------------------------------------|----------------------|--------------------------|--------------------------|
|                                                                   | \$                   | \$ Minimum               | \$ Maximum               |
| <b>NOTE 5. BORROWINGS</b>                                         |                      |                          |                          |
| Borrowings                                                        | -                    | 517,496                  | 517,496                  |
| Audited balance of Bunji at 30 June 2019                          |                      | -                        | -                        |
| <i>Pro-forma adjustments:</i>                                     |                      |                          |                          |
| Acquisition of PFT - 30 June 2019 balance                         |                      | 47,496                   | 47,496                   |
| Drawdowns for property plant and equipment purchases post 30 June |                      | 470,000                  | 470,000                  |
|                                                                   |                      | 517,496                  | 517,496                  |
| Pro-forma Balance                                                 |                      | 517,496                  | 517,496                  |



|                                                               | Audited<br>30-Jun-19 |                     | Pro forma<br>after Offer | Pro forma<br>after Offer |
|---------------------------------------------------------------|----------------------|---------------------|--------------------------|--------------------------|
| NOTE 6. CONTRIBUTED EQUITY                                    | \$                   |                     | \$                       | \$                       |
| Contributed equity                                            | 624,631,000          |                     | 7,612,408                | 8,082,408                |
|                                                               | Minimum              | Maximum             |                          |                          |
|                                                               | Number of<br>shares  | Number of<br>shares | \$                       | \$                       |
| Fully paid ordinary share capital of Bunji as at 30 June 2019 | 90,219,531           | 90,219,531          | 624,631,000              | 624,631,000              |
| <i>Subsequent events:</i>                                     |                      |                     |                          |                          |
| Cancellation of Otsana shares                                 | (46,043,213)         | (46,043,213)        | -                        | -                        |
| Consolidation of share capital                                | (39,758,686)         | (39,758,686)        | -                        | -                        |
| Issue of shares in relation to converting loans               | 2,500,000            | 2,500,000           | 500,000                  | 500,000                  |
|                                                               | (83,301,899)         | (83,301,899)        | 500,000                  | 500,000                  |
| <i>Pro-forma adjustments:</i>                                 |                      |                     |                          |                          |
| Proceeds from shares issued under the Public Offer            | 15,000,000           | 17,500,000          | 3,000,000                | 3,500,000                |
| Costs of the Public Offer (cash)                              | -                    | -                   | (267,447)                | (297,447)                |
| Costs of the Public Offer (lead manager options)              | -                    | -                   | (39,500)                 | (39,500)                 |
| Issue of Shares under the Acquisition                         | 23,500,000           | 23,500,000          | 883,457                  | 883,457                  |
| Recognition of PFT issued capital via acquisition             | -                    | -                   | 3,535,898                | 3,535,898                |
| Elimination of issued capital of Bunji upon Acquisition       | -                    | -                   | (624,631,000)            | (624,631,000)            |
| Issue of lead manager shares                                  | 1,582,715            | 1,582,715           | -                        | -                        |
|                                                               | 40,082,715           | 42,582,715          | (617,518,592)            | (617,048,592)            |
| Pro-forma Balance                                             | 47,000,347           | 49,500,347          | 7,612,408                | 8,082,408                |

|                                             | Audited<br>30-Jun-19 | Pro forma<br>after Offer | Pro forma<br>after Offer |
|---------------------------------------------|----------------------|--------------------------|--------------------------|
| NOTE 7. RESERVES                            | \$                   | \$ Minimum               | \$ Maximum               |
| Reserves                                    | -                    | 774,628                  | 774,628                  |
| Reviewed balance of Bunji at 30 June 2019   |                      | -                        | -                        |
| <i>Pro-forma adjustments:</i>               |                      |                          |                          |
| Issue of options for the acquisition of PFT |                      | 474,000                  | 474,000                  |
| Issue of lead manager options               |                      | 39,500                   | 39,500                   |
| Issue of incentive options                  |                      | 261,128                  | 261,128                  |
|                                             |                      | 774,628                  | 774,628                  |
| Pro-forma Balance                           |                      | 774,628                  | 774,628                  |

| Options to be issued    | Acquisition | Lead<br>Manager | Incentive<br>options* |
|-------------------------|-------------|-----------------|-----------------------|
| Number of options       | 6,000,000   | 500,000         | 2,800,000             |
| Share price             | \$ 0.20     | \$ 0.20         | \$ 0.20               |
| Exercise Price          | \$ 0.30     | \$ 0.30         | \$ 0.40               |
| Expected volatility     | 100%        | 100%            | 100%                  |
| Expiry date (years)     | 1.78        | 1.78            | 3.00                  |
| Expected dividend yield | nil         | nil             | nil                   |
| Risk free rate          | 0.75%       | 0.75%           | 0.75%                 |

The resulting valuations for the Acquisition and lead manager options using a Black Scholes model is \$0.079 per option. The incentive options comprise two tranches with share price barriers and have been valued using a Binomial Barrier up and in model to reflect the market based vesting conditions. This results in values of \$0.09179 and \$0.09473 per option for the respective tranches.

|                                                                      | Audited<br>30-Jun-19 | Pro forma<br>after Offer | Pro forma<br>after Offer |
|----------------------------------------------------------------------|----------------------|--------------------------|--------------------------|
|                                                                      | \$                   | \$ Minimum               | \$ Maximum               |
| <b>NOTE 8. ACCUMULATED LOSSES</b>                                    |                      |                          |                          |
| Accumulated losses                                                   | (624,593,071)        | (2,815,417)              | (2,815,417)              |
| Reviewed balance of Bunji at 30 June 2019                            |                      | (624,593,071)            | (624,593,071)            |
| Audited balance of PFT at 30 June 2019                               |                      | (836,006)                | (836,006)                |
| <i>Subsequent events:</i>                                            |                      |                          |                          |
| Losses of PFT post 30 June 2019                                      |                      | -                        | -                        |
|                                                                      |                      | -                        | -                        |
| <i>Pro-forma adjustments:</i>                                        |                      |                          |                          |
| Elimination of Bunji accumulated losses upon Acquisition             |                      | 624,593,071              | 624,593,071              |
| Amount recognised as ASX listing expense upon Acquisition            |                      | (1,319,528)              | (1,319,528)              |
| Bunji expenses incurred post 30 June 2019 including listing expenses |                      | (398,755)                | (398,755)                |
| Issue of incentive options                                           |                      | (261,128)                | (261,128)                |
|                                                                      |                      | 622,613,660              | 622,613,660              |
| Pro-forma Balance                                                    |                      | (2,815,417)              | (2,815,417)              |

|                                                           | Acquiree's carrying<br>amount pre Acquisition<br>(\$) |
|-----------------------------------------------------------|-------------------------------------------------------|
| <b>NOTE 8. PROVISIONAL ACCOUNTING FOR THE ACQUISITION</b> |                                                       |
| <b>Net assets acquired:</b>                               |                                                       |
| Fair value of consideration                               |                                                       |
| Shares                                                    | 883,457                                               |
| Options                                                   | 474,000                                               |
| Total net assets acquired on Acquisition                  | (37,929)                                              |
| Amount recognised as ASX listing expense upon Acquisition | 1,319,528                                             |

Under AASB 3 PFT is considered to be the acquirer and continuation accounting is applied resulting in no revaluation of PFT's assets and liabilities. PFT is deemed to have undertaken share based payment in order to list by acquiring Bunji. Accordingly the excess of the consideration over the net assets of Bunji is considered to be a listing expense.

#### NOTE 9: RELATED PARTY DISCLOSURES

Transactions with Related Parties and Directors Interests are disclosed in the Prospectus.

#### NOTE 10: COMMITMENTS AND CONTINGENCIES

At the date of the report no material commitments or contingent liabilities exist that we are aware of, other than those disclosed in the Prospectus.

## APPENDIX 4

## PFT

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| Statement of Profit or Loss and Other Comprehensive Income | Audited for the year ended 30-Jun-19<br>\$ | Audited for the year ended 30-Jun-18<br>\$ | Audited for the year ended 30-Jun-17<br>\$ |
|------------------------------------------------------------|--------------------------------------------|--------------------------------------------|--------------------------------------------|
| <b>Revenue</b>                                             |                                            |                                            |                                            |
| Sales                                                      | 3,789,405                                  | 3,580,782                                  | 3,119,335                                  |
| <i>Less: Cost of goods sold</i>                            |                                            |                                            |                                            |
| Purchases                                                  | (1,149,136)                                | (1,550,305)                                | (1,178,512)                                |
| <i>Less: Manufacturing costs</i>                           |                                            |                                            |                                            |
| Direct Wages                                               | (1,091,310)                                | (787,196)                                  | (752,814)                                  |
| Freight & Cartage                                          | (238,275)                                  | (237,250)                                  | (213,487)                                  |
| <b>Gross Profit</b>                                        | <b>1,310,684</b>                           | <b>1,006,031</b>                           | <b>974,522</b>                             |
| <b>Other income</b>                                        |                                            |                                            |                                            |
| Interest received                                          | 589                                        | 3                                          | 1,570                                      |
| Subsidies & Grants                                         | 25,014                                     | 49,764                                     | 172,966                                    |
| Insurance Recoveries                                       | 3,699                                      | 5,443                                      | 20,164                                     |
| Hire Fee Income                                            | -                                          | -                                          | 10,017                                     |
| Miscellaneous Income                                       | 901                                        | 15,249                                     | 8,297                                      |
|                                                            | <b>30,203</b>                              | <b>70,459</b>                              | <b>213,014</b>                             |
| <b>Expenses</b>                                            |                                            |                                            |                                            |
| Accountancy, Advisory & Bookkeeping Fees                   | (57,813)                                   | (59,270)                                   | (48,626)                                   |
| Audit Fees                                                 | (8,000)                                    | (8,000)                                    | (7,900)                                    |
| Advertising                                                | (40,045)                                   | (85,490)                                   | (32,420)                                   |
| Bad Debts Written Off                                      | (3,023)                                    | (29,600)                                   | -                                          |
| Bank Charges                                               | (4,828)                                    | (3,669)                                    | (3,540)                                    |
| Borrowing Costs                                            | (315)                                      | (115)                                      | -                                          |
| Cleaning                                                   | (15,967)                                   | (20,265)                                   | (17,428)                                   |
| Computer Expenses                                          | (9,195)                                    | (8,277)                                    | (6,274)                                    |
| Depreciation                                               | (94,991)                                   | (160,541)                                  | (117,499)                                  |
| Directors' Fees                                            | (37,500)                                   | (37,500)                                   | (21,250)                                   |
| Directors Share Issues                                     | (42,498)                                   | (42,500)                                   | -                                          |
| Electricity                                                | (52,030)                                   | (59,382)                                   | (48,192)                                   |
| Entertainment Expenses                                     | (222)                                      | (3,677)                                    | (3,700)                                    |
| Hire of Plant & Equipment                                  | (2,600)                                    | (2,443)                                    | (3,541)                                    |
| Insurance                                                  | (81,955)                                   | (72,070)                                   | (34,568)                                   |
| Interest Paid                                              | (37,845)                                   | (28,935)                                   | (9,905)                                    |
| Laboratory Testing                                         | (3,202)                                    | (13,710)                                   | (20,641)                                   |



| Statement of Profit or Loss and Other Comprehensive Income        | Audited for the year ended 30-Jun-19 \$ | Audited for the year ended 30-Jun-18 \$ | Audited for the year ended 30-Jun-17 \$ |
|-------------------------------------------------------------------|-----------------------------------------|-----------------------------------------|-----------------------------------------|
| Legal Costs                                                       | (4,045)                                 | (20,973)                                | (14,590)                                |
| Management Fees                                                   | (27,000)                                | -                                       | -                                       |
| Motor Vehicle Expenses                                            | (30,401)                                | (28,155)                                | (35,504)                                |
| Permits, Licences & Fees                                          | (6,094)                                 | (6,033)                                 | (6,010)                                 |
| Pest Control                                                      | (2,164)                                 | (2,610)                                 | (1,769)                                 |
| Postage                                                           | (744)                                   | (422)                                   | (1,213)                                 |
| Printing & Stationery                                             | (4,415)                                 | (9,503)                                 | (11,644)                                |
| Product Development                                               | (1,316)                                 | (2,488)                                 | -                                       |
| Protective Clothing                                               | (9,650)                                 | (11,140)                                | -                                       |
| Provision for Leave                                               | (8,905)                                 | (57)                                    | (23,150)                                |
| Quality Assurance                                                 | (26,268)                                | (24,668)                                | (21,195)                                |
| Rates & Taxes                                                     | (2,802)                                 | (3,273)                                 | (2,347)                                 |
| Rent                                                              | (90,791)                                | (90,364)                                | (93,001)                                |
| Repairs & Maintenance                                             | (29,105)                                | (53,923)                                | (61,395)                                |
| Rubbish & Waste Removal                                           | (10,462)                                | (15,644)                                | (7,646)                                 |
| Security Costs                                                    | (747)                                   | (910)                                   | (518)                                   |
| Small Asset Purchases                                             | (2,694)                                 | (4,632)                                 | (9,019)                                 |
| Staff, Employment and IR Advice                                   | (15,731)                                | (51,238)                                | (57,039)                                |
| Subcontractors                                                    | -                                       | -                                       | (960)                                   |
| Subscriptions                                                     | (6,147)                                 | (7,039)                                 | (2,969)                                 |
| Sundry Expenses                                                   | (8,770)                                 | (11,706)                                | (7,383)                                 |
| Superannuation Contributions                                      | (44,316)                                | (34,110)                                | (23,264)                                |
| Telephone                                                         | (13,777)                                | (14,906)                                | (14,433)                                |
| Travelling Expenses                                               | (38,887)                                | (55,749)                                | (53,524)                                |
| Wages                                                             | (451,785)                               | (491,066)                               | (299,570)                               |
| Weights & Measures                                                | -                                       | -                                       | (1,515)                                 |
| Impairment of Goodwill                                            | (334,000)                               | -                                       | -                                       |
| <b>Profit/(loss) from continuing operations before income tax</b> | <b>(322,158)</b>                        | <b>(499,563)</b>                        | <b>62,394</b>                           |
| Income tax expense                                                | -                                       | -                                       | (5,441)                                 |
| <b>Total comprehensive profit/(loss) for the year</b>             | <b>(322,158)</b>                        | <b>(499,563)</b>                        | <b>56,953</b>                           |

\* As part of our procedures it was determined that an impairment in respect of intangible assets of \$334,000 relating to the smokehouse should have been recognised as at 30 June 2019. Accordingly we have adjusted the Historical Financial Information to reflect this.

This statement of profit or loss and other comprehensive income shows the historical financial performance of Company and is to be read in conjunction with the notes to and forming part of the historical financial information set out in Appendix 3. Past performance is not a guide to future performance.

**APPENDIX 4**  
**PFT**  
**STATEMENT OF CASH FLOWS**

| Statutory Historical Statement of Cash Flows                 | Audited<br>for the year ended<br>30-Jun-19<br>\$'000 | Audited for the<br>year ended<br>30-Jun-18<br>\$'000 | Audited for the<br>year ended<br>30-Jun-17<br>\$'000 |
|--------------------------------------------------------------|------------------------------------------------------|------------------------------------------------------|------------------------------------------------------|
| <b>Cash flows from operating activities</b>                  |                                                      |                                                      |                                                      |
| Receipts from customers                                      | 3,732,404                                            | 3,563,200                                            | 3,332,286                                            |
| Payments to suppliers and employees                          | (3,668,226)                                          | (3,945,456)                                          | (3,186,248)                                          |
| Interest received                                            | 589                                                  | 3                                                    | 1,569                                                |
| Finance cost                                                 | (37,845)                                             | (28,935)                                             | (9,905)                                              |
| <b>Net cash flows from operating activities</b>              | <b>26,922</b>                                        | <b>(411,188)</b>                                     | <b>137,702</b>                                       |
| <b>Cash flows from investing activities</b>                  |                                                      |                                                      |                                                      |
| Payments for property, plant & equipment and facility set up | (35,403)                                             | (166,824)                                            | (586,095)                                            |
| Purchase/(proceeds) of intangibles                           | -                                                    | -                                                    | 47,908                                               |
| <b>Net cash flows from Investing activities</b>              | <b>(35,403)</b>                                      | <b>(166,824)</b>                                     | <b>(538,187)</b>                                     |
| <b>Cash flows from financing activities</b>                  |                                                      |                                                      |                                                      |
| Payment/(proceeds) of borrowings                             | (346,734)                                            | 377,922                                              | 116,305                                              |
| Proceeds from capital introduction                           | 1,648,898                                            | 42,500                                               | -                                                    |
| <b>Net cash flows from financing activities</b>              | <b>1,302,164</b>                                     | <b>420,422</b>                                       | <b>116,305</b>                                       |
| <b>Net (decrease)/increase in cash and cash equivalents</b>  | <b>1,293,683</b>                                     | <b>(157,590)</b>                                     | <b>(284,180)</b>                                     |
| <b>Cash and cash equivalents at beginning of period</b>      | <b>95,123</b>                                        | <b>252,713</b>                                       | <b>536,893</b>                                       |
| <b>Cash and cash equivalents at end of the period</b>        | <b>1,388,806</b>                                     | <b>95,123</b>                                        | <b>252,713</b>                                       |

This statement of cash flows shows the historical financial performance of Company and is to be read in conjunction with the notes to and forming part of the historical financial information set out in Appendix 3. Past performance is not a guide to future performance.

## 7. DIRECTORS, KEY MANAGEMENT AND CORPORATE GOVERNANCE

### 7.1. Board of Directors

As at the date of this Prospectus, the Board comprises Nicholas Young, Shaun Hardcastle and Peter Woods. On completion of the Acquisition, Messrs Young, Hardcastle and Woods will resign from the Board and the Company will appoint the following Proposed Directors:

- a. **Malcom McAully** – Non-Executive Chairman
- b. **Michael Cooper** – Managing Director
- c. **Alexander "Sandy" Beard** – Non-Executive Director
- d. **Ken Fleming** – Non-Executive Director

Profiles of each of the Proposed Directors is set out in Section 3.5.

### 7.2. Directors' Interests

Other than as disclosed in this Prospectus, no Director nor Proposed Director holds at the date of this Prospectus or held at any time during the last 2 years, any interest in:

- a. the formation or promotion of the Company;
- b. property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or the Offers (other than, with respect to the Proposed Directors, in their capacity as PFT Vendors); and
- c. the Offers (other than, with respect to the Proposed Directors, in their capacity as PFT Vendors, as recipient of the Incentive Options and with respect to Michael Cooper and Alexander "Sandy" Beard, in their capacity as holders of Convertible Loans).

Further, other than as disclosed in this Prospectus, the Company has not paid any amount or provided any benefit, or agreed to do so, to any Director or Proposed Director, either to induce that Director or Proposed Director to become, or to qualify them as a Director, or otherwise, for services rendered by them in connection with the formation or promotion of the Company or the Offers.

### 7.3. Directors' Security Holdings

The Company's Directors and Proposed Directors (and their respective related entities) have the following interests in Shares as at the date of this Prospectus:

| Director                                      | Shareholding<br>(pre-Consolidation) | Shareholding<br>% |
|-----------------------------------------------|-------------------------------------|-------------------|
| Nicholas Young<br>(resigning on Completion)   | 8,000,000                           | 8.87%             |
| Shaun Hardcastle<br>(resigning on Completion) | 2,500,000                           | 2.77%             |
| Peter Woods<br>(resigning on Completion)      | 17,500,000                          | 19.40%            |
| Malcolm McAully                               | Nil                                 | Nil               |
| Michael Cooper                                | Nil                                 | Nil               |
| Alexander "Sandy" Beard                       | Nil                                 | Nil               |
| Ken Fleming                                   | Nil                                 | Nil               |

Set out in the table below are details of the anticipated relevant interests of the existing Directors and Proposed Directors (and their respective related entities) in the Shares of the Company upon Completion of the Acquisition and Public Offer (assuming Minimum Subscription), Conversion Shares are issued to Alexander "Sandy" Beard and Michael Cooper) and taking into account the cancellation of Advisor Shares (refer to Section 1.1), but excluding any participation in the Public Offer:



| Director                                   | Shares (post Consolidation) | Shareholding % | Options                  |
|--------------------------------------------|-----------------------------|----------------|--------------------------|
| Nicholas Young (resigning on Completion)   | 421,222                     | 0.90%          | 350,000 <sup>1</sup>     |
| Shaun Hardcastle (resigning on Completion) | 250,000                     | 0.53%          | 250,000 <sup>1</sup>     |
| Peter Woods (resigning on Completion)      | 500,000                     | 1.06%          | 500,000 <sup>1</sup>     |
| Malcolm McAully                            | 1,521,238 <sup>4</sup>      | 3.24%          | 888,401 <sup>2,3</sup>   |
| Michael Cooper                             | 1,704,287 <sup>4,5</sup>    | 3.63%          | 1,671,307 <sup>2,3</sup> |
| Alexander "Sandy" Beard                    | 1,000,000 <sup>5</sup>      | 2.13%          | 500,000 <sup>2</sup>     |
| Ken Fleming                                | 1,595,789 <sup>4</sup>      | 3.40%          | 907,436 <sup>2,3</sup>   |

**Notes:**

- Existing options with an exercise price of \$0.30, expiring 8 November 2021.
- Incentive Options to be issued to Proposed Directors as follows (see Section 2.2(d)):
  - up to 500,000 Incentive Options to Malcolm McAully (or his nominees);
  - up to 1,300,000 Incentive Options to Michael Cooper (or his nominees);
  - up to 500,000 Incentive Options to Alexander "Sandy" Beard (or his nominees); and
  - up to 500,000 Incentive Options to Ken Fleming (or his nominees).
- Consideration Options to be issued as consideration for the Acquisition (see Section 2.2(a));
- Shares to be issued as consideration for the Acquisition (see Section 2.2(a)); and
- Includes Conversion Shares to be issued to Michael Cooper (250,000) and Alexander "Sandy" Beard (1,000,000) on conversion of funds pursuant to Convertible Loan Agreements (see Section 2.2(b)).

The Company notes that Shareholders at the Annual General Meeting approved the issue of Shares under the Public Offer to certain Directors and Proposed Directors as follows:

- up to 500,000 Shares to Mr Malcolm McAully;
- up to 500,000 Shares to Mr Michael Cooper;
- up to 100,000 Shares to Mr Ken Fleming;
- up to 250,000 Shares to Mr Alexander "Sandy" Beard;
- up to 250,000 Shares to Mr Nicholas Young; and
- up to 250,000 Shares to Mr Peter Woods.

Set out in the table below are details of the anticipated relevant interests of the existing Directors and Proposed Directors (and their respective related entities) in the Shares of the Company upon Completion of the Acquisition and Public Offer (assuming Minimum Subscription), Conversion Shares are issued to Alexander "Sandy" Beard and Michael Cooper), taking into account the cancellation of Advisor Shares and each of the Directors and Proposed Directors apply for and are issued their respective maximum number of Shares under the Public Offer (as approved by Shareholders at the Annual General Meeting):

| Director                                   | Shares (post Consolidation) | Shareholding % | Options   |
|--------------------------------------------|-----------------------------|----------------|-----------|
| Nicholas Young (resigning on Completion)   | 671,222                     | 1.43%          | 350,000   |
| Shaun Hardcastle (resigning on Completion) | 250,000                     | 0.53%          | 250,000   |
| Peter Woods (resigning on Completion)      | 750,000                     | 1.60%          | 500,000   |
| Malcolm McAully                            | 2,021,238                   | 4.30%          | 888,401   |
| Michael Cooper                             | 2,204,287                   | 4.69%          | 1,671,307 |
| Alexander "Sandy" Beard                    | 1,250,000                   | 2.66%          | 500,000   |
| Ken Fleming                                | 1,695,789                   | 3.61%          | 907,436   |

## 7.4. Directors' Remuneration

The Constitution provides that each Director is entitled to such remuneration from the Company as the Directors decide, but the total amount provided to all non-executive Directors must not exceed in aggregate the amount fixed by the Company in a general meeting. The current maximum amount of remuneration that may be paid to all non-executive Directors has been set at \$400,000 per annum.

Each of the proposed Non-Executive Directors (being Messrs Beard and Fleming) have entered into non-executive letter agreements with the Company pursuant to which the Company agrees to pay each Director \$36,000 per year (excluding superannuation) for services provided to the Company as Non-Executive Directors. Mr McAully has entered into a non-executive chairman letter agreement pursuant to which the Company agrees to pay Mr McAully \$50,000 per year (excluding superannuation) for services provided to the Company as Non-Executive Chairman. The agreements commence upon completion of the Acquisition.

Ken Fleming will receive an additional \$25,000 per year for consulting services (including transactional services and investor relations) to be provided to the Company.

The key terms of Michael Cooper's Managing Director executive services agreement are set out in Section 8.3(c).

In addition, all proposed Directors will be issued Incentive Options (see Section 2.2(d)).

## 7.5. Transactions with entities in which the Directors have an interest

Shaun Hardcastle, a Director of the Company, is a partner of HWL Ebsworth, a national law firm that has provided legal services to the Company in relation to the Offers, the Acquisition and the Annual General Meeting. Details of the amounts expected to be paid to HWL Ebsworth are set out in Section 9.7(d). Mr Hardcastle does not control HWL Ebsworth and therefore HWL Ebsworth is not considered a related party of the Company.

A related entity of Nicholas Young, a Director of the Company, is a director and shareholder of Onyx Corporate Pty Ltd, an accounting business. The Company has and continues to engage Onyx Corporate Pty Ltd to provide accounting and financial services to the Company. Under the Company's arrangement with Onyx Corporate Pty Ltd, the Company will pay Onyx Corporate Pty Ltd a total of \$30,000 (plus GST), being fees of \$5,000 (plus GST) for each reporting period between 1 January 2017 to 31 December 2019 (inclusive). Onyx Corporate Pty Ltd has agreed to withhold its fees until Completion of the Acquisition and Offers. Mr Young does not control Onyx Corporate Pty Ltd and therefore Onyx Corporate Pty Ltd is not considered a related party of the Company.

The Company further notes that Nicholas Young is a Director of Otsana Capital, Corporate Advisor to the Company (see Section 8.3(g) for further information on the Company's mandate with Otsana Capital). Mr Young does

not control Otsana Capital and therefore Otsana Capital is not considered a related party of the Company.

In addition, each of the Proposed Directors (other than Mr Beard) are also PFT Vendors and are receiving consideration for the Acquisition pro-rata to their shareholdings in PFT as set out in Section 7.3.

Other than as set out above and in Sections 7.4 and 8.3(b) to 8.3(e), the Company has not entered into any related party transactions

## 7.6. Corporate Governance

The Board is responsible for establishing the Company's corporate governance framework, the key features of which are set out in this Section 7.6. In establishing its corporate governance framework, the Board has referred to the 4th edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (**Recommendations**). To the extent applicable, commensurate with the Company's size and nature, the Company has adopted the Recommendations.

The Board seeks, where appropriate, to provide accountability levels that meet or exceed the Recommendations.

The Company's main corporate governance policies and practices as at the date of this Prospectus are outlined below and further details on the Company's corporate governance procedures, policies and practices can be obtained from the Company website at [www.bunjicorp.com.au](http://www.bunjicorp.com.au).

### a. Board of Directors

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

- i. maintain and increase Shareholder value;
- ii. ensure a prudential and ethical basis for the Company's conduct and activities; and
- iii. ensure compliance with the Company's legal and regulatory objectives.

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

- i. appointment, and where necessary, the replacement, of the Managing Director and other senior executives and the determination of their terms and conditions including remuneration and termination;
- ii. driving the strategic direction of the Company, ensuring appropriate resources are available to meet objectives and monitoring management's performance;
- iii. reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;
- iv. approving and monitoring the progress of major capital expenditure, capital management and significant acquisitions and divestitures;

- v. approving and monitoring the budget and the adequacy and integrity of financial and other reporting;
- vi. approving the annual, half yearly and quarterly accounts;
- vii. approving significant changes to the organisational structure;
- viii. approving the issue of any shares, options, equity instruments or other securities in the Company (subject to compliance with the Listing Rules if applicable);
- ix. procuring appropriate professional development opportunities for Directors to develop and maintain the skills and knowledge needed to perform their role as Directors effectively;
- x. approving the Company's remuneration framework;
- xi. ensuring a high standard of corporate governance practice and regulatory compliance and promoting ethical and responsible decision making;
- xii. recommending to shareholders the appointment of the external auditor as and when their appointment or re-appointment is required to be approved by them (in accordance with the ASX Listing Rules if applicable); and
- xiii. meeting with the external auditor, at their request, without management being present.
- xiv. The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate Directors' participation in the Board discussions on a fully-informed basis.

In light of the Company's size and nature, the Board considers that the proposed board is a cost effective and practical method of directing and managing the Company. If the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance policies and structures will be reviewed.

## b. Composition of the Board

Election of Board members is substantially the province of the Shareholders in general meeting. However, subject thereto, the Company is committed to the following principles:

- i. the Board is to comprise Directors with a blend of skills, experience and attributes appropriate for the Company and its business; and
- ii. the principal criterion for the appointment of new Directors is their ability to add value to the Company and its business.

The Board currently consists of 3 members. Following completion of the Offers and the Acquisition, the Board will consist of 4 members (following the resignation of Messrs Young, Woods and Hardcastle). The Company has adopted a Remuneration and Nomination Committee Charter, but has not formally adopted a Nomination and Remuneration Committee. The Directors consider that the Company is currently not of a size, nor are its affairs of such complexity, to justify the formation of a Nomination and Remuneration Committee. The responsibilities of a Nomination and Remuneration Committee are currently carried out by the Board.

Where a casual vacancy arises during the year, the Board has procedures to select the most suitable candidate with the appropriate experience and expertise to ensure a balanced and effective Board. Any Director appointed during the year to fill a casual vacancy or as an addition to the current Board, holds office until the next general meeting and is then eligible for re-election by the Shareholders.

## c. Identification and Management of Risk

The Board has not established a risk management committee and the full Board is responsible for overseeing the risk management function. The Board is responsible for ensuring the risks and opportunities are identified on a timely basis.

## d. Ethical Standards

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

## e. Independent Professional Advice

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

## f. Remuneration Arrangements

The total maximum remuneration of Non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the Listing Rules, as applicable. 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.

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.

The Board reviews and approves the remuneration policy to enable the Company to attract and retain Directors who will create value for Shareholders having consideration to the amount considered to be commensurate for a company of its size and level of activity as well as the relevant Directors' time, commitment and responsibility.

## g. Trading Policy

The Board has adopted a policy that sets out the guidelines on the sale and purchase of securities in the Company by its key management personnel (i.e. Directors and, if applicable, any employees reporting directly to the managing director). The policy generally provides that prior written approval of the Chairman or the Board must be obtained prior to trading.

## h. External Audit

The Company in general meetings is responsible for the appointment of the external auditors of the Company, and the Board from time to time will review the scope, performance and fees of those external auditors.



#### i. Audit Committee

The Company does not have an audit committee. The full Board fulfils the Company’s corporate governance and monitoring responsibilities in relation to the Company’s risks associated with the integrity of the financial reporting, internal control systems and the independence of the external audit function.

#### j. Diversity Policy

The Board has adopted a diversity policy which provides a framework for the Company to achieve, amongst other things, a diverse and skilled workforce, a workplace culture characterised by inclusive practices and behaviours for the benefit of all staff, improved employment and career development opportunities for women and a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives.

#### k. Whistleblower Policy

The Company has adopted a Whistleblower Policy which encourages employees to raise any concerns and report instances of illegal or unethical behaviour, without fear of reprisal. The Whistleblower Policy establishes the mechanisms and procedures for employees to report unethical or illegal conduct in a manner which protects the whistleblower and gathers the necessary information for the Company to investigate such reports and act appropriately.

#### l. Departures from Recommendations

Following re-admission to the Official List of ASX, the Company will be required to report any departures from the Recommendations in the form of an Appendix 4G lodged with ASX.

Worker at Tasmanian Pate’s factory



## 8. MATERIAL CONTRACTS

### 8.1. Introduction

The Directors consider that certain contracts entered into by the Company and PFT, as well as certain PFT supply arrangements, are material to the Company and Merged Group or are of such a nature that an investor may wish to have particulars of them when assessing whether to apply for Shares under the Public Offer. The key terms of these material contracts and arrangements are summarised in this Section.

### 8.2. PFT Material Contracts and Arrangements

#### a. Mornington Lease

PFT has entered into a lease agreement with an unrelated party to lease part of a property in Mornington in Tasmania, where PFT's Tasmanian Pate production facility is located. The Mornington Lease commenced on 20 May 2019 and is for an initial term of 6 years, with PFT having the option to extend for a further 6 years at its election. The rent payable by PFT for the first year of the lease is \$75,000 (plus GST). Thereafter, annual rent will increase by the percentage increase in the Consumer Price Index over the prior 12 months. PFT is also required to pay certain outgoings, including gas, oil, water and electricity, as well as PFT's share of usage of any trade waste fees charged by Tasmanian Water and Sewerage Operation or any other local government body.

#### b. Woodbridge Lease

Pure Foods Tasmania No2 Pty Ltd (a wholly owned subsidiary of PFT) (**PFT No2**) has entered into a lease agreement with an unrelated party to lease part of a property in Woodbridge in Tasmania where PFT's Woodbridge Smokehouse production facility is located.

The Woodbridge Lease commenced on 27 November 2015 and is for an initial term of 5 years, with PFT No2 having two options to extend for 5 year terms. The rent paid by PFT No2 in the first year of rent was \$20,000 (plus GST). Thereafter, annual rent increases by the percentage increase in the Consumer Price Index for each year ending 30 June. PFT No 2 is also required to pay certain outgoings, including gas, oil, water and electricity, as well as charges in respect of any emission of smoke or odours from the premises.

### c. Supply Arrangements

#### i. Aldi Stores - Product Contract

Pure Foods Tasmania No1 Pty Ltd (t/a Tasmanian Pate) (**Tasmanian Pate**) is party to a product contract with Aldi Stores for the supply of Deli Originals Pate (150g) products to Aldi Stores located in NSW, Victoria, Queensland, Victoria, South Australia and Western Australia. Pursuant to the product contract, Tasmanian Pate must:

- (A) arrange Packaging and Carton artwork (which complies with Aldi's specifications), with prior approval from Aldi required;
- (B) provide Aldi with full and complete advertising samples and production samples (as required); and
- (C) provide Aldi with an initial order quantity and the minimum stock holding required for the first three months of the contract.

The Aldi contract does not specify the term of the agreement and, following the initial order quantity and minimum stock holding for the first three months, quantities of product supplied to Aldi are on an 'as required' basis. Aldi is not obliged to order or purchase any further minimum amount and Aldi will only be required to take delivery of and purchase subsequent orders which are confirmed by Aldi in a written Product Contract or Purchase Order issued by Aldi.

#### ii. Woolworths - Vendor Trading Terms

Tasmanian Pate is party to vendor trading terms with Woolworths Group Limited (**Woolworths**) for the supply of products. Under the vendor trading terms, if Woolworths issues a purchase order, Tasmanian Pate must:

- (A) supply and deliver products in accordance with the trading terms and is deemed to have accepted a purchase order unless the Vendor notifies Woolworths within 24 hours of receipt;
- (B) obtain approval from Woolworths to make substitutions in respect of the colours, sizes, fabrics, trims and other details specified in the purchase order;
- (C) keep records in relation to any purchase orders and the delivery of the products for at least 12 months from the date of delivery; and
- (D) provide Woolworths with a copy of any independent test reports of all products that are subject to any statutory standard.

Woolworths is not obliged to issue a purchase order or any number of purchase orders over any particular period.

#### d. NAB Facilities

In December 2019, PFT executed an Equipment Loan and Goods Mortgage with National Australia Bank (**NAB**) for a sum of \$470,000 for the purchase of equipment and vehicles. This loan facility is repayable over a 4 year term, is current, in good standing and secured by a General Security Agreement.

In March 2016, Pure Foods Tasmania No 1 Pty Ltd executed a revised equipment loan with NAB for a sum of \$49,528 to refinance a balloon payment in relation to a refrigerated van. The loan is repayable over a 5 year term, is current, in good standing and secured by a Master Asset Finance Agreement.

Pure Foods Tasmania No 2 Pty Ltd is party to the following loan agreements with NAB, all of which are secured by a Master Asset Finance Agreement:

- i. loan agreement executed in July 2017 for a sum of \$125,415 for the purchase of equipment. The loan is repayable over a 5 year term and is current and in good standing;
- ii. loan agreement executed in January 2018 for a sum of \$56,997 for the purchase of equipment. The loan is repayable over a 5 year term and is current and in good standing; and
- iii. loan agreement executed in January 2018 for a sum of \$37,400 for the purchase of equipment. The loan is repayable over a 5 year term and is current and in good standing.

#### e. Prenzler Mandate

PFT entered into a mandate with Prenzler on 3 December 2019 under which Prenzler will provide corporate advisory and M&A advisory services to PFT in relation to the Acquisition. In consideration for corporate advisory services, PFT will pay Prenzler a fee of \$50,000 (if the Company is relisted on or before 3 May 2020) or \$60,000 (if the Company is relisted between 4 May 2020 and 3 December 2020).

In consideration for M&A advisory services, in the event PFT makes an acquisition introduced by Prenzler prior to completion of the Acquisition, Prenzler will be paid a fee of 2% of the enterprise value of the acquired business/asset. As at the date of this Prospectus, it is not expected that PFT will complete an M&A transaction prior to completion of the Acquisition so it is not expected that this fee will be payable.

### 8.3. Company Material Contracts

#### a. Share Sale Agreement and Ancillary SSAs

The Company has entered into the Share Sale Agreement and Ancillary SSAs to acquire 100% of the issued capital of PFT. Key terms of these agreements are detailed in Section 1.1.

#### b. Convertible Loan Agreements

The Company has entered into Convertible Loan Agreements with various sophisticated or professional investors (being Alexander "Sandy" Beard, Michael Cooper and the Convertible Loan Lenders) under which the Company was advanced loan funds of \$500,000, with funds raised primarily being used to fund the costs of the Acquisition. \$200,000 of loan funds were advanced by Alexander "Sandy" Beard (a Proposed Director), \$50,000 of loan funds were advanced by Michael Cooper (a Proposed Director) and the balance of \$250,000 was advanced by the Convertible Loan Lenders, all of whom are unrelated parties.

Under the terms of the Convertible Loan Agreements, the Company's obligation to repay the loan funds will be satisfied by the Company issuing the Conversion Shares at the earlier of:

- i. Completion of the Acquisition; or
- ii. the Company being removed from the Official List of ASX (in the event that the Acquisition does not complete).

The deemed issue price of the Conversion Shares to be issued is \$0.20 per Share (being the same price as Shares under the Public Offer). Simple interest of 5% per annum is payable on the loan funds, which must be paid in cash at the time of issue of the Conversion Shares.

#### c. Managing Director Executive Services Agreement

Michael Cooper has entered into an executive services agreement in relation to his appointment as Managing Director to commence upon completion of the Acquisition. The material terms of Mr Cooper's appointment are set out below:

- i. **Base Salary:** \$247,000 per annum (plus Superannuation);
- ii. **Salary Review Period:** 1 January to 31 March annually;
- iii. **Short Term Incentive Plan:** an amount equal to \$33,530 if the Company achieves consolidated earnings before interest, tax, depreciation and amortisation (EBITDA) of \$670,601 or more for the financial year ending 30 June 2020, plus if EBITDA for the financial year ending 30 June 2020 is between:
  - (A) \$670,602 and \$700,000:  
an additional payment of \$2,939;
  - (B) \$700,001 and \$800,000:  
an additional payment of \$15,879;
  - (C) \$800,001 and \$900,000:  
an additional payment of \$35,879; or
  - (D) \$900,001 and \$1,000,000:  
an additional payment of \$55,879.



- iv. **Long Term Incentive Plan:** participation in the Plan and receipt of 1,300,000 Incentive Options (see Section 2.2(d));
- v. **Term:** initial term of 2 years from Completion of the Acquisition; and
- vi. **Termination:** either party may terminate Mr Cooper's appointment on 3 months' notice. The Company may terminate immediately on payment in lieu of notice, or in circumstances of breach of contract or misconduct.

#### d. Director Agreements

Each of the proposed Non-Executive Directors (being Messrs Beard and Fleming) have entered into non-executive letter agreements with the Company pursuant to which the Company agrees to pay each Director \$36,000 per year (excluding superannuation) for services provided to the Company as Non-Executive Directors. Mr McAully has entered into a non-executive chairman letter agreement pursuant to which the Company agrees to pay Mr McAully \$50,000 per year (excluding superannuation) for services provided to the Company as Non-Executive Chairman. In addition, each of Messrs Beard, Fleming and McAully will receive 500,000 Incentive Options each (see Section 2.2(d)). The agreements commence upon completion of the Acquisition.

It is noted that the total aggregate amount of fees per annum payable to non-executive Directors of the Company pursuant to the Company's Constitution is capped at \$400,000.

In addition to the above director fees and the issue of Incentive Options, the Company has agreed to pay Ken Fleming a further \$25,000 per year for consulting services (including transactional services and investor relations) to be provided by Mr Fleming to the Company.

#### e. Deeds of Indemnity, Insurance and Access

The Company has entered into deeds of indemnity, insurance and access with each of its Directors, the Proposed Directors and the company secretary.

Under these deeds, the Company agrees to indemnify each officer to the extent permitted by the Corporations Act against any liability arising as a result of the officer acting as an officer of the Company or a related body corporate (subject to customary exceptions). The Company is also required to maintain insurance policies for the benefit of the relevant officer and must also allow the officers to inspect board papers and other documents provided to the Board in certain circumstances.

#### f. Lead Manager Mandate

The Company has entered into a mandate with Prenzler under which Prenzler acted as Lead Manager to the capital raising via the Convertible Loan Agreements and will act as Lead Manager to the Public Offer. In consideration for acting as Lead Manager, the Company will pay Prenzler a Lead Manager fee of 6% of the amount raised under the Convertible Loan Agreements and Public Offer and issue to Prenzler (or its nominees) 1,582,715 Shares and 500,000 Lead Manager Options.

#### g. Otsana Mandate

The Company has entered into a mandate with Otsana Capital under which Otsana Capital has provided and will continue to provide corporate advisory and project management services to the Company in connection with the Acquisition. As the Company is dormant and does not have any employees, Otsana Capital's primary role is to project manage the Acquisition and the Company's relisting to the Official List of ASX. In consideration for these services and subject to completion of the Acquisition, the Company will pay Otsana a fee of \$100,000 (plus GST) (**Corporate Advisor Fee**).

The Company previously issued a total of 50 million Shares (on a pre-Consolidation basis) in consideration for corporate advisory services provided in relation to the Company's recapitalisation proposal, as approved by Shareholders at a meeting held on 8 August 2018. 25 million of these pre-Consolidation Shares were issued to nominees of Otsana Capital, the proponent of the recapitalisation proposal to take the Company out of voluntary administration, and 25 million pre-Consolidation Shares were issued to Bluebird Capital, who assisted Otsana Capital on the proposal (together, the **Otsana Nominees**). In order to facilitate the Acquisition and to implement a more appropriate capital structure for the Company moving forward, these Otsana Nominees have consented to the cancellation of 46,043,213 of these Shares (on a pre-consolidation basis) held by them via a selective reduction of the Company's capital. Shareholder approval for the cancellation was obtained at the Annual General Meeting, and approval for the cancellation from the Otsana Nominees was obtained at a meeting of the Otsana Nominees held on the same day. Following cancellation of these Shares, the number of Shares which will be retained by the Otsana Nominees is 395,679.

The Company notes that Nicholas Young, a current Director of the Company, is a Director of Otsana Capital. Mr Young is one of 4 directors of Otsana Capital and does not control Otsana Capital. Accordingly, Otsana Capital is not considered a related party of the Company.

## 9. ADDITIONAL INFORMATION

### 9.1. Rights and Liabilities Attaching to Shares

The following is a general description of the more significant rights and liabilities attaching to the Shares. This summary is not exhaustive. Full details of provisions relating to rights attaching to the Shares are contained in the Corporations Act, Listing Rules and the Company's Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

- a. **(Voting rights):** Subject to any rights or restrictions, at general meetings:
  - i. every Shareholder present and entitled to vote may vote in person or by attorney, proxy or representative;
  - ii. has one vote on a show of hands; and
  - iii. has one vote for every Share held, upon a poll.
- b. **(Dividend rights):** Shareholders will be entitled to dividends, distributed among members in proportion to the capital paid up. No dividend carries interest against the Company and the declaration of Directors as to the amount to be distributed is conclusive.
 

Shareholders may be paid interim dividends or bonuses at the discretion of the Directors. The Company must not pay a dividend unless the Company's assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend.
- c. **(Variation of rights):** The rights attaching to the Shares may only be varied by the consent in writing of the holders of three-quarters of the Shares, or with the sanction of a special resolution passed at a general meeting.
- d. **(Transfer of Shares):** Shares can be transferred upon delivery of a proper instrument of transfer to the Company or by a transfer in accordance with the ASX Settlement Operating Rules. The instrument of transfer must be in writing, in the approved form, and signed by the transferor and the transferee. Until the transferee has been registered, the transferor is deemed to remain the holder, even after signing the instrument of transfer.

In some circumstances, the Directors may refuse to register a transfer if upon registration the transferee will hold less than a marketable parcel. The Board may refuse to register a transfer of Shares upon which the Company has a lien.

- e. **(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.

The Directors may convene a general meeting at their discretion. General meetings shall also be convened on requisition as provided for by the Corporations Act.

- f. **(Unmarketable parcels):** The Company's Constitution provides for the sale of unmarketable parcels subject to any applicable laws and provided a notice is given to the

minority Shareholders stating that the Company intends to sell their relevant Shares unless an exemption notice is received by a specified date.

- g. **(Rights on winding up):** If the Company is wound up, the liquidator may with the sanction of special resolution, divide the assets of the Company amongst members as the liquidator sees fit. If the assets are insufficient to repay the whole of the paid-up capital of members, they will be distributed in such a way that the losses borne by members are in proportion to the capital paid up.

### 9.2. Terms and Conditions of Consideration Options and Lead Manager Options

- a. Each Option shall confer the right to subscribe for one fully paid ordinary share in the capital of the Company (**Share**).
- b. The exercise price for each Option is \$0.30 (**Exercise Price**).
- c. The Options will expire at 5.00pm AEST on 8 November 2021 (**Expiry Date**). Any Options that have not been validly exercised before the Expiry Date will lapse.
- d. A certificate will be issued for the Options. On the reverse side of the certificate there will be endorsed a statement of the rights of the Option holder and a notice that is to be completed when exercising the Options (**Exercise Notice**). If there is more than one Option comprised in this certificate and prior to the Expiry Date those Options are exercised in part, the Company will issue another certificate for the balance of the Options held and not yet exercised.
- e. Subject to paragraph (m) the Options are exercisable at any time before the Expiry Date by the delivery to the registered office of the Company of the Exercise Notice and the Exercise Price in cleared funds. The Exercise Notice and cleared funds must be received before the Expiry Date. The Options may be exercised in whole or in part. If the Options are exercised in part each Exercise Notice must be for not less than 1,000 Shares and in multiples of 1,000 Shares.
- f. After an Option is validly exercised, the Company must as soon as possible following receipt of the Exercise Notice and receipt of cleared funds equal to the subscription monies due:
  - i. issue the Shares;
  - ii. if required, give the Australian Securities Exchange a notice that complies with section 708A(5)(e) of the Corporations Act 2001 (Cth), or, if the Company is unable to issue such a notice, lodge with the Australian Securities and Investments Commission a prospectus prepared in accordance with the Corporations Act 2001 (Cth) and do all things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and

- iii. do all such acts, matters and things to obtain the grant of quotation of the Shares by ASX by no later than 15 business days after the date of exercise of the Option.
- g. There are no participating rights or entitlements inherent in the Options and holders of the Options will not be entitled to participate in any new issues of capital that may be offered to shareholders during the currency of the Options.
- h. Subject to paragraph (m), Option holders have the right to exercise their Options prior to the date of determining entitlements to any capital issues to the then existing shareholders of the Company, made during the currency of the Options, and the Company will give the minimum notice required by the Listing Rules.
- i. In the event of a reorganisation of the issued capital of the Company, the Options will be reorganised in accordance with the Listing Rules of the ASX, but in all other respects, the terms of exercise will remain unchanged.
- j. The Options are transferable.
- k. There is no right to change the exercise price of Options nor the number of underlying Shares over which the Options can be exercised, if the Company completes a bonus or pro-rata issue.
- l. The Options will not be quoted on the ASX.
- m. The exercise of the Options by an Option holder is subject at all times to the Corporations Act 2001 (Cth).

### 9.3. Terms and Conditions of Incentive Options

- a. **(Entitlement):** Each Option entitles the holder to subscribe for one fully paid ordinary share in the Company (**Share**) upon exercise of the Option.
- b. **(Issue Price):** No cash consideration is payable for the issue of the Options.
- c. **(Exercise Price):** The Options have an exercise price of \$0.40 per Share.
- d. **(Expiry Date):** The Options will expire at 5:00pm (WST) on the date that is 3 years from the date of reinstatement of the Company's securities to trading following completion of the Acquisition (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- e. **(Vesting Conditions)** The exercise of the Options is subject to satisfaction of the following vesting conditions before the Expiry Date:
  - i. 50% of the Options to be issued to a holder will vest upon the 30-Day VWAP equalling or exceeding \$0.50; and
  - ii. the remaining 50% of Options to be issued to a holder will vest upon the 30-Day VWAP equalling or exceeding \$0.70, (each, a **Vesting Condition**).
- f. **(Exercise Period):** Subject to meeting the relevant Vesting Condition, the Options are exercisable at any time and from time to time on or prior to the Expiry Date.
- g. **(Quotation of the Options):** The Options will be unquoted.

- h. **(Transferability of the Options):** The Options are not transferable, except with the prior written approval of the Company.
- i. **(Notice of Exercise):** The Options may be exercised by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company. Any Notice of Exercise of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt.
- j. **(Lodgement instructions):** Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable". The application for Shares on exercise of the Options with the appropriate remittance should be lodged at the Company's Share Registry.
- k. **(Shares issued on exercise):** Shares issued on exercise of the Options rank equally with the then Shares of the Company.
- l. **(Quotation of Shares on exercise):** Application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options on the date such Shares are issued.
- m. **(Timing of issue of Shares):** Within 15 business days after the later of the following:
  - i. receipt of a Notice of Exercise given in accordance with these terms and conditions and payment in cleared funds of the Exercise Price for each Option being received by the Company; and
  - ii. (ii) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information,
  - iii. the Company will:
    - ▶ issue the Shares pursuant to the exercise of the Options;
    - ▶ give ASX a notice that complies with section 708A(5) (e) of the Corporations Act; and
    - ▶ apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If the Company is unable to deliver a notice under clause (l)(iv) or such a notice for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company will lodge with ASIC a "cleansing prospectus" prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors. Where a "cleansing prospectus" is required, any Shares issued on exercise of Options will be subject to a holding lock until such time as a prospectus is issued by the Company. The Company must issue the prospectus by no later than 30 days after the date of issue of the Shares, or such later date as is agreed with the Option holder.



- n. (Participation in new issues):** There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, Option holders will be given the minimum amount of notice required by the Listing Rules. This will give the holders of Options the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
- o. (Adjustment for bonus issues of Shares):** If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):
- i. the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Option holder would have received if the Option holder had exercised the Option before the record date for the bonus issue; and
  - ii. no change will be made to the Exercise Price.
- p. (Adjustment for entitlements issue):** If the Company makes an issue of Shares pro rata to existing Shareholders (other than as a bonus issue, to which paragraph (p) will apply) there will be no adjustment of the Exercise Price of an Option or the number of Shares over which the Options are exercisable.
- q. (Adjustments for reorganisation):** If there is any reorganisation of the issued share capital of the Company, the rights of the Option holders will be varied in accordance with the Listing Rules.

## 9.4. Employee Securities Incentive Plan

The Company has adopted an Employee Securities Incentive Plan (**Plan**), to commence upon Admission. The Plan may be inspected at the registered office of the Company during normal business hours.

A summary of the terms of the Plan is below:

### a. Eligible Participant

'Eligible Participant' means a person that:

- i. is an "eligible participant" (as that term is defined in ASIC Class Order 14/1000) in relation to the Company or an 'Associated Body Corporate' (as that term is defined in ASIC Class Order 14/1000); and
- ii. has been determined by the Board to be eligible to participate in the Plan from time to time.

Directors are 'Eligible Participants'. Any issue of Securities to Directors under the Plan will be subject to the receipt of prior Shareholder approval.

### b. Purpose

The purpose of the Plan is to:

- i. assist in the reward, retention and motivation of Eligible Participants;
- ii. link the reward of Eligible Participants to Shareholder value creation; and
- iii. align the interests of Eligible Participants with shareholders of the Group (being the Company and each of its Associated Bodies Corporate), by providing an opportunity to Eligible Participants to receive an equity interest in the Company in the form of Securities.

### c. Plan Administration

The Plan will be administered by the Board. The Board may exercise any power or discretion conferred on it by the Plan rules in its sole and absolute discretion. The Board may delegate its powers and discretion.

### d. Eligibility, Invitation and Application

- i. The Board may from time to time determine that an Eligible Participant may participate in the Plan and make an invitation to that Eligible Participant to apply for Securities on such terms and conditions as the Board decides.
- ii. On receipt of an Invitation, an Eligible Participant may apply for the Securities the subject of the invitation by sending a completed application form to the Company. The Board may accept an application from an Eligible Participant in whole or in part.
- iii. If an Eligible Participant is permitted in the invitation, the Eligible Participant may, by notice in writing to the Board, nominate a party in whose favour the Eligible Participant wishes to renounce the invitation.

### e. Grant of Securities

The Company will, to the extent that it has accepted a duly completed application, grant the Participant the relevant number of Securities, subject to the terms and conditions set out in the invitation, the Plan rules and any ancillary documentation required.

### f. Terms of Convertible Securities

Each 'Convertible Security' represents a right to acquire one or more Shares (for example, under an option or performance right), subject to the terms and conditions of the Plan.

Prior to a Convertible Security being exercised a Participant does not have any interest (legal, equitable or otherwise) in any Share the subject of the Convertible Security by virtue of holding the Convertible Security. A Participant may not sell, assign, transfer, grant a security interest over or otherwise deal with a Convertible Security that has been granted to them. A Participant must not enter into any arrangement for the purpose of hedging their economic exposure to a Convertible Security that has been granted to them.

### g. Vesting of Convertible Securities

Any vesting conditions applicable to the grant of Convertible Securities will be described in the invitation. If all the vesting conditions are satisfied and/or otherwise waived by the Board, a vesting notice will be sent to the Participant by the Company informing them that the relevant Convertible Securities have vested. Unless and until the vesting notice is issued by the Company, the Convertible Securities will not be considered to have vested. For the avoidance of doubt, if the vesting conditions relevant to a Convertible Security are not satisfied and/or otherwise waived by the Board, that Convertible Security will lapse.

### h. Exercise of Convertible Securities and Cashless Exercise

To exercise a Convertible Security, the Participant must deliver a signed notice of exercise and, subject to a cashless exercise of Convertible Securities (see below), pay the exercise price (if any) to or as directed by the Company, at any time prior to the earlier of any date specified in the vesting notice and the expiry date as set out in the invitation.

An invitation may specify that at the time of exercise of the Convertible Securities, the Participant may elect not to be required to provide payment of the exercise price for the number of Convertible Securities specified in a notice of exercise, but that on exercise of those Convertible Securities the Company will transfer or issue to the Participant that number of Shares equal in value to the positive difference between the Market Value of the Shares at the time of exercise and the exercise price that would otherwise be payable to exercise those Convertible Securities.

Market Value means, at any given date, the volume weighted average price per Share traded on the ASX over the 5 trading days immediately preceding that given date, unless otherwise specified in an invitation.

A Convertible Security may not be exercised unless and until that Convertible Security has vested in accordance with the Plan rules, or such earlier date as set out in the Plan rules.

### i. Delivery of Shares on Exercise of Convertible Securities

As soon as practicable after the valid exercise of a Convertible Security by a Participant, the Company will issue or cause to be transferred to that Participant the number of Shares to which the Participant is entitled under the Plan rules and issue a substitute certificate for any remaining unexercised Convertible Securities held by that Participant.

### j. Forfeiture of Convertible Securities

Where a Participant who holds Convertible Securities ceases to be an Eligible Participant or becomes insolvent, all unvested Convertible Securities will automatically be forfeited by the Participant, unless the Board otherwise determines in its discretion to permit some or all of the Convertible Securities to vest.

Where the Board determines that a Participant has acted fraudulently or dishonestly, or wilfully breached his or her duties to the Group, the Board may in its discretion deem all unvested Convertible Securities held by that Participant to have been forfeited.

Unless the Board otherwise determines, or as otherwise set out in the Plan rules:

- i. any Convertible Securities which have not yet vested will be forfeited immediately on the date that the Board determines (acting reasonably and in good faith) that any applicable vesting conditions have not been met or cannot be met by the relevant date; and
- ii. any Convertible Securities which have not yet vested will be automatically forfeited on the expiry date specified in the invitation.

### k. Change of Control

If a change of control event occurs in relation to the Company, or the Board determines that such an event is likely to occur, the Board may in its discretion determine the manner in which any or all of the Participant's Convertible Securities will be dealt with, including, without limitation, in a manner that allows the Participant to participate in and/or benefit from any transaction arising from or in connection with the change of control event.

### l. Rights attaching to Plan Shares

All Shares issued under the Plan, or issued or transferred to a Participant upon the valid exercise of a Convertible Security (Plan Shares), will rank *pari passu* in all respects with the Shares of the same class. A Participant will be entitled to any dividends declared and distributed by the Company on the Plan Shares and may participate in any dividend reinvestment plan operated by the Company in respect of Plan Shares. A Participant may exercise any voting rights attaching to Plan Shares.

### m. Disposal Restrictions on Plan Shares

If the invitation provides that any Plan Shares are subject to any restrictions as to the disposal or other dealing by a Participant for a period, the Board may implement any procedure it deems appropriate to ensure the compliance by the Participant with this restriction.

For so long as a Plan Share is subject to any disposal restrictions under the Plan, the Participant will not:

- i. transfer, encumber or otherwise dispose of, or have a security interest granted over that Plan Share; or
- ii. take any action or permit another person to take any action to remove or circumvent the disposal restrictions without the express written consent of the Company.

### n. Adjustment of Convertible Securities

If there is a reorganisation of the issued share capital of the Company (including any subdivision, consolidation, reduction, return or cancellation of such issued capital of the Company), the rights of each Participant holding Convertible Securities will be changed to the extent necessary to comply with the Listing Rules applicable to a reorganisation of capital at the time of the reorganisation.

If Shares are issued by the Company by way of bonus issue (other than an issue in lieu of dividends or by way of dividend reinvestment), the holder of Convertible Securities is entitled, upon exercise of the Convertible Securities, to receive an allotment of as many additional Shares as would have been issued to the holder if the holder held Shares equal in number to the Shares in respect of which the Convertible Securities are exercised.

Unless otherwise determined by the Board, a holder of Convertible Securities does not have the right to participate in a pro rata issue of Shares made by the Company or sell renounceable rights.

#### o. Participation in New Issues

There are no participation rights or entitlements inherent in the Convertible Securities and holders are not entitled to participate in any new issue of Shares of the Company during the currency of the Convertible Securities without exercising the Convertible Securities.

#### p. Amendment of Plan

Subject to the following paragraph, the Board may at any time amend any provisions of the Plan rules, including (without limitation) the terms and conditions upon which any Securities have been granted under the Plan and determine that any amendments to the Plan rules be given retrospective effect, immediate effect or future effect.

No amendment to any provision of the Plan rules may be made if the amendment materially reduces the rights of any Participant as they existed before the date of the amendment, other than an amendment introduced primarily for the purpose of complying with legislation or to correct manifest error or mistake, amongst other things, or is agreed to in writing by all Participants.

#### q. Plan Duration

The Plan continues in operation until the Board decides to end it. The Board may from time to time suspend the operation of the Plan for a fixed period or indefinitely, and may end any suspension. If the Plan is terminated or suspended for any reason, that termination or suspension must not prejudice the accrued rights of the Participants.

If a Participant and the Company (through the Board) agree in writing that some or all of the Securities granted to that Participant are to be cancelled on a specified date or on the occurrence of a particular event, then those Securities may be cancelled in the manner agreed between the Company and the Participant.

PFT has previously adopted an employee incentive plans. No further Securities are to be issued under PFT's previous plan.

The maximum number of Equity Securities to be issued under the Plan shall not exceed 10% of the Company's Equity Securities on issue at Completion of the Acquisition, subject to adjustment in the event of an alteration in capital and further subject to the applicable rules and regulations of all regulatory authorities to which the Company is subject, including ASX. Based on the expected number of Equity Securities on issue (on a post-Consolidation basis) on Completion of the Acquisition (being 59,800,000 assuming Minimum Subscription under the Public Offer or 62,300,000 assuming the Board exercises its discretion to accept oversubscriptions of \$500,000), 10% equates to either 5,980,000 (Minimum Subscription) or 6,230,000 (assuming the Directors accept oversubscriptions for an additional 2,500,000 Shares).

As at the Prospectus Date, no Securities have been issued pursuant to the Plan.

## 9.5. Substantial Shareholders

The existing Substantial Shareholders of the Company (being Shareholders who have an interest in 5% or more of the Shares on issue) are detailed in the table below. All of these Substantial Shareholders are Otsana Nominees and will have a portion of their Shares cancelled upon completion of the Acquisition (refer to Section 8.3(g)). The percentage holding the current Substantial Shareholders will have in the Company after Completion of the Acquisition (based on Minimum Subscription) and cancellation of these Shares (ignoring any possible participation by them in the Public Offer) is detailed below:

| Shareholder                                            | Existing Shareholding (%) | Shareholding (%) on completion <sup>4</sup> |
|--------------------------------------------------------|---------------------------|---------------------------------------------|
| Nicholas Young <sup>1</sup>                            | 8.87%                     | 0.90%                                       |
| Peter Woods <sup>2</sup>                               | 19.40%                    | 1.06%                                       |
| Attollo Investments Pty Ltd ATF Attollo Investment A/C | 6.24%                     | 0.19%                                       |
| Buzz Capital Pty Ltd ATF ZI Vestment A/C               | 7.62%                     | 0.19%                                       |
| Brent Palmer <sup>3</sup>                              | 19.40%                    | 1.06%                                       |

#### Notes:

1. Held by Benito Toscana Pty Ltd ATF Benito A/C
2. Held by Blackbird Capital Pty Ltd and Noah's Ark Investment Group Pty Ltd.
3. Held by Noah's Ark Investment Group Pty Ltd, Brent Palmer and Brent Palmer ATF the Brent and Skye Palmer Family Trust.
4. After accounting for the cancellation of Advisor Shares and Consolidation.

Based on the information known as at the date of this Notice and ignoring any participation in the Public Offer, upon Completion of the Acquisition and subsequent relisting of the Company on the Official List, the Company will have no substantial shareholders.

As set out in Section 7.3, after accounting for the maximum possible participation of Directors and Proposed Directors in the Public Offer, no Director or Proposed Director will be a substantial Shareholder of the Company.

## 9.6. Dividend Policy

The Company does not expect to pay dividends in the near future as its focus will primarily be on growth of the businesses following completion of the Acquisition. Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend upon matters such as the availability of distributable earnings, the operating results and financial condition of the Company, future capital requirements, general business and other factors considered relevant by the Directors. No assurances are given in relation to the payment of dividends, or that any dividends may attach franking credits.



## 9.7. Interests of Experts and Advisers

### a. No Interest Except as Disclosed

Other than as set out below or elsewhere in this Prospectus, no persons or entity 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 holds at the date of this Prospectus, or held at any time during the last 2 years, any interest in:

- i. the formation or promotion of the Company;
- ii. property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or the Offers; or
- iii. the Offers,

and the Company has not paid any amount or provided any benefit, or agreed to do so, to any of those persons for services rendered by them in connection with the formation or promotion of the Company or the Offers.

### b. Share Registry

Automatic Registry Services has been appointed to conduct the Company's share registry functions and to provide administrative services in respect to the processing of Applications received pursuant to this Prospectus, and will be paid for these services on standard industry terms and conditions.

### c. Auditor to the Company

BDO Audit (WA) Pty Ltd has been appointed as auditor of the Company. The Company has paid BDO Audit (WA) Pty Ltd fees of \$28,697 (excluding GST) during the 24 months preceding lodgement of this Prospectus with ASIC.

### d. Legal Advisers

HWL Ebsworth has acted as the solicitors to the Company in relation to the Offers, the Acquisition and the Annual General Meeting. The Company estimates it will pay HWL Ebsworth \$150,000 (excluding GST) for these services. The Company has not paid HWL Ebsworth any other fees during the 24 months preceding lodgement of this Prospectus with ASIC.

### e. Investigating Accountants

BDO Corporate Finance (WA) Pty Ltd has acted as Investigating Accountant and has prepared the Investigating Accountant's Report which is included in Section 5 of this Prospectus. The Company estimates it will pay BDO Corporate Finance (WA) Pty Ltd a total of \$21,875 (excluding GST) for these services. The Company has not paid BDO Corporate Finance (WA) Pty Ltd any other fees during the 24 months preceding lodgement of this Prospectus with ASIC.

### f. Lead Manager and Corporate Advisor

Prenzler is acting as the lead manager to the Public Offer and for this is entitled to be paid fees in accordance with the Lead Manager Mandate summarised at Section 8.3(f). Prenzler has also been engaged as corporate advisor to PFT in relation to the Acquisition and for this is entitled to be paid fees in accordance with the mandate summarised at Section 8.2(e). The Company has not paid any other fees to Prenzler during the 24 months preceding lodgement of this Prospectus with ASIC.

Otsana Capital is engaged as corporate advisor in relation to the Acquisition in accordance with the Mandate summarised at Section 8.3(g). Other than as set out in 8.3(g), the Company has not paid any other fees to Otsana Capital during the 24 months preceding lodgement of this Prospectus with ASIC.

## 9.8. Consents

### a. General

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

In light of the above, each of the parties referred to below:

- i. does not make the Offer;
- ii. does not make, or purport to make, any statement that is included in this Prospectus, or a statement on which a statement made in this Prospectus is based, other than as specified below or elsewhere in this Prospectus;
- iii. only to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement contained in this Prospectus with the consent of that party as specified below; and
- iv. has given and has not, prior to the lodgement of this Prospectus with ASIC, withdrawn its consent to the inclusion of the statements in this Prospectus that are specified below in the form and context in which the statements appear.

### b. Share Registry

Automatic Registry Services has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to being named in this Prospectus as share registry to the Company in the form and context in which it is named. Automatic Registry Services has had no involvement in the preparation of any part of this Prospectus other than being named as Share Registry.

### c. Auditor to the Company

BDO Audit (WA) Pty Ltd has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to being named in this Prospectus as auditor of the Company in the form and context in which it is named and references to its audit reports in the text of this Prospectus.

### d. Auditor to PFT

Wise Lord & Ferguson has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to being named in this Prospectus as auditor of PFT in the form and context in which it is named and references to its audit reports in the text of this Prospectus.

### e. Legal Advisers

HWL Ebsworth has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to being named in this Prospectus as legal adviser to the Company in the form and context in which it is named.

### f. Investigating Accountant

BDO Corporate Finance (WA) Pty Ltd has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to being named in this Prospectus as the Investigating Accountant to the Company in the form and context in which it is named and has given and not withdrawn its consent to the inclusion of the Investigating Accountant's Report in the form and context in which it is included.

### g. Lead Manager

Prenzler has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as the Lead Manager to the Public Offer in the form and context in which it is named, together with all references to it in this Prospectus.

### h. Corporate Advisor

Otsana Capital has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as the Corporate Advisor to the Company in the form and context in which it is named, together with all references to it in this Prospectus.

## 9.9. Expenses of the Offers

The expenses of the Offers (excluding GST) are estimated to be approximately \$577,511 (assuming Minimum Subscription) and are expected to be applied towards the items set out in the table below.

| Items of expenditure                             | Amount (\$)    |
|--------------------------------------------------|----------------|
| Capital raising fees                             | 210,000        |
| Legal fees                                       | 150,000        |
| Accounting and Investigating Accountant's Report | 21,875         |
| ASIC and ASX fees                                | 75,636         |
| Corporate Advisor Fee                            | 100,000        |
| Other expenses                                   | 20,000         |
| <b>Total estimated expenses</b>                  | <b>577,511</b> |

## 9.10. ASX Waivers

The Company has applied for and obtained a waiver of Listing Rule 9.1 to permit the Company to apply 'look through relief' to the Shares to be issued to the PFT Vendors in relation to the Acquisition.

Listing Rule 9.1 provides that where an entity issues restricted securities, or has them on issue, it must apply the restrictions in Appendix 9B or other restrictions as ASX, in its discretion, decides. 'Restricted securities' are defined in Chapter 19 of the Listing Rules as including securities issued in the circumstances set out in Appendix 9B. Paragraph 2 of Appendix 9B provides that the securities restricted under that paragraph will be subject to an escrow period of 12 months commencing on the date on which the restricted securities are issued.

## 9.11. Continuous Disclosure Obligations

As the Company is admitted to the official list of ASX, the Company is a "disclosing entity" for the purposes of the Corporations Act. As such, it is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose to the market any information it has which a reasonable person would expect to have a material effect on the price or the value of the Company's Securities.

Price sensitive information is publicly released through ASX before it is disclosed to Shareholders and market participants. Distribution of other information to Shareholders and market participants is also managed through disclosure to ASX. In addition, the Company posts information on its website after the ASX confirms an announcement has been made, with the aim of making the information readily accessible to the widest audience.

## 9.12. Litigation

As at the date of this Prospectus, neither the Company nor PFT is involved in any material legal proceedings nor are the Directors aware of any legal proceedings pending or threatened against the Company or PFT or any of their respective subsidiaries.

## 9.13. Electronic Prospectus

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

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the relevant 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. In such a case, the Application Monies received will be dealt with in accordance with section 722 of the Corporations Act.

## 9.14. Documents Available for Inspection

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

- a. this Prospectus;
- b. the Constitution; and
- c. the consents referred to in Section 9.8.

## 9.15. Statement of Directors

The Directors and Proposed Directors report that after due enquiries by them, in their opinion, since the date of the financial statements in the financial information in Section 5, there have not been any circumstances that have arisen or that have materially affected or will materially affect the assets and liabilities, financial position, profits or losses or prospects of the Company, other than as disclosed in this Prospectus.

# 10. DIRECTORS' AUTHORISATION

The 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 and Proposed Director has consented to the lodgement of this Prospectus with ASIC and has not withdrawn that consent.

Signed for and on behalf of the Company.

**Nicholas Young**

Non-Executive Director





Tasman Peninsula, South East Tasmania



# 11. DEFINITIONS

## \$

means Australian Dollars.

## 30-Day VWAP

means the volume weighted average price of the Shares as traded on the ASX over a period of 30 consecutive days on which Shares have actually traded.

## Acquisition

means the acquisition of PFT in accordance with the Share Sale Agreement and the Ancillary SSAs.

## Advisor Shares

means 46,043,213 Shares (on a pre-Consolidation basis) issued to the Otsana Nominees which will be cancelled at Completion of the Acquisition following approval of Shareholders at the Annual General Meeting.

## Ancillary SSAs

means share sale agreements between the Company and the PFT Vendors (except for the PFT Vendors who are parties to the Share Sale Agreement) under which those PFT Vendors agreed to sell their PFT Shares to the Company in consideration for the issue of the Consideration Securities.

## Annual General Meeting

means the annual general meeting of Shareholders held on 30 January 2020.

## Application Form

means the Public Offer Application Form, the Consideration Offer Application Form, the Lead Manager Securities Offer Application Form and/or the Directors Options Offer Application Form, as the context requires.

## Application Monies

means the amount of money in dollars and cents payable for Shares at the Offer Price per Share pursuant to the Public Offer. No application monies will be payable pursuant to the Secondary Offers.

## Article

means an article of the Constitution.

## ASIC

means the Australian Securities and Investments Commission.

## ASX

means ASX Limited (ACN 008 624 691) or the Australian Securities Exchange, as the context requires.

## ASX Settlement

means ASX Settlement Pty Limited (ACN 008 504 532).

## ASX Settlement Operating Rules

means the settlement and operating rules of ASX Settlement.

## Bluebird

means Bluebird Capital Pty Ltd.

## Board

means the board of Directors.

## Business Day

means Monday to Friday except for any day that ASX declares is not a business day.

## CHESS

means the Clearing House Electronic Sub-register System operated by ASX Settlement.

## Closing Date

means the date that the Offers close which is 5.00pm (WST) on 6 March or such other time and date as the Board determines.

## Company

means Bunji Corporation Limited (ACN 112 682 158)

## Completion

means completion of the Acquisition in accordance with the Share Sale Agreement.

## Consideration Offer

means the offer of the Consideration Securities to the PFT Vendors (or their nominees) under this Prospectus in the respective proportions set out in the Share Sale Agreement.

## Consideration Offer Application Form

means the Application Form in respect of the Consideration Offer.

## Consideration Options

means the 6,000,000 Options with the terms set out in Section 9.2 to be issued to the PFT Vendors (or their nominees) pursuant to the Share Sale Agreement and Ancillary SSAs.

## Consideration Securities

means the 23,500,000 Shares and 6,000,000 Consideration Options to be issued to the Vendors pursuant to the Share Sale Agreement and Ancillary SSAs.

## Consolidation

means the proposed consolidation of the Company's issued capital on a 10 for 1 basis which was approved by Shareholders at the Annual General Meeting.

## Conversion Shares Offer

means the offer 2,500,000 Shares to the holders of the Convertible Loans under this Prospectus on conversion of the Convertible Loans.

## Convertible Loans

means the convertible loans issued by the Company to raise \$500,000, summarised in Section 8.3(b).

## Constitution

means the constitution of the Company.

## Corporate Advisor Fee

has the meaning in Section 8.3(g).

## Corporations Act

means the Corporations Act 2001 (Cth).

## Director

means a director of the Company.

## Director Options Offer

means the offer of 2,800,000 Incentive Options to the Proposed Directors.

## Director Options Offer Application Form

means the Application Form in respect of the Director Options Offer.

## EBITDA

means earnings before interest, tax, depreciation and amortization.

**Equity Security**

has the same meaning as in the Listing Rules.

**Exposure Period**

means the period of 7 days after the date of lodgement of this Prospectus, which period may be extended by the ASIC by not more than 7 days pursuant to section 727(3) of the Corporations Act.

**Incentive Options**

means a total of 2,800,000 Options to be issued to the Proposed Directors with the terms set out in Section 9.3.

**Investigating Accountant**

means BDO Corporate Finance (WA) Pty Ltd.

**Lead Manager**

means Prenzler.

**Lead Manager Options**

means 500,000 Options with an exercise price of \$0.30 and expiry of 8 November 2021 to be issued to the Lead Manager or its nominees with the terms set out in Section 9.2.

**Lead Manager Securities Offer**

means the offer of 1,582,715 Shares and 500,000 Lead Manager Options to the Lead Manager (or its nominees) under this Prospectus.

**Lead Manager Securities Offer Application Form**

means the Application Form in respect of the Lead Manager Securities Offer.

**Listing Rules**

means the listing rules of ASX.

**Merged Group**

means the Company, and its wholly owned subsidiaries, including the PFT Group, after completion of the Acquisition.

**Minimum Subscription**

means the raising of \$3,000,000 by the acceptance of applications for 15,000,000 Shares at \$0.20 each pursuant to the Public Offer.

**Offer Price**

means \$0.20 per Share under the Public Offer.

**Offers**

means the Public Offer and the Secondary Offers.

**Official List**

means the official list of ASX.

**Opening Date**

means the first date for receipt of completed Application Forms under the Offers, being 7 February 2020.

**Option**

means an option to acquire a Share.

**Otsana Capital**

means Otsana Pty Ltd trading as Otsana Capital.

**Otsana Nominees**

means Benito Toscana Pty Ltd ATF Benito A/C, Blackbird Capital Pty Ltd, Buzz Capital Pty Ltd ATF Zi Vestment A/C, Brent Palmer and Brent Palmer ATF the Brent and Skye Palmer Family Trust, AH Super Pty Ltd <The AH Super Fund No 3 A/C>, 1182 Pty Ltd <No 1 A/C>, Romfal Sifat Pty Ltd <The Fizmail Family A/C>, Attollo Investments Pty Ltd <Attollo Investment A/C>.

**PFT**

means Pure Foods Tasmania Pty Ltd (ACN 607 349 879).

**PFT Shares**

means fully paid ordinary shares in the capital of PFT.

**PFT Group**

means the PFT and its subsidiaries.

**PFT Vendors**

means the shareholders of PFT.

**Plan**

means the Company's Employee Incentive Plan on the terms set out in Section 9.4.

**Prenzler**

means Prenzler Pty Ltd (ACN 621 100 730).

**Proposed Directors**

means Malcolm McAully, Michael Cooper, Alexander “Sandy” Beard and Ken Fleming.

**Prospectus**

means this prospectus dated 31 January 2020.

**Public Offer**

means the public offer of 15,000,000 Shares at the Offer Price pursuant to this Prospectus to raise \$3,000,000 before costs (with the ability to accept oversubscriptions of up to \$500,000 through the issue of an additional 2,500,000 Shares at the Offer Price).

**Public Offer Application Form**

means the Application Form in respect of the Public Offer.

**Recapitalisation Proposal**

has the meaning in Section 3.1.

**Secondary Offers**

means the Consideration Offer, the Conversion Shares Offer, the Lead Manager Securities Offer and the Directors Options Offer.

**Section**

means a section of this Prospectus.

**Securities**

means Shares, Options and/or performance rights.

**Share**

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

**Share Registry**

means Automic Registry Services Pty Ltd. (ACN 152 260 814).

**Share Sale Agreement**

means the share sale agreement dated 24 December 2019 between the Company, PFT and certain PFT Vendors (holding 12.66% of PFT Shares) which contemplates the acquisition by the Company of 100% of the issued shares in PFT Shares.

**Shareholder**

means a holder of one or more Shares.

**WST**

means Western Standard Time, being the time in Perth, Western Australia.





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Corporate Advisor



Lead Manager to the Public Offer