

RPM AUTOMOTIVE GROUP LIMITED

ACN 002 527 906

PROSPECTUS

For an offer of 25,000,000 New Shares (on a post-Consolidation basis) at an issue price of \$0.20 per Share to raise \$5,000,000 (before costs) (**Public Offer**). The minimum subscription under the Public Offer is 10,000,000 New Shares at an issue price of \$0.20 per Share to raise \$2,000,000.

Re-Compliance with Chapters 1 and 2 of the ASX Listing Rules

In addition to the purpose of raising funds under the Public Offer, this Prospectus is issued for the purpose of re-complying with the admission requirements under Chapters 1 and 2 of the ASX Listing Rules following a change to the nature and scale of the Company's activities.

The Public Offer is not underwritten.

Financial Adviser to the Public Offer: Novus Capital Limited

IMPORTANT INFORMATION

This is an important document that should be read in its entirety. If you do not understand it you should consult your professional advisers without delay. **The securities offered by this Prospectus should be considered speculative.**

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CORPORATE DIRECTORY

Current Directors

Campbell Welch Non-Executive Chairman
Scott Brown Non-Executive Director

New Directors

Clive Finkelstein Chief Executive Officer and Executive Director
Lawrence Jaffe Executive Director

Retiring Director

Rob Downey Non-Executive Director

Registered Office

Level 3, 32 Walker Street
North Sydney NSW 2060

Telephone: +61 2 9955 4008
Email: info@rpmgroup.net.au
Website: www.rpmgroup.net.au

Company Secretary

Wayne Kernaghan

Company Auditor

Walker Wayland Advantage Audit Partnership
Level 7, 114 William Street
Melbourne VIC 3000

Share Registry

Computershare Investor Services Pty Limited*
452 Johnston Street
Abbotsford VIC 3067

Telephone: +61 3 9415 4000

Investigating Accountant

Walker Wayland Advantage Corporate Pty Ltd
Level 7, 114 William Street
Melbourne VIC 3000

Legal Adviser

Ian B Mitchell
Solicitor and Attorney
Suite 9.04A, MLC Centre
19-29 Martin Place
Sydney NSW 2000

Lead Manager and Corporate Adviser

Novus Capital Limited
Level 24, 56 Pitt Street
Sydney NSW 2000

Telephone: +61 2 9375 0165
Email: campbell.welch@novuscapital.com.au

ASX Code

RPM

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

IMPORTANT INFORMATION

This Prospectus is an important document and should be read in its entirety. You should seek professional advice if you have any questions about the Shares being offered under this Prospectus, or any matter relating to an investment in the Company. An investment in the Shares should be considered to be highly speculative.

Public Offer

The offer contained in this Prospectus is an invitation to acquire fully paid ordinary shares (**Shares**) in the Company (**Public Offer**). No Shares will be issued under the Public Offer unless \$2.0 million has been raised.

Lodgement and Listing

This Prospectus is dated 29 May 2019 and was lodged with ASIC on that date. ASIC, ASX and their respective officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Shares will be issued on the basis of this Prospectus later than 12 months after the date of this Prospectus.

The Company will apply for Official Quotation of the Shares offered under this Prospectus (other than the Restricted Securities) within 7 days after the date of this Prospectus.

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

This Prospectus does not constitute an offer of Shares in any place in which, or to any person to whom, it would be unlawful to do so. No action has been taken to register the Public Offer or otherwise permit the Public Offer to be made in any jurisdiction outside Australia. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and any person into whose possession this Prospectus comes (including nominees, trustees or custodians) should seek advice on and observe those restrictions. Failure to comply with these restrictions may violate securities laws.

It is important that you read this Prospectus in its entirety and seek professional advice where necessary.

Defined Terms

A number of terms and abbreviations used in this Prospectus have defined meanings, which appear in the Glossary in Section 18.

All references to time are to Australian Eastern Standard Time (AEST).

Note to Applicants

This Prospectus provides information for investors who wish to invest in RPM Automotive Group Limited (the "**Company**"). The information contained in this Prospectus is not financial product advice and does not

take into account the investment objectives, financial situation and particular needs of investors.

It is important that you read this Prospectus in its entirety before deciding to invest in the Company and in order to make an informed assessment of the assets and liabilities, financial position and performance, profits and losses and prospects of the Company and the rights and liabilities attaching to the Shares.

Risk Factors

Before deciding whether to apply for Shares pursuant to this Prospectus, you should consider the risk factors that could affect the performance of the Company, and carefully consider these factors in the light of your investment objectives, financial situation and particular needs (including financial and taxation issues) and seek professional guidance from your broker, solicitor, professional adviser or accountant before deciding whether to invest. Any investment in the Company should be considered highly speculative. For further information in relation to the risk factors of the Company please refer to the summary in the Company and Business Review (Section 4) and Risk Factors (Sections 2,4 and 5) of this Prospectus. There may be risk factors in addition to these that should be considered in light of your personal circumstances.

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

Exposure Period

In accordance with Chapter 6D of the *Corporations Act*, this Prospectus is subject to an Exposure Period of seven (7) days from the date of lodgement of this Prospectus with ASIC. This period may be extended by ASIC for a further period of seven (7) days. The purpose of this Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. The examination may result in the identification of deficiencies in this Prospectus. If deficiencies are detected, Applications received during the Exposure Period will be dealt with in accordance with section 724 of the *Corporations Act*. Applications received prior to the expiration of the Exposure Period will not be processed until after the Exposure Period. No preference will be conferred on Applications received during the Exposure Period and all Applications received during the Exposure Period will be treated as if they were simultaneously received on the Opening Date.

Electronic Prospectus

This Prospectus will also be issued as an electronic prospectus. A copy of this Prospectus can be downloaded from the Company's website at www.rpmgroup.net.au. If you are accessing the electronic version of this Prospectus for the purpose of making an investment in the Company, you must be an Australian resident and must only access this Prospectus from within Australia.

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

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.

Selling Restrictions

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

In particular, the Shares have not been, and will not be, registered under the United States Securities Act of 1933 (US Securities Act) or the securities laws of any state of the United States and may not be offered or sold in the United States or to, or for the account or benefit of, a U.S. Person unless the Shares are registered under the US Securities Act, or an exemption from the registration requirements of the US Securities Act and the provisions of any applicable United States state securities laws are available.

Overseas Applicants are referred to Section 10.18 of this Prospectus.

Forward-looking Statements

This Prospectus contains forward-looking statements, which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Directors and Company.

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 and investors are cautioned not to place undue reliance on these forward-looking statements.

Photographs and Diagrams

Photographs and diagrams used in this Prospectus are for illustration purposes only and should not be interpreted to mean that any person shown in them endorses the Prospectus or its contents unless stated otherwise. Similarly, any assets depicted in the photographs, such as transportation, vehicles, equipment, buildings or other property are not necessarily assets that are owned or used by the Company and have been included for presentation and illustrative purposes unless stated otherwise. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables are based on information available as at the Prospectus Date.

Privacy

For information in relation to the Company's Privacy Statement please refer to Section 10.21.

Financial Information

Sections 8 and 9 set out in detail the financial information referred to in this Prospectus. The basis of preparation of the financial information is also set out in Section 8. Financial amounts expressed in this Prospectus are in Australian Dollars unless otherwise indicated. Any discrepancies between totals and sums of components in tables contained in this Prospectus are due to rounding.

Company's Website

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

Questions

If you have any questions in relation to the Public Offer, please contact Campbell Welch on (02) 9375 0165 between 9.30am and 5.00pm (AEST) Monday to Friday.

The Public Offer

Total number of New Shares offered under this Prospectus	25,000,000
Number of shares held by Existing Shareholders (Post Consolidation)	9,435,743
Total number of shares on issue at Completion of the Public Offer *	87,454,143
Gross proceeds of the Public Offer	\$5,000,000
Public Offer Price per New Share	\$0.20
Indicative market capitalisation of the Company	\$17,490,828

** Prior to the issue of Performance or Earnout shares to the Vendors (Section 6) and Options (Section 14).*

Important Dates

Date of this Prospectus	29-May-19
Opening Date of the Public Offer	5-Jun-19
Closing Date of the Public Offer	28-Jun-19
Allotment of New Shares (completion of the Public Offer)	4-Jul-19
Expected dispatch of holding statements	8-Jul-19
Anticipated date of trading of Shares listed for quotation on ASX	10-Jul-19

These dates are indicative only and may change. Unless indicated, all times are Sydney times. The Public Offer will open on the Opening Date and will remain open until 5.00pm (AEST) on the Closing Date subject to the right of the Company to vary the dates and times of the Public Offer, including, to either close the Public Offer at an earlier time and date or to extend the closing time and date or accept late applications either generally or in particular cases, without prior notice. Applicants are encouraged to submit their Applications as soon as possible after the Public Offer opens

How to Invest

Applications for Shares under the Public Offer can only be made by completing and lodging the Application Form attached to or accompanying this Prospectus.

1. CHAIRMAN'S LETTER

Dear Investor,

On behalf of the Board of Directors, it is my pleasure to present you with the opportunity to become a shareholder in RPM Automotive Group Limited (formerly Kairiki Energy Limited) (the **Company**).

The Company is seeking under this Prospectus to raise capital of \$5,000,000 from the issue of 25,000,000 new shares at an issue price of \$0.20 per share (**Public Offer**). The Public Offer is being made to provide funds to complete the transaction and to fund the future growth of the business. The Prospectus also serves the purpose of allowing the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules, which is required due to a material change in the nature and scale of the Company's activities.

On 19 July 2018 the Company signed a conditional Term Sheet with the founders and shareholders of The RPM Group to acquire 100% of the businesses that comprise the group. On 27 May 2019 the Company convened a General Meeting of Shareholders, at which shareholder approval was given for the proposed acquisition of The RPM Group. Shareholder approval was also given to change the Company's name from Kairiki Energy Limited to RPM Automotive Group Limited.

The RPM Group is a collection of businesses operating within the Australian automotive sector, offering customers a range of products and services, including; tyres for commercial and passenger vehicles, vehicle servicing & repairs, roadside assistance, motor-accessories, and motorsport safety gear. Established in 2013, The RPM Group continues to grow via the select acquisition of attractive and profitable businesses. The founders of The RPM Group, Clive Finkelstein and Lawrence Jaffe, have a combined 40 years' experience in the industry having previously acquired, operated and grown automotive businesses both in Australian and South Africa. Both Clive and Lawrence are joining the board of the Company as part of the acquisition.

The Australian automotive market is consolidating. The Company, once the acquisition of The RPM Group is completed, will look to participate in this consolidation and grow a meaningful and profitable business both organically and via acquisition. The Company's

vision is to own a group of “class-leading” automotive businesses, providing management drive and direction, while leveraging off their individually strong brands, customer relationships and management.

This Prospectus contains information about the Company and the investment offer. I encourage you to read this Prospectus carefully and consult with your professional advisers. On behalf of the Board I commend this opportunity to you and look forward to welcoming you as a shareholder.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Campbell Welch', written in a cursive style.

Campbell Welch
Chairman

2. INVESTMENT OVERVIEW

This section is a summary only and not intended to provide full information for investors intending to apply for Shares offered pursuant to this Prospectus. This Prospectus should be read and considered in its entirety.

2.1 Introduction

2.1.1 Who is the issuer of this Prospectus?

The issuer of this Prospectus is RPM Automotive Group Limited ACN 002 527 906 (formerly Kairiki Energy Limited) (the **Company**) an ASX listed company being re-constructed via the acquisition of a group of businesses known as The RPM Group.

2.1.2 What is The RPM Group?

The RPM Group is a group of businesses operating in the Australian automotive sector. Established in 2013, The RPM Group's businesses manufacture, wholesale and retail parts and accessories for motorsport, passenger and commercial vehicles, as well as, providing services such as mechanical repairs and tyre fitment. The proposed transaction will further increase the size of the group with the completion of the acquisitions of Air Anywhere and Fix My Truck. The businesses that will comprise RPM Automotive Group Limited on completion of the proposed acquisition of The RPM Group and the year they commenced operations are;

- Revolution Racegear (1993)
- Carline Automotive Group (1991)
- RW Tyres (2013); Competition Tyres (1965), Tyresome (2002)
- Spider GT (2012)
- Air Anywhere (2006)
- Fix-My-Truck (1998)
- Wildcat (1967)
- Formula OffRoad (1988)

2.1.3 What industry does The RPM Group operate in?

The RPM Group operates in the Australian automotive sector. The RPM Group comprises a number of automotive businesses that operate independently within different sectors of the automotive industry. A summary of their operations is provided below:

Revolution Racegear: is a manufacturer, importer, wholesaler and retailer of soft accessories and safety equipment for Australian motorsport participants.

Carline Automotive Group: is a nationwide licensee of automotive servicing and repairs stores for passenger vehicles, focussing on exhaust and under-car repairs.

RW Tyres: is the Company's strategy to create a chain of tyre retail stores via acquiring established businesses in the sector, with two stores currently acquired.

Spider GT: is an importer and wholesaler of tyres for commercial vehicles. (Spider GT is a subsidiary of RW Tyres.)

Air Anywhere: is a roadside assistance and tyre fitment service for commercial vehicles in Victoria.

Fix My Truck: is a nation-wide information service for the transport industry with customers paying a subscription fee for 24/7 roadside assistance for commercial vehicles.

Wildcat: designs, manufactures and distributes automotive performance and emissions products for passenger vehicles.

Formula OffRoad: designs, manufactures and distributes automotive accessories, such as, towbars, siderails, bull bars, nudge bars and roof racks. (Formula OffRoad is a subsidiary of RW Tyres.)

2.1.4 What is the proposed transaction?

In 2018 the Company entered into binding agreements to acquire 100% of the businesses that comprise The RPM Group. The proposed transaction enables The RPM Group to obtain a listing on the ASX via a Reverse-Take-Over (RTO) of the Company. The vendors of the businesses being acquired are receiving a mixture of shares in the Company and cash as consideration for the acquisitions. The Company will take on the staff of the businesses and assume the operations of The RPM Group going forward. On 27 May 2019 the Company's shareholders voted to approve the transaction to acquire The RPM Group. As part of the proposed transaction the Company is changing its name from Kairiki Energy Limited to RPM Automotive Group Limited.

2.1.5 Why is the proposed transaction being conducted?

The proposed transaction is being conducted by the Company to create value for its existing shareholders and to provide a means for the Company's shares to re-commence Quotation on the ASX Official List.

The RPM Group is conducting the proposed transaction to:

- create a liquid market for its Shares and an opportunity for others to invest in the business;
- access equity funding in order to finance the long-term growth of The RPM Group and the ability to offer equity as well as cash in future business acquisitions; and
- allow certain existing shareholders of businesses being acquired with an opportunity to realise a part of their equity investment.

2.1.6 What consideration is the Company giving to acquire The RPM Group?

The Company in consideration for the acquisition of 100% of The RPM Group (Section 7.1) has agreed to:

- Issue 52,018,400 new ordinary fully paid shares (on a post-Consolidation basis) to the Vendors, Promoters and Staff;
- Issue the following new ordinary fully paid shares to the Vendors if the requisite financial hurdles are satisfied:
 - a maximum of 10,901,600 Performance Shares (on a post-Consolidation basis) to the Vendors, contingent upon the businesses meeting targeted financial results for FY 2019;

- a maximum of 10,901,600 Earnout Shares (on a post-Consolidated basis) to the Vendors if the businesses exceed the targeted financial results for FY 2019; and
- Pay \$2.5 million in cash to certain Vendors.

2.1.7 When will the Performance Shares be issued?

The Company will issue the Vendors of the respective businesses Performance Shares only if those businesses achieve the Target EBITDA for FY 2019. The Performance Shares represent 20% (with the Consideration Shares the remaining 80%) of the agreed acquisition prices for the businesses. The Performance Shares are at risk to the Vendors if their businesses do not achieve the Target EBITDA in FY 2019. The Performance Shares will be issued to the Vendors pro-rata if the businesses achieve EBITDA that is between 80% and 100% of the Target EBITDA. If a business earns less than 80% of the Target EBITDA no Performance Shares will be issued to the Vendors of that business.

2.1.8 When will the Earnout Shares be issued?

The Company will issue the Vendors of the respective businesses Earnout Shares if those businesses exceed the Target EBITDA for FY 2019. The Earnout shares will be issued on a pro-rata basis by the percentage the EBITDA result achieved exceeds the Target EBITDA for FY 2019. The Earnout shares are capped with respect to the maximum number of shares that may be issued at 20% of the Consideration Shares payable for the respective business. The Earnout Shares provide upside to the Vendors of the respective business if that business exceeds Target EBITDA in FY 2019.

Refer: Section 6.12

2.1.9 What is The RPM Group's pro-forma historical financial performance?

	Half year ended Dec 2018, Reviewed Actual	Year ended 30 June 2018, Audited Actual	Year ended 30 June 2017, Audited Actual
Revenue	17,042,639	33,415,070	22,492,759
Cost of Goods Sold	11,486,055	22,027,376	13,678,629
Gross Profit	5,556,584	11,387,694	8,814,130
Other Revenue	658,372	720,768	465,014
Distribution Expenses	450,519	877,887	278,764
Selling Expenses	105,249	297,921	213,991
Administration Expenses	718,595	1,896,678	1,694,740
Finance Costs	221,825	347,568	259,115
Occupancy Costs	608,405	1,134,734	1,006,642
Employment Costs	2,789,876	5,505,323	4,575,741
Other Expenses	212,021	142,843	-
Profit before Income Tax Expense	1,108,466	1,905,508	1,250,151
Income Tax Expenses	299,161	507,878	134,956
Profit from Operations	809,305	1,397,630	1,115,195

2.2 Key Features of The RPM Group

2.2.1 Who are the founders of The RPM Group?

The founders of The RPM Group are Mr. Clive Finkelstein and Mr. Lawrence Jaffe. Both of whom will join the board of the Company as part of the proposed transaction.

2.2.2 How does The RPM Group generate its income?

The RPM Group comprises a number of automotive businesses that operate independently and generate income in their own manner. A summary of the main businesses and how they generate income is:

Revolution Racegear: sells safety and soft components to motorsport participants via its five company and 13 franchised stores.

Carline Automotive Group: charges its licensees a monthly subscription fee to be a member of the group as well as obtaining some rebates from suppliers to the group.

RW Tyres: comprises two independent tyre retail stores. The stores sell tyres and ancillary products and services to mainly trade and retail customers.

Spider GT: imports and distributes commercial vehicle tyres that are used in the transport industry.

Air Anywhere: retails tyres and ancillary services to the transport industry in Victoria via its onsite and roadside assistance model.

Fix My Truck: charges its customers a subscription fee to access its information and roadside assistance services for commercial vehicles.

Wildcat: designs, manufactures, imports, wholesales and retails passenger vehicle performance and emissions products Australia-wide.

Formula OffRoad: designs, manufactures, wholesales and retails automotive accessories, such as, towbars, side rails and roof racks Australia-wide.

2.2.3 Who are The RPM Group's customers?

The RPM Group comprises of a number of automotive businesses that operate independently and have their own customers. The businesses and their customers are:

Revolution Racegear: Australian motorsport participants.

Carline Automotive Group: trade and retail customers for passenger vehicle servicing and repairs.

RW Tyres: retail and some commercial/trade customers for tyre replacement, tyre servicing and ancillary products/services.

Spider GT: commercial vehicle operators in Australia/NZ, including; major transport companies, small businesses, owner-operators, mining companies, etc.

Air Anywhere: commercial vehicle operators, including; major transport companies, small businesses and owner-operators.

Fix My Truck: commercial vehicle operators, including; major transport companies, small businesses and owner-operators.

Wildcat: trade, wholesale and retail customers for passenger vehicle performance and emissions products Australia-wide.

Formula OffRoad: car fleet operators, Original Equipment Manufacturers (OEM), distributors, wholesalers and trade customers Australia-wide.

2.2.4 Who are The RPM Group's competitors?

The RPM Group comprises a number of automotive businesses that operate independently within their respective sectors and subject to their sector's competitive environment. A guide to some of the notable competitors is provided below:

Revolution Racegear: competitors include single stores selling motorsport products, such as; Racer Industries (Qld), Autosport (SA), IKD (NSW) and Concept Racegear (Vic), as well as, a large number of independent importers and distributors of motorsport accessories with limited product range and limited distribution.

Carline Automotive Group: competitors include motor servicing and repair chains such as Ultra Tune, Midas & NRMA, smaller chains, such as, A1 Exhausts and a large number of single site independent motor vehicle servicing and repair workshops.

RW Tyres: competitors include independent retail tyre chains, such as; Bob Jane, Kmart Tyre & Auto, Tyrepower. Manufacturer-owned retail tyre chains such as; Goodyear, Bridgestone, Michelin; and single store unaffiliated tyre retailers.

Spider GT: competitors include Australian subsidiaries of international tyre manufacturers, such as, Michelin, Goodyear and Bridgestone who distribute their own commercial vehicle (TBR) tyres, independent Australian distributors of commercial vehicle tyres.

Air Anywhere: competitors include other roadside and on-site commercial vehicle tyre replacement and repair operators to the transport industry in Victoria, including Bridgestone Select, Michelin Service Centres and VicWide Tyre Services.

Fix My Truck: competitors include ISS First Response and NRMA Roadside who provide a roadside assistance information service for commercial vehicle operators.

Wildcat: competitors include importers and distributors of overseas made headers and exhausts, a small number of other Australian manufacturers, such as, Pacemaker, HiTech Headers and Hurricane.

Formula OffRoad: competitors include imports of automotive accessories and other Australian manufactures, such as, Caddy Storage (NSW) and Milford Industries (SA).

2.2.5 Where are The RPM Group's operations located?

The RPM Group operations are located in Australia, with The RPM Group's head office located at 6-18 Antonella Court, Dandenong South VIC 3175. The head offices of the group businesses are:

Revolution Racegear: 592 Whitehorse Rd, Mitcham VIC 3132

Carline Automotive Group: 6-18 Antonella Court, Dandenong South VIC 3175

RW Tyres: 967 North Road, Murrumbeena VIC 3163

Spider GT: 6-18 Antonella Court, Dandenong South VIC 3175

Air Anywhere: 33 Vesper Dr, Narre Warren VIC 3805

Fix My Truck: Suite 1017/401 Docklands Dr, Docklands VIC 3008

Wildcat: 2/62 McPhail Rd, Narangba QLD 4504

Formula OffRoad: Power Street, St Marys, NSW 2760

2.2.6 How does the Company expect to fund its operations now that it is acquiring The RPM Group?

The RPM Group is profitable.

In the future the Company intends to fund its operations from a mixture of the operating cash flows generated by the Company's operations and bank debt.

Future growth of the Company may be funded by equity capital raisings.

2.2.7 Does the Company expect to pay a dividend?

The Company intends to pay a dividend out of its profits.

The Company's dividend policy will be at the discretion of the Board and will depend upon the availability of distributable earnings, future capital requirements, general market conditions and other relevant considerations.

The Directors expect a target dividend payout ratio of 30% of NPAT is appropriate for a growth company.

2.2.8 How will the Company be organised now it is acquiring The RPM Group?

The Company will adopt The RPM Group's operating businesses. The Company will be organised into four operating units defined by sectors of the Australian automotive industry;

- Motorsport
- Repairs & Roadside
- Wheels & Tyres
- Accessories

2.2.9 What is Company's strategy now it is acquiring The RPM Group?

The Company's strategies include:

- taking advantage of opportunities presented by a consolidating automotive industry;
- gain access to capital to fund growth;
- attract, train and retain quality staff;
- gain access to competitively priced product;
- promote cross-sell opportunities amongst the group;
- provide financial analysis and capital allocation rigour; and
- differentiate its product and service offerings through the use of brand names.

2.2.10 How does the Company intend to grow?

The Company intends to grow via;

- organically growing the commercial vehicle tyre import and distribution business by increasing market share for the Long March, Tianli and ancillary tyre brands.
- organically growing the Carline licence group both by increasing the number of stores ("Target 200") and by expanding and developing the product offering and brand name in the market.
- developing further the sales channels and cross-sell opportunities between the various businesses; and
- selectively acquiring automotive businesses that fit with the Company's strategic direction, for example, growing the Company's tyre retail store chain via acquiring independent tyre retail stores.

2.3 Investment Highlights

2.3.1 Favourable industry fundamentals

The Australian automotive aftermarket is large with a total addressable market across all sectors of over \$32 billion per annum.¹ It is also relatively stable, as consumers need to maintain their cars due to wear and tear. Automotive aftermarket demand should continue to grow due to a growing Australian car fleet.

2.3.2 Management team with deep industry experience

The two founders of The RPM Group, Clive Finkelstein and Lawrence Jaffe, have a combined 40 years experience in the automotive industry and will join the Company's Board and continue to lead the business in the future. Clive and Lawrence both have successful track records of acquiring, operating and developing automotive businesses and complement each other with Lawrence's financial and merger & acquisition skills and Clive's hands-on operational experience.

2.3.3 Positioned for growth

Many of The RPM Group's businesses are positioned to grow strongly, both organically and via acquisition. In acquiring The RPM Group the Company is gaining a national footprint with operations in all five states in multiple sectors of the automotive industry including wholesale, retail and manufacturing.

2.3.4 Well-known brands

In acquiring The RPM Group the Company is acquiring some highly regarded Australian automotive brands with a rich history of association in the sector. The Company will also gain exclusive distribution rights for a number of highly respected brands.

¹ Refer to Section 3

2.3.5 Clear plan

Management has identified a number of opportunities in the Australian automotive market and plan to aggressively grow the business both organically and via acquisition.

2.3.6 Robust profile and ASX Listing

The RPM Group has a meaningful underlying business that is long-standing, profitable and able to grow. Its listing on the ASX via the acquisition by the Company will give the combined entity the ability to grow via providing access to capital funding as well as the ability to offer equity and cash in future acquisitions of other automotive businesses.

2.4 Key risks

2.4.1 Competition risk

The Australian automotive parts and service industry is mature and highly competitive. The industry comprises many large and well-resourced companies as well as a large number of small businesses against whom the Company must compete for business. Barriers to entry at wholesale and retail levels are relatively low and new entrants can be disruptive. Entry of new competitors, a change in the industry's competitive dynamics or a general increase in the level of competition may lead to reduced margins or increased costs which would negatively impact the Company's financial performance.

2.4.2 Supplier risk

The Company's ability to sell automotive parts, and therefore the Company's ability to conduct its business, derives partly from the rights granted to it pursuant to agreements with manufacturers and distributors, many based in foreign jurisdictions. Any termination or non-renewal of the agreements, or cessation of supply of automotive parts, may adversely affect the Company's ability to operate.

2.4.3 Key person risk

The Company's future success is significantly dependent on the expertise and experience of its key management and personnel, in particular The RPM Group's founders, Mr Clive Finkelstein and Mr Lawrence Jaffe. Loss of key management, or the failure to attract additional key managers could have a material adverse effect on the Company's financial performance and ability to deliver on its growth strategies. The Company is also dependent on the continued service of its technical staff. Despite the Company's best efforts to attract and retain key personnel, there is no assurance that the Company will be able to retain the services of such staff. The Company expects to grow its management and technical team, with a view to mitigating key person risk.

2.4.4 Business integration risk

The Company's business involves an aggregation of a number of previously unrelated businesses. With every acquisition there is the risk that the integration of the businesses may take longer and be more costly than anticipated. Any delays or increase in costs are likely to adversely affect the operating results of the Company.

2.4.5 Reputational risk

Reputational damage to any of the Company's businesses may impact on the Company's ability to maintain and build relationships with customers, suppliers, distributors and staff that may result in lowering the financial performance of the Company. The Company is the licensor to the Carline Automotive Group, any damage to the Company's reputation may encourage licensees to leave or end their relationship with the Company.

2.4.6 Technology risk

New technologies may have a major impact on the Australian automotive industry. The uptake of electric vehicles might put pressure on demand, pricing and margins for some of the Company's products. Also, driverless car technology might reduce car ownership per capita, which may lower demand for the Company's products and services. If customers purchase fewer products from the Company, the financial performance of the Company will be adversely affected.

2.4.7 Availability of staff risk

The Company needs to attract skilled technical staff in order to operate. The automotive industry has a forecast shortage of skilled staff. An inability to attract and retain high quality staff may adversely impact on the financial performance of the Company.

2.4.8 Execution risk

Management has developed strategies to grow the business. The Company may not execute these strategies successfully. In which case the Company fails to grow and incurs increased costs. The Company's small size means it must grow quickly to interest the investment and capital markets, otherwise it will receive a reduced valuation and share price and find it harder to raise capital and interest investors to buy the Company's shares.

2.4.9 Regulatory/policy risk

The Australian automotive industry is subject to Government and industry bodies' policies and regulations that are outside the control of the Company. Regulatory change may adversely impact the future operation and financial performance of the Group where it leads to increased compliance costs, increased competition, decreased demand for the Company's products and services or changed market structure.

2.5 Board of Directors and Management

2.5.1 Who are the Directors of the Company?

The Board of Directors comprises:

- Campbell Welch - Non-Executive Chairman
- Clive Finkelstein - Executive Director
- Lawrence Jaffe - Executive Director
- Scott Brown – Independent, Non-Executive Director

- Rob Downey – Non-Executive Director (Retiring on Completion of the Transaction)

2.5.2 Who are the key members of Management?

The Key members of the Company's management are:

- Clive Finkelstein - Chief Executive Officer
- Dale Sinnott - Chief Financial Officer
- Wei Liu - General Manager, Spider GT
- Tullio Salta - General Manager, Revolution Racegear
- Stacey Knight - General Manager, RW Tyres
- Bradley Gilliland - General Manager, Wildcat
- Susan Simpson - General Manager, Air Anywhere
- Wes Patterson, General Manager, Formula OffRoad

2.6 Related Party Transactions

2.6.1 What significant benefits and interests are payable to the Directors and other persons connected with the Public Offer?

The executive remuneration of the two Founders and Executive Directors is described in Section 13.6.1 and 13.6.2.

Non-Executive Directors will receive remuneration and fees on ordinary commercial terms as described in Section 11.

Further details of the significant interests of key people, related party transactions and advisor and service provider fee entitlements are set out in Sections 6, 11 and 13, including:

- Campbell Welch in his capacity as a Corporate Advisor at Novus Capital Limited will receive fees under the financial advisor mandate agreement between The RPM Group and Novus.
- advisors and other service providers to the Public Offer are entitled to fees for services as disclosed in Section 16.13

2.6.2 Who are the The RPM Group's existing shareholders and what will their interest in the Company be after the Public Offer?

- Clive Finkelstein and Lawrence Jaffe currently have large shareholdings in The RPM Group via their directorship and control of RPM Worldwide Group Pty Ltd and RPM Australasia Pty Ltd. On completion they will be significant shareholders in the Company.

Substantial (including indirect) shareholders	Number of Shares	Voting power pre Offer	Voting power post Offer
RPM Worldwide Group Pty Ltd	23,542,880	NIL	26.92%
RPM Australasia Pty Ltd	10,828,800	NIL	12.38%
Mr. Ejay Rahmani	5,083,520	NIL	5.59%

2.7 Summary of the Public Offer

2.7.1 What is the Public Offer?

The Public Offer is a capital-raising by RPM Automotive Group Limited via an offer of 25,000,000 newly issued ordinary fully paid (post-consolidation) shares in the Company at an issue price of \$0.20 to raise \$5,000,000 before the costs of the Public Offer.

2.7.2 How is the Public Offer structured?

The Public Offer is constituted by:

- Minimum Subscription – 10 million newly issued ordinary fully paid Shares in the Company to raise \$2 million; and
- Maximum Subscription – 25 million new issued ordinary fully paid Shares in the Company to raise a maximum of \$5 million.

For every four shares issued under the Public Offer the Company will also issue an attaching Option.

The Public Offer is not underwritten.

2.7.3 Will the Shares be quoted on the ASX?

The Company will apply to ASX within seven days of the date of this Prospectus for the recommencement of Quotation of all the Company's shares on the ASX under the ticker RPM, this includes the Shares issued under the Public Offer.

Completion of the Public Offer is conditional on the ASX approving the application. If approval is not given within 3 months after such application is made (or any longer period permitted by law), the Public Offer will be withdrawn, and all Application Monies received will be refunded without interest as soon as practical in accordance with the requirements of the Corporations Act.

2.7.4 Will the Options be quoted on the ASX?

The Company will apply to ASX within seven days of the date of this Prospectus for the Quotation of the Company's Options issued under this Prospectus.

2.7.5 What will be the market capitalisation of the Company upon Listing on the ASX?

The undiluted market capitalisation of the Company on listing, assuming the maximum subscription of \$5 million is achieved, is expected to be approximately \$17,490,828.

2.7.6 What is the proposed use of funds raised under the Public Offer?

ITEM	MINIMUM RAISE	MAXIMUM RAISE
<u>Source of funds</u>		
Issue of Public Offer Shares	2,000,000	5,000,000
Bank debt facility	1,000,000	
<u>Use of proceeds</u>		
Pay the costs of the Public Offer	500,000	750,000
Fund the cash payouts to Vendors	2,500,000	2,500,000
Fund the Company's growth initiatives		1,750,000
Total	3,000,000	5,000,000

2.7.7 What is the allocation policy applicable to the Public Offer?

Shares allocated pursuant to the Public Offer will be allocated at the Company's sole discretion in conjunction with the Lead Manager to ensure the Minimum Subscription amount is met and that the Company is able to meet the conditions of listing on the ASX.

There is no assurance that any person who applies for Shares under the Public Offer will be allocated any Shares or the number of Shares for which they apply.

2.7.8 What is the minimum Application under the Public Offer?

The Minimum Application amount under the Public Offer is \$2,000 constituted by 10,000 Shares.

2.7.9 When will I receive confirmation that my Application has been successful?

The Company expects that holding statements, confirming Applicants' allocations under the Public Offer, will be sent to successful Applicants by standard post on or around 8 July 2019.

2.7.10 When are the Shares expected to commence trading on the ASX?

It is expected that trading of the Shares issued under the Public Offer will commence trading on the ASX on or about 10 July 2019, subject to ASX confirmation.

2.7.11 Who is the Lead Manager to the Public Offer?

Novus Capital Limited

2.7.12 Is the Public Offer underwritten?

The Public Offer is not underwritten.

2.7.13 Is there any brokerage, commission or stamp duty payable by Applicants?

No brokerage or stamp duty is payable by Applicants on the acquisition of Shares under the Public Offer.

2.7.14 What are the tax implications of investing in the Company?

The taxation implications of investing in Shares will depend on an investor's individual circumstances. Applicants should obtain their own tax advice or financial planning advice prior to investing.

2.7.15 Who is the Share Registry used by the Company?

Computershare Investor Services Pty Limited

The Company's Share Registry can be contacted by calling the Public Offer Information Line (within Australia) on (03) 9415 4000 between 8:30am and 5:00pm AEST.

Alternatively, you can apply online by visiting:

<https://RPMShareOffer.thereachagency.com>

and following the instructions.

2.7.16 How do I apply?

Eligible investors may apply for Shares by completing a valid Application Form attached to or accompanying this Prospectus.

To the extent permitted by law, an Application by an Applicant under the Public Offer is irrevocable.

2.7.17 What is the application price per share?

All Applicants under the Public Offer will pay an Issue Price of \$0.20 per Share.

2.7.18 Can the Public Offer be withdrawn?

The Company reserves the right not to proceed with the Public Offer at any time before the issue and transfer of Shares to successful Applicants.

If the Public Offer does not proceed, Application Monies will be refunded. No interest will be paid on any refunded Application Monies.

2.7.19 Can the Public Offer period be closed early or extended?

The Company reserves the right to close the Public Offer early, extend the Public Offer Closing Date or accept late Applications without notifying any recipients of this Prospectus or any Applicants. Any change to the Public Offer Closing Date (including if closed early or extended) will have a consequential effect on the date for the issue of Shares.

Investors who wish to submit an Application are encouraged to do so as soon as practicable after the Public Offer opens.

2.7.20 Is there a cooling-off period?

No

2.7.21 Where can I find more information about this Prospectus or the Public Offer?

All enquiries in the first instance should be directed to your broker or you can contact the Company directly on +61 2 9375 0165 between 9:30am and 5:00pm AEST, Monday to Friday.

If you are unclear in relation to any matter or are uncertain as to whether the Company is a suitable investment for you, you should seek professional guidance from your accountant, financial advisor, tax advisor, stockbroker, lawyer or other professional advisor before deciding whether to invest in the Shares.

3. INDUSTRY OVERVIEW

3.1 Market Size

RPM Automotive Group Limited operates in the Australian automotive market in the sectors of motorsport and aftermarket products and services.

The total value of the Australian automotive aftermarket industry is estimated at over \$32 billion per annum, which includes wheel & tyre sales, servicing & repairs and auto parts & accessories. The competitive landscape of the automotive aftermarket industry is characterised by low levels of concentration in all sectors. The top 4 companies in the most concentrated sector account for approximately only 40% of the market.² A summary of the revenue (2016/17) of the various sectors of the automotive aftermarket is shown in the table below:

SECTOR	SALES (\$MILLIONS)
Tyre and wheel	5,100
Engine repairs, servicing & maintenance	16,100
Automotive parts & accessories retailing	4,900
Automotive body, interior, paint repair	6,800
Total	32,900

Source: IBISWorld

3.2 Industry Key Drivers

The key driver of the automotive aftermarket is motor vehicle ownership. There were 19.2 million registered motor vehicles in Australia as at 31 January 2018, which continues to grow at a rate of 2.1% per annum.³ Over 1.155 million new vehicles were sold in Australia in 2015 and new vehicle sales are predicted to increase to 1.209 million in 2023.⁴ As well as growing, the composition of Australian new vehicle sales is also changing with an increasing proportion of vehicle sales being SUVs and light trucks. In 2000 cars made up 71.2% of new vehicles sold, whereas in 2015 SUVs made up 34.8% and light trucks 20.3% of sales and the share of car sales was down to 44.9%.⁵

The other key driver of the automotive aftermarket is real household disposable income and consumer sentiment. Household disposable income continued its growth in calendar year 2018, but at a more subdued rate of around 1.5% p.a. The Reserve Bank of Australia projects that household disposable income will continue to grow in 2018/19, despite economic uncertainty, being supported by changes to Federal income taxes. Consumer sentiment however might be negatively impacted by a number of factors including, moderate house prices, high household debt levels, a softer economy and subdued wages growth.⁶

² Source: IBISWorld

³ Source: Australian Bureau of Statistics, 9309.0 Motor Vehicle Census, 2018

⁴ Federal Chamber of Automotive Industries

⁵ FCAI

⁶ RBA, August 2018 Economic Outlook

3.3 Automotive Aftermarket Sectors

The RPM Group operates across multiple sectors of the Australian automotive aftermarket industry;

- **Tyres and Wheels** (*Spider GT, Air Anywhere, RW Tyres*)
- **Repairs and Roadside** (*Carline, Fix My Truck, Air Anywhere*)
- **Performance and Accessories** (*Wildcat, Formula OffRoad*)
- **Motorsport** (*Revolution Racegear*)

3.3.1 Tyres and Wheels

The Australian retail tyre market has revenues of approximately \$5.2 billion in 2018/19, with revenue forecast to grow at 1% p.a. to 2023.⁷ The tyre market has grown along with the expanding Australian vehicle fleet. A tyre is subject to wear and tear and must be replaced periodically thereby generating relatively stable and predictable demand.

The tyre market can be divided into segments based on the vehicle type. The passenger tyre segment, followed by light commercial vehicles, truck and bus tyres is about 9.5% of the market. The table below shows the sales value of the various tyre types:

AUSTRALIAN TYRE RETAIL – SECTOR SEGMENTS	MILLIONS (\$)	%
Passenger vehicle	2,886.0	55.5%
Light commercial vehicles	930.8	17.9%
Truck and bus tyres	494.0	9.5%
Tyre fitment and ancillary services	707.2	13.6%
Motorcycle	124.8	2.4%
Other	57.2	1.1%
Total	5,200.0	100.0%

Source: IBISWorld

New tyres are not manufactured in Australia. Overseas manufacturers either import themselves or enter into arrangements with Australian importers and wholesalers to import and distribute their brands. The Australian tyre market can be characterised by the following agents:

- global manufacturers of mega-brands, such as; Bridgestone, Goodyear, Michelin;
- smaller overseas manufacturers, particularly from China, who are gaining market share;
- tyre retailer chains that act as distributors of a particular brand or brands due to manufacturer affiliation(s);

⁷ IBISWorld, Industry Snapshot

- unaffiliated retail tyre chains, such as; Tyrepower, Bob Jane T-Mart and Tyreplus; and
- stand alone, independent tyre retailers with no brand affiliation.

The RPM Group estimates there are more than 2,000 specialty tyre retail stores in Australia, aligned in the following way:

TYPE	%
Brand affiliated tyre stores	28
Retail chains or groups	41
Independent retailers/mechanics etc	31
Total	100

Source: RPM Management estimates

3.3.2 Repairs and Roadside

The Australian motor vehicle repair and maintenance industry had revenues of \$16.1 billion in 2016/17, having grown at around 2.8% p.a. over the previous five years.⁸ Industry revenues are forecast to grow at an annualised 1.3% over the five years through 2021/22, to reach \$17.2 billion.⁹ The motor vehicle repair and maintenance market has grown along with the expanding Australian vehicle fleet. Motor vehicles are subject to wear and tear and must be serviced periodically thereby generating relatively stable and predictable demand.

Other specific drivers that affect the size of the aftermarket for motor vehicle repairs and maintenance are the:

- average age of Australia's motor vehicle fleet, which remains stable at 10.1 years;¹⁰
- activities of new car dealers which includes, warranty periods and other services offered such as, capped price servicing, etc., as dealers strive for market share;
- increased reliability of motor vehicles, with longer periods between required servicing and increased durability and performance as automotive technology improves;
- required investment in new technology and reliance on information as motor vehicles become increasingly advanced leading to a competitive advantage for manufacturer-aligned businesses; and
- changing nature of the Australian car fleet, with increased diversity and new alternatives such as electric and driverless vehicles.

There are over 23,450 businesses in the motor vehicle engine repair and maintenance sector with no companies having a dominant market share.¹¹ Structural change and business transformation is required and is occurring within the industry as new automotive technology is introduced into vehicles by manufacturers. Businesses must invest in tooling,

⁸ IBISWorld

⁹ IBISWorld

¹⁰ IBISWorld

¹¹ IBISWorld

equipment and employee training to remain competitive.

The sector has been subject to a variety of factors that are making it increasingly difficult for traditional small businesses to be sustainable. Some of the main factors contributing to these difficulties include:

- rising business operational and administrative costs;
- the adoption of longer vehicle warranties and fixed price servicing for virtually all vehicle brands (up to 7 years for some models);
- the lack of access to specialist training;
- technological change and difficulties for independent repairers to access relevant information from manufacturers and dealerships; and
- the requirement to invest in costly capital equipment and the continual upgrading of skills to diagnose, service and repair ever changing and complex vehicles and components.

It is thought many smaller independent businesses with limited resources are disadvantaged and will likely leave the industry or merge with other larger businesses in time as profits diminish and increased consolidation within the sector occurs. The Company will look to play a part in the sector consolidation.

The RPM Group's Carline Automotive Group has historically been focused on under-car parts and repairs, including mufflers, towbars, catalytic converters and exhausts. In 2016/17 IBISWorld estimates muffler, brake and exhaust repairs comprised approximately 9.8% of the total Australian motor vehicle repair and maintenance market of \$16.1 billion, which is around \$1.58 billion.

3.3.3 Performance and Accessories

Australian motor vehicle parts and accessories retailing had revenue of \$4.9 billion in 2016/17, with historical annual growth of 2.3% over the past 5 years and forecast growth of 2.1% to reach \$5.5 billion in 2020/21.¹² The sector is characterised by a medium level of market concentration, with the top 4 players accounting for just over 40% of revenue. The profitability of the sector is \$365.8 million from 2,185 businesses.¹³ The assessment of the industry is one of low competition and a low level of globalisation, with the specialised nature of the products sold, the lack of new technology, modest investment in marketing expenditure and low regulation all contributing to the low level of competition in the sector.

The focus of operators is to provide a wide selection of products and compete on the basis of price. Increasingly businesses are moving to online sales.

Motor vehicle accessories comprise approximately 33% of this sector or \$1.61 billion in 2016/17. The RPM Group is involved in manufacturing, importing and wholesaling of niche automotive accessories in the areas of performance (Genie Headers) and Bolt-on Vehicle Accessories (Formula OffRoad).

¹² IBISWorld

¹³ IBISWorld

3.3.4 Motorsport

Australian motorsport is currently enjoying strong growth with the public, sponsors and in the media. A study by the Australian Bureau of Statistics (ABS) revealed motorsport as the equal third highest attended sport in Australia, with 1.4 million attendees in the year.¹⁴ Only Australian Football League (AFL) and horse racing were in front and Rugby League tied with motorsport in third place. The leading motorsport category in Australia is V8 Super Cars.

Revolution management estimates there are around 70,000 motorsport participants in Australia split between the following categories:

SPORT	PARTICIPANTS	PERCENT
Track/CAMS	35,000	50%
NASR/Speedway	20,000	29%
Karting	10,000	14%
Drag Racing	5,000	7%
Total	70,000	100%

Source: Revolution management estimate

The Australian motorsport parts and accessory market has sales of approximately \$345 million per annum, which consists of the following four categories:¹⁵

- hard parts and equipment (\$270 million);
- safety gear (\$20 million);
- services and management (\$15 million); and
- merchandise and memorabilia (\$40 million).

Revolution operates in the safety gear category and is the clear market leader of motorsport safety products in Australia, with an estimated 30% market share.¹⁶

3.3.5 Automotive Industry Regulation

The Australian automotive industry is subject to substantial regulation from a number of regulatory bodies, as well as, being subject to general regulations applicable to all businesses. A summary of some of the more important regulations that impact the Company is presented below:

Motorsport

Motorsport is highly regulated in Australia. The key sanctioning bodies, such as CAMS¹⁷ (Circuit & Rally), ANDRA¹⁸ (Drag Racing), Speedway Australia and the Australian Karting

¹⁴ ABS 4174.0 - Spectator Attendance at Sporting Events

¹⁵ Revolution management estimate

¹⁶ Revolution management estimate

¹⁷ Confederation of Australian Motorsport (CAMS) is the FIA's delegated National Sporting Authority (ASN) for Australia.

¹⁸ Australian National Drag Racing Association, officially recognised by the FIA as the controlling body of drag racing in Australia

Association (AKA) are continuously reviewing and updating their regulations to promote the safety of motorsport participants. The FIA (Federation Internationale de L'Automobile) is the key international body governing motorsport worldwide. In race apparel the FIA has promulgated an international standard (FIA 8856 – 2000 Protective Clothing) concerning the requirements for racing apparel.

Tyres and wheels

Tyres imported into Australia are required to meet or comply with the technical requirements of one of the following standards:

- Australian Standards
2230-1979: "New Pneumatic Highway Tyres other than Passenger Car Tyres"
2230-1990 "Pneumatic Tyres Light Truck and Truck/Bus-New".
- (US) Federal Motor Vehicle Safety Standard 119 – 1973; FR38-218: "New Pneumatic Tyres for Vehicles other than Passenger Cars".
- ECE Regulation 54/00 (European Economic Commission) – "Tyres for Commercial Vehicles";
- Japanese Industrial Standard JIS D4230-1986 – "Tires for Automobiles".

The Tyre Stewardship Scheme (Scheme) has been established by Tyre Stewardship Australia to promote the development of viable markets for end-of-life tyres. The Scheme is a voluntary scheme funded by a levy of 25 cents per equivalent passenger unit on the sale of new tyres sold by participating tyre companies. It is intended that the Company will join the Scheme in FY2020 subject to the Board approving the conditions of participation in the Scheme.

Automotive servicing and repairs

The regulation of the automotive vehicle servicing and repairs industry varies from state to state. Generally, operators must hold a state government issued licence to operate a mechanical workshop and regulators impose a skills requirement for staff and operators that involves a minimum level of technical knowledge equivalent to a Certificate 3 in Light Vehicle Mechanical Technology.

Non-government industry bodies such as the Motor Trades Association of Australia (MTAA) and the Australian Automotive Aftermarket Association (AAAA) provide representation, advice and overview of the industry.

Automotive products

Automotive products manufactured or imported into Australia are required to meet national standards under the *Motor Vehicle Standards Act 1989 (Cth)* as amended. The following design rules apply to products manufactured by the Company:

- Vehicle Standard (Australian Design Rule – 62/02 Mechanical connections between vehicles), 2007.
- Vehicle Standard (Australian Design Rule 69/00, Full Frontal Impact Occupant Protection), 2006.

General

The Company and its licensees are also subject to Occupational, Health and Safety as it relates to the working environment and the safety of staff. To the extent the businesses deal with consumers they are also subject to consumer protection laws and regulations, such as, the Australian Consumer Law (ACL).

4. COMPANY AND BUSINESS REVIEW

4.1 The Company

The Company was incorporated on 20 October 1982 as Donalda Resources NL, changing its name to General Gold Resources NL on 23 June 1983. On 10 November 1983 the Company was admitted to the Official List of the ASX. On 12 July 2000 the Company entered external administration. On 7 August 2002 the Company changed its name to Yilgarn Gold Limited and on 5 September 2007 changed its name to Kairiki Energy Limited. The Company's most recent activity was exploring for oil and gas in the Philippines. The Company, having sold its operating subsidiary in the Philippines, is a sole legal entity being an ASX-listed shell company. The Company has no operations and no subsidiaries. The Company has 3712 individual shareholders.

On 27 May 2016 the Shares of the Company were suspended from quotation on the ASX official list due to the Company failing to meet ASX Listing Rule 12.1, the requirement for a sufficient level of business operations. On 19 July 2018, the Company announced it had executed a binding Terms Sheet with the founders and shareholders of the RPM Group under which the Company conditionally agreed to acquire 100% of the businesses that form the RPM Group. On 27 May 2019 the Company's shareholders approved the acquisition of the RPM Group and to change the Company's name to RPM Automotive Group Limited.

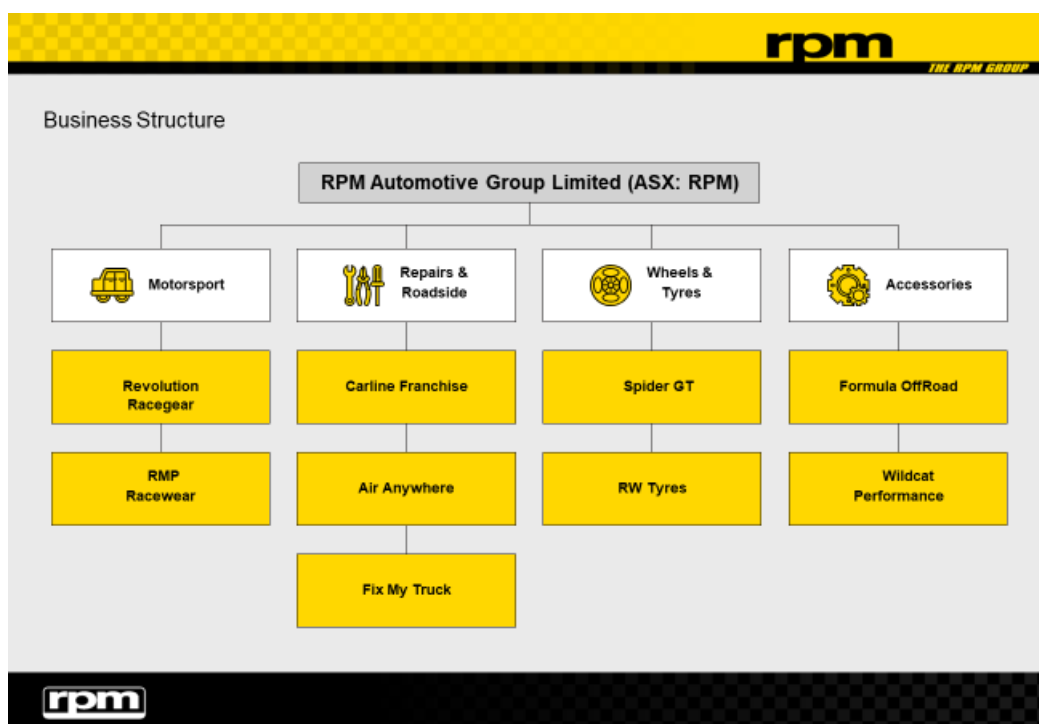
4.2 The RPM Group

The RPM Group comprises a number of businesses that operate in the Australian automotive market. The businesses operate independently of each other with their own general managers, business locations and distinct operations. The RPM Group is held together through common shareholders by entities¹⁹ controlled by the two Founders of the group. The RPM Group acts as a point of focus that drives the business strategy and direction, including accounting, financial analysis and capital allocation decisions. The businesses that comprise The RPM Group may have different strategies to suit their respective markets but an over-arching strategy is built on a simple philosophy of customer service, respected brand names and the range and quality of product and service offerings.

The RPM Group operates in four sectors of the Australian automotive market. Below is a list of the four sectors and the Company's businesses that operate in each:

- Motorsport (Revolution Racegear, Spider GT)
- Tyres and Wheels (Spider GT, RW Tyres, Air Anywhere, Fix My Truck)
- Repairs & Roadside (Carline Group, Air Anywhere, Fix My Truck, RW Tyres)
- Performance & Accessories (Wildcat, Formula OffRoad, Carline, RW Tyres)

¹⁹ RMP Worldwide Group Pty Ltd and RPM Australasia Pty Ltd



Below are details on each of the RPM Group's businesses;

4.2.1 Revolution Racegear

Established in 1993, Revolution Racegear (**Revolution**) is a manufacturer, importer, retailer and wholesaler of products to the motorsport industry. Revolution is a supplier of race safety gear and performance accessories to motorsport participants in Australia. Participants in all categories of motorsport, including speedway, circuit racing, rally and go-karting, use Revolution products. Revolution operates as both a wholesaler and retailer with five corporate stores (one in each state) and 12 franchisees located Australia-wide. Revolution also sells direct online and has an Australia-wide network of dealers.

Revolution was established in 1992 by George Santana, a motorsport enthusiast, who sought to address unmet demand by motorsport participants for quality race safety gear at reasonable prices. Revolution has become the Australian market leader in the supply of motor racing accessories, safety equipment and apparel.²⁰

Revolution is the sole certified Australian manufacturer of FIA (Federation Internationale de L'Automobile) approved race suits sold under Revolution's own brand RPM Racewear. RPM Racewear is recognised as the leader in the industry and is supported by many of the professional teams participating in Australian motorsport.

Revolution has secured exclusive Australian distribution rights for many of the best international motorsport brands, including, Alpinestar Racewear, Cobra seats and Bell

²⁰ Revolution Racegear had sales of \$6,096,721 in FY 2016, Revolution Racegear management estimates the total Australian market for soft parts and safety apparel at \$20 million which gives a market share for Revolution of around 30%.

Motorsport Helmets. (Note: The Bell distribution rights are for motorsport only and do not cover Bell motorcycle helmets.)

Revolution also sells a variety of products ranging from fire systems, filters, gauges and memorabilia. A snapshot of Revolution's product mix is provided below;

PRODUCT	PERCENT OF SALES
Race suits, boots, gloves and balaclavas as well as team shirts, overalls, etc	30%
Helmets	10%
Race harnesses, seats and restraints	30%
Other	30%

Source: Revolution Racegear management

Revolution Racegear Business Model

Revolution manufactures and imports race safety gear that it retails to motorsport participants through its five corporate stores and wholesales through its 12 franchised stores. Revolution also has established wholesale agreements with a small number of distributors and has an online store.

Competition

Revolution's competition includes a large number of importers, wholesalers and retailers of motorsport equipment. Generally, these competitors are small, with limited product selection, limited distribution and some only operate intermittently or part-time. Revolution's larger competitors include; Racer Industries (Queensland), Concept Racegear (Melbourne) and Autosport (Adelaide). These competitors are single store and stock competing brands to Revolution's.

Revolution's strategy is to distinguish itself from the competition by offering the largest selection of products, nation-wide distribution, good stock availability and a high level of customer service from experienced staff who can offer authoritative advice to customers. Refer to Section 3.3.4 for more details on the motorsport market.

4.2.2 Spider GT

Established in 2012, Spider GT is an importer and wholesaler of commercial vehicle tyres, selling TBR (Truck, Bus & Radial), OTR (Off-the-road) as well as PCR (Passenger Car Radial) tyres. Spider GT was established by Mr. Wei Liu who continues to run the business and will be a shareholder in the Company on Completion of the Transaction. Spider GT has established a distribution network of over 200 wholesalers and dealers Australia-wide, with customers in every state.

Spider GT has executed an agreement for the exclusive Australian distribution rights to the "LONG MARCH" and "ROADLUX" (TBR) tyre brands in Australia with the manufacturer, Chaoyang Long March Tyre Co., Ltd. Liaoning, China. The agreement is for valid for two years until 30 June 2020, with an annual roll-over provision after June 2020.²¹

²¹ Refer Section 13. Material Contracts for more information.

Spider GT also holds an exclusive agency for the Australian market from Tianjin United Tire & Rubber International Co., Ltd. and sold under the brand name "TIANLI".²²

Management estimates Spider GT has between 1 – 2% market share of the Australian TBR market.²³ Spider GT's goal is to increase its share of the Australian commercial tyre market to be within the top 5 wholesalers by market share of TBR and OTR tyres. Spider GT believes it can achieve this as it offers tyres of an equivalent quality, including warranty, to other more established TBR and OTR tyre brands in the market. Purchasing directly from a low-cost manufacturer, enables Spider GT to be cost competitive and can therefore offer customers a lower cost, high quality product.

Spider GT Business Model

Spider GT imports and wholesales commercial vehicle tyres to dealers and distributors in Australia and New Zealand under its exclusive agreements with two high quality Chinese manufacturers.

Competition

There are around a dozen major commercial vehicle tyre brands in Australia. Major international tyre manufacturers, like Michelin, Goodyear, etc., operate their own distribution in Australia to dealers and distributors who retail to the end user. Refer to Section 3 (Industry Overview) for further details.

4.2.3 RW Tyres

Established in 2017, RW Tyres is the Company's strategy to build a chain of retail tyre stores via acquiring independent, non-affiliated stores Australia-wide. The strategy is focussed on acquiring established stores as distinct from opening new stores due to the lower risks in so doing. Established stores offer a verifiable earnings history and a developed customer base. The Company will look to continue to run the stores with the existing staff and operating processes.

To date RW Tyres has acquired two tyre stores;

- Competition Tyres (T/A Tyres & More) – 967 North Rd, Murrumbena VIC 3163
- Tyresome – 213 Bourke St, Darlinghurst NSW 2010

The stores serve mainly retail and trade customers and offer supply, fitment and repair of tyres and associated services including wheel alignment, brake servicing, wheel balancing, suspension and a range of automotive repairs. The Company will utilise the stores for cross-sell opportunities of other products in the RPM Group, including; the Company's passenger tyre brands, 4WD and other automotive accessories.

RW Tyres Business Model

RW Tyres is the Company's strategy of building a chain of retail tyre stores by aggregating established independent tyre retailers. The Company intends to create a chain of stores Australia-wide offering customers supply, fitment and repair of tyres and associated

²² Refer Section 13 - Material Contracts for more information.

²³ Spider GT management estimate based on sales to market size estimates.

services. The stores will be Company owned or aligned. RW Tyres will not feel pressured to expand and will only acquire stores that fit the desired format and at reasonable prices as the opportunities present.

The Company will run the stores in line with their current operations but will promote operational efficiencies learned across the group, expand the product offering and promote cross-sell opportunities with some of the Company's other businesses.

Competition

There are an estimated 2,000 tyre retail stores in Australia with generally 3 types of store, manufacturer owned or affiliated chains, independent chains and single or small multiple store operators.

The industry structure means the passenger vehicle tyre retail market is highly competitive. RW Tyres will compete by adopting efficient operations, excellent customer service, selling the RPM Group's own brand of passenger vehicle tyres and offering customers an expanded product set, at competitive prices. Refer to Section 3.3.1 for further details.

4.2.4 Carline Automotive Group

Established in 1991, Carline Automotive Group (**Carline**) is a licensee group of retail stores offering customers a wide range of auto mechanical repairs, servicing and fitment of passenger vehicles with a focus on exhaust and under-car repairs. Each licensee operates a fully equipped workshop and trades under the Carline brand name.

Carline comprises over 120 licensees Australia-wide and has stores in each state. Whilst each business is independent, Carline's branding, quality standards and recommendation of quality parts is designed to ensure consistent, exacting levels of quality workmanship across the group. Carline is able to offer customers a nationwide warranty on its products and services.

Carline Automotive Business Model

RPM Group is the licensor of Carline Automotive Group. The Company charges each licensee a monthly membership fee to be a member of the group. For the fee licensees are permitted to trade under the Carline brand name and can access the group bulk buying discounts. The RPM Group also obtains rebates from suppliers to Carline licensees.

Competitors

Carline licensees compete against other Australian suppliers of mechanical repairs, including; exhaust and muffler replacement, automotive servicing and repairs and the sales of automotive parts and accessories. Carline's competitors include other automotive retail vehicle servicing and repair chains, such as; Ultra Tune, NRMA, Midas, etc.

4.2.5 Air Anywhere

Established in 2006, Air Anywhere offers a mobile 24/7 emergency, roadside and onsite service for the replacement, repair and fitment of commercial vehicle tyres. Air Anywhere has six mobile vans that specialise in truck tyre repair and replacement. Air Anywhere operates in Victoria.

Air Anywhere is a "one-stop mobile service" for commercial tyre needs, primarily truck and bus but also offering OTR (Off-the-Road) tyres for agriculture, earth-moving, heavy machinery and mining vehicles. Air Anywhere's customers are major transportation companies, smaller multi-vehicle transport, agricultural, mining and owner-operators.

Air Anywhere Business Model

Air Anywhere sells commercial vehicle (TBR) tyres and fitment services. Air Anywhere offers an onsite or roadside service in Victoria from six mobile vans. Air Anywhere's customers are commercial vehicle operators.

Competitors

Air Anywhere's competitors are other commercial vehicle (TBR) tyre retailers and dealers. Other businesses also offer onsite or roadside vehicle services, notably Bridgestone Select, Michelin Service Centres and VicWide Tyre Services for commercial vehicles in Victoria.

4.2.6 Fix My Truck

Established in 1998, Fix My Truck (FMT) is a roadside assistance and breakdown service for the transport industry, covering all vehicles of 3-tonnes and above, for tyre and mechanical repairs, auto electrical, towing and more. FMT has over 20 years experience, offering 24/7 roadside assistance for commercial vehicle Australia-wide.

FMT is a subscription information service with over 13,000 service providers listed on its national platform, and a customer service team on standby 24/7 and a proprietary software platform to manage the entire service process. FMT head office is in Melbourne, Victoria.

Fix My Truck Business Model

FMT sells a subscription information service to commercial vehicle operators in Australia. Customers pay FMT a monthly subscription fee to access the service.

Competitors

FMT's competitors are other providers of roadside assistance and information services including, ISS First Response and NRMA Roadside Assistance.

4.2.7 Wildcat (Genie Headers)

Established in 2000, Wildcat designs, develops and manufactures car engine custom exhaust and emissions products. Wildcat's manufacturing is done at its Queensland factory. Wildcat also imports other performance exhaust products direct from manufacturers overseas. Wildcat has developed a national distribution network for its products.

Wildcat's products are sold to automotive enthusiasts who fit them to their vehicles to improve performance and fuel economy. These products are suitable for a large range of passenger vehicle makes and models. The Wildcat development team have been at the forefront of header design and development in Australia for over 30 years.

Wildcat generates income from three streams: product manufacturing, importing and distribution, and direct retail and fitment services. Wildcat also exports products that are sold worldwide through a team of international distributors.

Wildcat Business Model

Wildcat designs, develops and manufactures products to customise passenger vehicle engines to improve vehicle performance, emissions and fuel economy.

Wildcat's products are sold through national and international distributors. Wildcat also provides fitment services direct to consumers at its Queensland store.

Competitors

Wildcat's competitors are other manufacturers and/or importers of engine performance customisation products. Australian manufacturers of passenger vehicle performance products include Pacemaker Headers (Adelaide), Hitech Exhausts (Melbourne) and Hurricane (Sydney).

4.2.8 Formula OffRoad

Established in 1988, Formula OffRoad (FO) is a manufacturer of automotive accessories for passenger and commercial vehicles. FO are specialists in steel and aluminium fabrication and manufacture products including; towbars, bullbars, side rails, nudge bars and roof racks. FO's team use CAD design and manufacture using automated machinery such as a CNC Mandrel bender, precision plasma cutters and numerically controlled folding equipment. This gives FO the flexibility to provide single as well as large runs of products for customers including dealers and fleet providers. FO also distributes brand leading Hayman Reese towbars in Australia. FO's focus is in the niche space of customisation and accessories for fleet and tradesmen's vehicles. FO also offers a selection of products for 4WD and passenger vehicles.

FO sells to commercial car fleets, OEMs (Original Equipment Manufacturers), corporate customers, vehicle importers, dealers and leasing companies. FO's products are available Australia-wide through a national distribution network.

Formula OffRoad Business Model

FO is a manufacturer of automotive accessories for passenger and commercial vehicles. FO distributes its products Australia-wide through a national distribution network of dealers.

Competitors

FO's competitors are importers and other Australian based manufacturers of automotive accessories, including: Caddy Storage (NSW), Milford Industries (South Australia), ARB and TJM.

4.3 The RPM Group Business Model and Strategy

The RPM Group offers a nationwide footprint in the Australian automotive market. The founders of the RPM Group have assembled the businesses that comprise the group

based on their combined 40 years experience in the industry. The businesses that comprise the RPM Group are a mix of mature businesses with stable earnings and revenues as well as some earlier stage businesses that are growing revenues and earnings rapidly. The founders have experience in many facets of the automotive industry and have identified key areas where they can add value to the management of the businesses in the group. Their experience in growing automotive businesses has given them insights that can provide guidance to the earlier stage businesses.

Of RPM Group's more mature businesses, they have been sole operators or family run and have reached a plateau due to existing management's lack of capital, structure, skill set or strategy to grow the business further. The Company in acquiring The RPM Group can address these needs and inject capital, new management and thereby re-energise the growth of the businesses.

The Company believes it is in a unique position in the Australian automotive industry. Outlined below is the Company's competitive advantages and growth strategy:

- take advantage of a consolidating automotive industry;
- access to capital via an ASX-Listing;
- quality management and staff;
- access to competitively priced product
- centralised financial analysis and capital allocation decision-making
- a differentiation strategy

4.3.1 Consolidating automotive industry

The Australian automotive industry is consolidating due to a number of market forces that are encouraging operators in the industry to either merge or exit the industry. The factors include:

- the big automotive aftermarket retail chains are getting bigger, including buying up their supply chains to remove the middleman and ensure access to low priced product. Smaller operators do not have the buying power to compete against the big chains in gaining access to stock at competitive prices;
- the technical complexity and capital requirements of the industry are increasing requiring greater amounts of capital and increased knowledge and training that small operators cannot sustain by themselves;
- access to skilled staff is getting harder as less people are choosing a career in the automotive sector.²⁴ Small businesses lack the attractiveness of larger groups to attract and retain staff in a diminishing pool; and
- Mature businesses, often family run, with no succession planning and the owner/operators looking to retire or realise their lifelong investment in the business.

²⁴ Victorian Automobile Chamber of Commerce (VACC) – Directions in Australia's Automotive Industry: An Industry Report 2017 - projects a skills shortage of 35,000 workers in the Australian automotive industry.

4.3.2 Access to capital

An ASX-listing allows the Company access to equity capital as well as the ability to raise debt funding on more favourable terms. It gives the Company flexibility to offer vendors equity in lieu of cash when making future business acquisitions. The Company intends to maintain an adequate capitalisation at all times and will reinvest a significant portion of earnings each year back into the business to fund organic growth.

4.3.3 Quality management and staff

A key focus for the Company will be to attract, develop and promote staff within the Company. The Company intends to implement a centralised and Company-wide register and program of training and staff development, to provide guidance and assistance to licensees and to foster best practice engagement with all of our staff. The Company's success relies on being able to deliver a quality product or service to our customers and having a highly trained and engaged workforce is necessary to achieve this. The Company's growth will also allow opportunities for staff advancement and retention not available in smaller businesses.

4.3.4 Access to competitively priced products

The Company will have both distribution platforms (Carline, Air Anywhere, RW Tyres) and product manufacturing and sourcing (Spider GT, Wildcat, Formula OffRoad) allowing the opportunity to expand product offerings, promote cross-selling opportunities and vertically integrate to capture increased margins.

In particular, Spider GT offers the Company exclusive access to high quality, competitively priced tyres for truck and bus (TBR) and off-the-road tyres (OTR) for use in mining, agriculture and construction industries. Spider GT also offers access to high quality, competitively priced passenger vehicle tyres (PTR), which the Company will look to distribute through its RW Tyres stores and Carline licensees.

Formula OffRoad and Wildcat are niche manufacturing businesses that cater to the automotive performance and accessories market. Both have been in business for over 20 years and have a developed product suite that can be increasingly distributed over the Company's retail platforms. Both businesses have design and development capabilities, manufacturing facilities as well as importing and distributing products Australia-wide.

4.3.5 Centralised financial analysis and capital allocation

RPM Automotive Group Limited is structured as a holding company that owns 100% of the businesses in the group and provides a central management team that drives the strategy and direction of the Company. The central management team conducts the acquisition, financial analysis and capital allocation decisions.

The Company applies a rigorous due diligence and highly selective decision-making process in acquiring businesses looking for synergies and a high return on equity. The Company is equally rigorous in capital allocation for organic growth opportunities within the Company. As a general rule, acquisitions or investments will need to yield at least (a risk-weighted) 12% return on capital for the investment to be considered.

4.3.6 A differentiation strategy

The strategies may differ for each business within the Company, but an over-arching strategy is built on a simple philosophy of customer service, respected brand names and the range and quality of product and service offerings. The Company owns a number of trademarks, including Carline, RPM Racewear, Genie Headers, Fix-My-Truck and Air Anywhere, providing the Company with the opportunity to further develop and grow awareness of these brands with consumers. Other brands the Company has exclusive distribution rights for, are Long March and Tianli, which are relatively unknown, can gain increasing prominence with strategic promotion and marketing to an accurately defined target market.

The Company is committed to delivering quality products and services at reasonable prices. The Company will focus on differentiating its offerings in a fragmented market and strive to be viewed by customers as a reputable, efficient and safe purchase option thereby allowing the Company to charge a price premium for its products and services.

4.4 Short-term Goals

The Company's immediate objectives on completion of the Public Offer are to:

- increase market share for the Long March and Tianli tyre brands in the Australian wholesale commercial vehicle tyre market;
- increase the number of Carline licensees ("Target 200") and develop the customer proposition of the group; and
- continue the strategy of growing a chain of passenger tyre retail stores via aggregating established tyre stores under RW Tyres.

4.5 Trademarks, brands and distribution agreements

The RPM Group owns the following automotive brands and trademarks:

- **RPM Racewear** – the RPM brand is 100% owned by Revolution Racegear.
- **Carline** – The Company is acquiring 100% of the rights to the Carline brand name.
- **Genie Headers** – Wildcat owns and has 100% rights to the Genie Performance Headers Brand Name.
- **Fix My Truck** – The Company is acquiring 100% of the rights to the Fix My Truck brand name.
- **Air Anywhere** – The Company is acquiring 100% of the rights to the Air Anywhere brand name.

The RPM Group has exclusive Australian distribution rights to the following brands:

- **Long March** – Spider GT (a subsidiary of RW Tyres) holds the exclusive Australian, distribution rights for the Long March tyre brand.
- **Tianli** – Spider GT (a subsidiary of RW Tyres) holds the exclusive Australian, distribution rights for the Tianli tyre brand.

- **Cobra** – Revolution Racegear has held the exclusive Australian distribution rights for Cobra seats for over 20 years.
- **Bell Motorsport Helmets** – Revolution Racegear has held the exclusive Australian distribution rights for Bell Motorsport Helmets for over 20 years. (The distribution rights do not include Bell motorcycle helmets.)

The RPM Group has non-exclusive Australian distribution rights to the following brand:

- **Alpinestars Racewear** – Revolution Racegear has held Australian distribution rights for Alpinestars Auto Racing Apparel for over 5 years. (The distribution rights do not include motorcycle apparel.)

4.6 History of the RPM Group

The founders of The RPM Group, Mr Clive Finkelstein and Mr Lawrence Jaffe, met in 2007. Prior to this meeting both had a long and active involvement in the automotive industry, both in Australia and in their native South Africa.

Clive founded, acquired, developed and sold a number of automotive businesses. He started a 4WD accessories business in 1997, Off-Road Vehicle Accessories Specialists [ORVAS] (South Africa) and subsequently sold a majority stake to his partner in 2011. He acquired Bullbar & Towbar Manufacturers [BTM] Pty Ltd (South Africa) in 2000, building and growing revenue from \$1.0 million to over \$15 million when he sold the business in 2005. In 2004 he started an automotive parts and accessories import and distribution business, Redback Vehicle Parts and Accessories Pty Ltd (South Africa), which grew to \$6 million in turnover when he sold it in 2008.

Lawrence has been involved with Revolution Racegear since 1998. Lawrence acquired a shareholding in the business but sold his shares in 2003 as part of a buyout of the business by another group. Under new management the business struggled, and Lawrence and Clive lead a team that purchased Revolution Racegear Pty Ltd in 2008. Around the same time, they acquired Opposite Lock Holding Pty Ltd (Australia) a specialist 4WD accessories retail franchise business. Clive became the Managing Director of Opposite Lock and Lawrence Chief Executive Officer of the Group – the 4WD accessories business grew from 14 to 64 stores when it was sold to Metcash in 2015. They regret selling the business.

Lawrence and Clive are a formidable team and have worked closely and successfully on multiple ventures over the past 12 years. Their combined knowledge of the automotive industry and complementing styles and skills “X-factor” have formed the basis on which they have achieved their successes.

Lawrence is currently a non-executive director of Revolution but is looking to re-enter an executive role as the Commercial Director of the Company.

While officially, The RPM Group began in 2013, its roots can be traced back 12 years earlier. The formation of the group provided a means for Clive and Lawrence to pool their interests in the automotive industry and as a platform to build a business. Prior to the proposed Transaction, The RPM Group comprised two companies, RPM Australasia Pty Ltd and RPM Worldwide Group Pty Ltd, which hold equity interests in the businesses Revolution Racegear (100%), RW Tyres (70%) and Wildcat (37%). The RPM Group held a large equity interest in SWD Pty Ltd, a wholesaler of aftermarket automotive products focusing on exhaust and under-car parts and accessories. SWD Pty Ltd also owned Carline Automotive

and Exhaust, a licensee group of 120 automotive workshops, focussing on repairs and fitment. In 2018 The RPM Group divested of its shares in SWD Pty Ltd, and as part of the transaction, secured an option to acquire the Carline Licensee Business. RPM Australasia Pty Ltd exercised its option to acquire Carline Automotive in December 2018.

The proposed transaction will see The RPM Group become RPM Automotive Group Limited, an ASX-listed company. RPM Australasia Pty Ltd and RPM Worldwide Group Pty Ltd will become major shareholders in the Company. The Company will own 100% of the businesses that currently comprise The RPM Group. The Transaction also involves the acquisition of new businesses to the Company. Spider GT, Air Anywhere and Fix My Truck are being acquired as part of the Proposed Transaction. RW Tyres will also purchase the tyre retail business Tyresome.

Many of the businesses acquired have been operating for a substantial period of time, including since the 1960s. As a result, The RPM Group has developed strong customer awareness and loyalty and its brands are either best-in-class or extremely well-known in the Australian Automotive Industry. The RPM Group has a national footprint with representation in all states and territories in Australia.

4.7 Vision

The Company's vision is to meet the demands of Australian automotive consumers by striving for "Best in Class" products and services so as to build a company that is respected in the market, has strong foundations, will continue to trade well into the future and provide an acceptable return to shareholders.

5. RISK FACTORS

5.1 Introduction

Investing in the Shares of the Company involves risk. There are a number of risks that, either individually or in combination, may materially and adversely affect the future operating and financial performance of the Company and the value of its Shares.

Shareholders should be aware that if the Acquisition is approved and completed, the Company will be changing the nature and scale of its activities and will be subject to different, additional or increased risks arising from The RPM Group's activities.

This Section describes the risks which the Directors and Senior Management currently believe to be the key risks associated with an investment in the Company. It does not purport to be an exhaustive list of every risk faced by the Company, now or in the future. Many of these risks, or the consequences of them, are outside the control of the Company. If one or more of these risks or a risk not specifically referred to in this Prospectus eventuates, then the future operating performance of the Company and the value of its Shares and of your investment may be significantly affected.

Prospective investors should read the whole of this Prospectus and consult with their professional advisors for legal, business, financial or tax advice in order to fully appreciate such matters and the manner in which the Company intends to operate before any decision is made to apply for Shares.

The following summary, which is not exhaustive, represents some of the major risk factors that Applicants need to be aware of. These risks have been separated into:

- risks specific to an investment in the Company; and
- general risks relating to an investment in a listed company.

The selection of risks has been based on an assessment of a combination of the probability of the risk occurring, the ability to mitigate the risk and impact of the risk if it did occur. The assessment is based on the knowledge of the Company as at the Prospectus Date, but there is no guarantee or assurance that the importance of different risks will not change, or other risks will not emerge. Any of these risks, and any other risks that may emerge, may have a material adverse effect on the business and financial position and performance.

There can be no guarantee that the Company will deliver on its business strategy, or that the forecasts or any forward-looking statement contained in this Prospectus will be achieved or realised. Investors should note that past performance is not necessarily a reliable indicator of future performance.

The Company's internal controls and processes may mitigate some of these risks, but many are outside the control of the Company, the Directors and Senior Management. An investment in the Company should be considered speculative.

You can do some things to reduce the impact of risk. Firstly, get professional advice suited to your investment objectives, financial situation and particular needs. Before deciding to invest in the Company, prospective investors should:

- read the entire Prospectus,
- consider the financial information and the risk factors that could affect the financial performance of the Company,
- review these factors in light of their personal circumstances, and
- seek professional advice from their accountant, stockbroker, lawyer or other professional adviser before deciding whether to invest.

5.2 Risks specific to an investment in the Company

The operating results and profitability of the Company are sensitive to a number of factors. The Company should not be seen as a predictable, low risk investment.

The risks below should be considered in conjunction with the other information disclosed in this Prospectus.

5.2.1 Competition risk

The Australian automotive parts and service industry is mature and highly competitive. The industry comprises many large and well-resourced companies as well as a large number of small businesses against whom the Company must compete for business. Barriers to entry at wholesale and retail levels are relatively low and new entrants can be disruptive. Entry of new competitors, a change in the industry's competitive dynamics or a general increase in the level of competition may lead to reduced margins or increased costs which would negatively impact the Company's financial performance.

5.2.2 Supplier risk

The Company's ability to sell automotive parts, and therefore the Company's ability to conduct its business, derives partly from the rights granted to it pursuant to agreements with manufacturers and distributors, many based in foreign jurisdictions. Any termination or non-renewal of the agreements, or cessation of supply of automotive parts, may adversely affect the Company's ability to operate.

5.2.3 Business integration risk

The Company's business involves an aggregation of a number of previously unrelated businesses. With every acquisition there is the risk that the integration of the businesses may take longer and be more costly than anticipated. Any delays or increase in costs are likely to adversely affect the operating results of the Company.

5.2.4 Key person risk

The Company's future success is significantly dependent on the expertise and experience of its key management and personnel, in particular The RPM Group's founders, Mr Clive Finkelstein and Mr Lawrence Jaffe. Loss of key management, or the failure to attract additional key managers could have a material adverse effect on the Company's financial performance and ability to deliver on its growth strategies. The Company is also dependent on the continued service of its technical staff. Despite the Company's best efforts to attract and retain key personnel, there is no assurance that the Company will be able to retain the services of such staff. The Company expects to grow its management and technical team, with a view to mitigating key person risk.

5.2.5 Lemons problem risk

As part of its business strategy, the Company may make acquisitions of, or significant investments in, complementary companies or prospects. Any such transactions will be accompanied by risks commonly encountered in making such acquisitions. The lemons problem refers to established economic theory on issues that arise regarding the valuation of an investment due to asymmetric information possessed by the buyer and the seller. The risk is that the Company may, despite rigorous due diligence, overpay in acquiring a business or may acquire a business whose performance does not match the Company's expectations.

5.2.6 Reputational risk

Reputational damage to any of the Company's businesses may impact on the Company's ability to maintain and build relationships with customers, suppliers, distributors and staff that may result in lowering the financial performance of the Company. The Company is the licensor to the Carline Automotive Group, any damage to the Company's reputation may encourage licensees to leave or end their relationship with the Company.

5.2.7 Product development risk

The Company's success depends on its ability to anticipate and satisfy consumer preferences in a timely manner. Changing consumer preferences may not be predicted or anticipated by the Company leading to reduced sales revenue as consumers decide not to purchase the Company's products and services but opt for competitor's products and services or away from some types of product altogether. Accordingly, if the Company fails to anticipate and satisfy consumer preferences in a timely manner, its business may be adversely affected.

5.2.8 Technology risk

New technologies may have a major impact on the Australian automotive industry. The uptake of electric vehicles might put pressure on demand, pricing and margins for some of the Company's products. Also, driverless car technology might reduce car ownership per capita, which may lower demand for the Company's products and services. If customers purchase fewer products from the Company, the financial performance of the Company will be adversely affected.

5.2.9 Exchange rate risk

Many of the products the Company sells or distributes are imported, as such, a significant proportion of the Company's costs and expenses are incurred in foreign currencies. The affordability of these products and the margins the Company can charge may be adversely affected by a lower Australian dollar relative to foreign currencies. Fluctuations in the exchange rate will also create fluctuations in the costs of imported purchases by the Company and thereby create fluctuating margins and earnings by the Company.

5.2.10 Intellectual property risks

The Company's success will depend, in part, on its ability to utilise and market appropriately its intellectual property rights (including copyright, patent, designs,

confidentiality, trademark, trade secrecy laws and other intellectual property rights). The Company's success will depend, in part, on its ability to operate without having third parties circumvent its intellectual property rights.

5.2.11 Market demand risk

An economic downturn in Australia might encourage customers to use their vehicles less meaning they need to replace their tyres less often and do not need to repair their vehicles as often. It may also lower demand of transport services, leading to lower demand for commercial vehicle tyres. The result will be lower demand for the Company's offerings, reduced revenue and a negative impact on financial performance.

In addition, some of the Company's products and services are discretionary in nature. Any reduction in household disposable income or consumer sentiment might lead to reduced sales of these products and services thereby adversely affecting the financial performance of the Company.

5.2.12 Market structure risk

Changes to the market structure, such as increased competition via the Internet, or changing consumer preferences may lead to reduced margins or increased costs that would negatively impact the Company's financial performance. The Company depends and will depend upon effective sales channels to reach the consumers who are the ultimate purchasers of its products. Some of the Company's businesses sell through distributors or dealers who, in turn, sell to consumers. The Company's sales and revenue could also be adversely affected if manufacturers and consumers choose to deal directly with each other.

5.2.13 Execution risk

Management has developed strategies to grow the business. These include developing the sales channels, expanding the Carline store count and increased cross-selling and referral of customers between the businesses. These strategies may not be successful. In which case the Company fails to grow and incurs increased costs. The Company's small size means it must grow quickly to interest the investment and capital markets, otherwise it will receive a reduced valuation and share price and find it harder to raise capital and interest investors to buy the Company's shares.

5.2.14 Availability of staff

The Company needs to attract educated, technical staff in order to operate. The automotive industry has a forecast shortage of skilled staff. An inability to attract and retain high quality staff may adversely impact on the financial performance of the Company.

5.2.15 Limited trading history

The Company has a limited financial and operating history as a combined enterprise. The Company's ability to achieve its objectives depends on the ability of the Board and Senior Management to successfully acquire and integrate the Acquisitions, to implement the proposed business strategy and to respond in a timely and appropriate manner to any unforeseen circumstances. As such, there is a risk that the Company may not achieve

these strategic objectives and there may be an adverse impact of the Company's business, operating results and financial position.

5.2.16 Financing risk

Further funding may be required by the Company to support its ongoing activities and operations, including the need to develop new products and services, improve existing products and services, enhance its operating infrastructure and to acquire complementary businesses and technologies. Accordingly, the Company may need to engage in equity or debt financings to secure additional funds. There can be no assurance that such funding will be available on satisfactory terms (or at all) at the relevant time. Any inability to obtain additional funding (or inability to obtain funding on reasonable terms) will adversely affect the financial condition and financial performance of the Company.

5.2.17 Regulatory/policy risk

The Australian automotive industry is subject to Government and industry bodies policies and regulations that are outside the control of the Company. Regulatory change may adversely impact the future operation and financial performance of the Group where it leads to increased compliance costs, increased competition, decreased demand for the Company's products and services or changed market structure.

5.3 General risk factors applying to an investment in a listed entity

5.3.1 Financial markets volatility risk

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

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

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

5.3.2 General economic conditions and political risks

The future viability of the Company is also dependent on a number of other factors affecting the performance of all industries including, but not limited to, the following:

- general economic conditions in jurisdictions in which the Company operates;
- changes in government policies, taxation and other laws in jurisdictions in which the Company operates;
- the strength of the equity and share markets in Australia and throughout the world, and in particular investor sentiment towards the automotive sector;
- movement in, or outlook on, interest rates and inflation rates in jurisdictions in which the Company operates; and
- natural disasters, social upheaval or war in jurisdictions in which the Company operates.

The Company's share price may be negatively impacted by changes in the Australian or other international economies. In particular, there are risks from continued volatility in the US and Europe, international debt issues, impacts from currency and interest rate shifts and the potential for a contraction in the availability of debt or capital. These factors are beyond the control of the Company and the impact cannot be predicted.

5.3.3 Dividends risk

The Company expects to pay dividends in the future. The ability of the Company to pay dividends will depend on the level of available cash flows taking in to account future expected cash requirements of the Group. In addition, many of the factors that will affect the Company's ability to pay dividends and the timing of those dividends may be outside the control of the Company and its Directors. The Directors cannot give any assurance regarding the payment of dividends in the future.

5.3.4 Financial markets regulatory risk

The Company is subject to a range of regulatory controls imposed by government (federal and state) and regulatory authorities (for example, ASX and ASIC). The relevant regulatory regimes are complex and are subject to change over time, depending on changes in the laws and the policies of the governments and regulatory authorities.

The Company is exposed to: the risk of changes to applicable laws and/or the interpretation of existing laws, which may have a negative effect on the Company; or the risks associated with non-compliance with these laws (including reporting or other legal obligations). Non-compliance may result in financial penalties being levied against the Company.

5.3.5 Shareholder dilution

In the future, the Company may elect to issue Shares or other securities. While the Company will be subject to the constraints of the ASX Listing Rules regarding the issue of Shares or other securities, Shareholders may be diluted as a result of such issues of Shares or other securities.

5.3.6 Share market liquidity risk

A significant portion of the Company's Shares on issue will be subject to escrow restrictions imposed by the voluntary escrow agreements. This will impact liquidity in the Company's

Shares traded on the market as a large portion of the issued capital will not be able to be traded freely for the period of the escrow.

5.3.7 Changes in taxation laws and policies

Tax laws are in a continual state of change, which may affect the Company and its Shareholders.

There may be tax implications arising from ownership of the Shares, the receipt of franked and unfranked dividends (if any) from the Company, receiving returns of capital and the disposal of the Shares.

Changes to tax laws may adversely affect the Company's financial performance and/or the returns achieved by investors. Dividends paid to certain investors may not be recognised as frankable by the ATO.

The Company is not responsible for either taxation implications or penalties incurred by investors. You should carefully consider these tax implications and obtain advice from an accountant or other professional tax adviser in relation to the application of the tax legislation to your investment in the Company.

5.3.8 Other

There are a number of other general risks, which may impact on the Company's business or an investment in the Shares, which include but are not limited to:

- industrial action impacting the business directly or indirectly; and
- government policies generally (in addition to taxation noted above).

5.4 Non-exhaustive list

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by Shareholders and investors in the Company. The above factors, and others not specifically referred to above may, in the future, materially affect the financial performance of the Company and the value of the Company's securities.

6. TRANSACTION SUMMARY

6.1 Introduction

On 19 July 2018, the Company announced that it had executed a binding Terms Sheet with the Founders and shareholders of The RPM Group under which the Company conditionally agreed to acquire 100% of the businesses that comprise The RPM Group (**Acquisition**).

On 29 November 2018, the Company announced an update to the transaction with The RPM Group. One of the proposed businesses to be acquired would no longer be acquired (The Tyre Factory) while two other businesses would be included in the Acquisition, viz. Fix My Truck and Air Anywhere (both being entities associated with shareholders of The Tyre Factory).

Subsequent to executing the Terms Sheet the Company has entered into individual binding agreements (**Business Sale Agreements** or **BSAs**) with the respective shareholders (**Vendors**) of the businesses that comprise the RPM Group.

In a General Meeting on 27 May 2019 the Company's shareholders approved the Acquisition of The RPM Group which included changing the Company's name to RPM Automotive Group Limited.

6.2 Acquisition method

The Company is acquiring the business assets and assuming some of the liabilities of the businesses that comprise The RPM Group. This differs from a transaction where the acquisition is of the corporate entities or shareholdings in the corporate entities. The BSAs make provision for an orderly transfer of the business operations to the Company. The Company will engage the staff and assume the working capital, including payables, inventory and receivables. The BSAs provide a means for cash adjustments if the amounts of working capital are outside amounts agree in the BSA. For more information refer to Section 13 (Material Contracts).

6.3 Consideration

In consideration for the acquisition of 100% of the businesses that comprise the RPM Group;

- The Company will issue 52,018,400 ordinary fully paid shares to RPM Group Vendors, promoters, staff and Convertible Noteholders. (**Consideration Shares**)
- The Company will issue a further 10,901,600 ordinary fully paid shares to the Vendors of the respective RPM Group business subject to their business meeting the Target EBITDA for FY 2019. (**Performance Shares**) Refer to Section 6.6 for further details.
- The Company will issue up to a further 10,901,600 ordinary fully paid shares to the Vendors of the respective RPM Group business if their business exceeds the Target EBITDA for the FY 2019. (**Earnout Shares**) Refer to Section 6.7 for further details; and
- The Company will pay out \$2.5 million in cash to various RPM Group Vendors as Cash Consideration for the Acquisition. (**Cash Consideration**) Refer to Section 6.10 for further details

The equity consideration for the Acquisition by the Company of the individual businesses that comprise the RPM Group is summarised in the table below.

BUSINESS	CONSIDERATION SHARES	PERFORMANCE SHARES	EARNOUT SHARES	TOTAL SHARES
RW Tyres	19,488,000	4,872,000	4,872,000	29,232,000
Revolution Racegear	10,828,800	2,707,200	2,707,200	16,243,200
Wildcat	4,224,000	1,056,000	1,056,000	6,336,000
Air Anywhere	3,033,600	758,400	758,400	4,550,400
Fix-My-Truck	2,960,000	740,000	740,000	4,440,000
Carline Automotive	2,492,000	768,000	768,000	4,028,000
Promoter's shares	5,492,000	–	–	5,492,000
Convertible Noteholders	3,000,000	–	–	3,000,000
Staff share issue	500,000	–	–	500,000
Total	52,018,400	10,901,600	10,901,600	73,821,600

6.4 Consideration calculation

The Consideration, including the Performance Shares and Earnout Shares to be issued and paid by the Company for the Acquisition, reflects the fair value of The RPM Group in view of the key investment highlights set out in Section 2.3 of the Prospectus and the Company having conducted arm's length negotiations with the shareholders of The RPM Group to arrive at the commercial terms of the Acquisition.

The calculation of the consideration payable by the Company is based on a multiple of EBITDA for each business acquired. Higher multiples for Air Anywhere, Fix My Truck and Carline Automotive reflect their strong growth prospects. The weighted average EBITDA multiple is 4.12x for the RPM Group as a whole. The Consideration EBITDA multiples for the businesses are provided in the table below:

BUSINESS	EBITDA MULTIPLE (x)
RW Tyres	4.0
Revolution Racegear	4.0
Wildcat	4.0
Air Anywhere	4.5
Fix-My-Truck	4.5
Carline Automotive	5.0

The Consideration amount has been increased for inventory (trading stock) being included in the Acquisition. The Company has agreed to acquire \$4.675 million in trading stock currently held by certain RPM Group businesses. (Refer to Section 6.7.)

The table below gives the agreed price for each of The RPM Group businesses:

BUSINESS	REVENUE	EBITDA	EARNINGS MULTIPLE	STOCK	AGREED PRICE
RW Tyres	16,775,000	1,900,000	4.0	2,000,000	9,600,000
Revolution Racegear	6,300,000	850,000	4.0	2,000,000	5,400,000
Wildcat	2,000,000	250,000	4.0	375,000	1,375,000
Air Anywhere	7,185,000	250,000	4.5	300,000	1,425,000
Fix My Truck	1,000,000	250,000	4.5	-	1,125,000
Carline Automotive	500,000	200,000	5.0	-	1,000,000
Total	33,760,000	3,700,000		4,675,000	19,925,000

The agreed price is adjusted for non-current debt (drawn bank facilities) to be assumed by the Company as part of the Acquisition.

BUSINESS	AGREED PRICE	DEBT	PRICE NET OF DEBT
RW Tyres	9,600,000	550,000	9,050,000
Revolution Racegear	5,400,000	1,800,000	3,600,000
Wildcat	1,375,000	-	1,375,000
Air Anywhere	1,425,000	220,000	1,205,000
Fix My Truck	1,125,000	-	1,125,000
Carline Automotive	1,000,000	-	1,000,000
Total	19,925,000	2,570,000	17,355,000

The Consideration amount payable by the Company to the Vendors involves a mixture of cash and equity (new shares issued by Company).

Cash payments by the Company to Vendors were negotiated with the respective Vendor on an individual basis.

Neither of the Founders (and Promoters) of the RPM Group will receive any cash as part of the Acquisition.

The table below shows the equity and cash consideration to be paid by the Company to the Vendors of the RPM Group.

BUSINESS	AGREED PRICE	CASH CONSIDERATION ²⁵	EQUITY CONSIDERATION
RW Tyres	9,050,000	2,000,000	7,050,000
Revolution Racegear	3,600,000	-	3,600,000
Wildcat	1,375,000	-	1,375,000
Air Anywhere	1,205,000	200,000	1,005,000
Fix My Truck	1,125,000	155,000	970,000
Carline Automotive	1,000,000	145,000	855,000
Total	17,355,000	2,500,000	14,855,000

6.5 Equity consideration

²⁵ Refer to Section 6.10 for more details on the Cash Consideration.

In calculating the equity consideration to be issued to the Vendors by the Company the new ordinary fully paid Company Shares and Performance Shares are deemed to be issued at \$0.25 per share. The total equity consideration payable by the Company for the Acquisition is shown in the table below:

BUSINESS	AGREED PRICE	SHARE PRICE	SHARES
The RPM Group	14,855,000	\$0.25 ²⁶	59,420,000
Convertible Noteholders			3,000,000
Staff Shares			500,000
Total			62,920,000
Consideration Shares ²⁷			52,018,400
Performance Shares			10,901,600
			62,920,000

6.6 Use of Performance Shares

To provide downside protection to the Company in the Acquisition, the BSA agreements are structured so that Vendors receive 80% of their equity consideration immediately as Consideration shares. The remaining 20% will be issued as Performance Shares once the results for FY 2019 are known. The Performance Shares are contingent on the businesses meeting their target FY 2019 EBITDA targets and will only be issued to the Vendors if these targets are achieved.

The Performance Shares are at risk to the Vendors of The RPM Group. If a business fails to meet its target EBITDA, then the Vendors of that business will not be issued their Performance Shares. The Performance Shares will be issued pro-rata to the Vendors of a business that earns between 80% and 100% of its target EBITDA. If a business earns less than 80% of its target EBITDA no Performance Shares will be issued to its Vendors. Under the terms of the BSAs the Company may issue up to 10,901,600 Performance Shares. The Performance Shares will be issued within 30 days of when the FY 2019 are released and must be issued prior to 31 October 2019.

BUSINESS	TARGET EBITDA (\$)	PERFORMANCE SHARES
RW Tyres	1,900,000	4,872,000
Revolution Racegear	850,000	2,707,200
Wildcat	250,000	1,056,000
Air Anywhere	250,000	758,400
Fix-My-Truck	250,000	740,000
Carline Automotive	200,000	768,000
Total	3,700,000	10,901,600

6.7 Earnout Shares

²⁶ Note: The Acquisition share price for the Company's issue of Consideration Shares and Performance Shares to The RPM Group Vendors is \$0.25, as distinct from the capital raising share price of \$0.20 for investors under the Public Offer.

²⁷ Includes Promoter's fee of 5,492,000 Shares, which is not subject to the Performance Share calculations.

The Consideration the Company is paying to acquire The RPM Group is based on the EBITDA results of its underlying businesses. If a business does not meet its EBITDA target, the Company will not issue the Vendors of that business their Performance Shares. The Vendor's Performance Shares are at risk to the Vendor.

It was therefore agreed that if businesses exceed their target EBITDA the Vendors will be rewarded. Under the BSAs, if a business being acquired by the Company exceeds its target EBITDA in FY 2019 the Company will issue the Vendors Earnout Shares pro-rata to the proportion by which the business exceeds the target EBITDA. The Earnout Shares are consideration to the Vendor over and above the agreed price for the business.

There is a cap on the number of Earnout Shares a Vendor will be issued, which is 20% of the number of their Consideration Shares. If a business acquired by the Company exceeds its target EBITDA by more than 20% the Vendor will receive the maximum allocation of Earnout Shares. If the business earns EBITDA of between 100% and 120% of the target EBITDA the Earnout Shares will be issued on a pro-rata basis, relative to the percentage by which the actual EBITDA exceeds the target EBITDA.

Under the terms of the BSAs the Company may issue up to a total of 10,901,600 Earnout

BUSINESS	Target EBITDA (\$)	Outperformance	Earnout EBITDA (\$)	EARNOUT SHARES
RW Tyres	1,900,000	20%	2,280,000	4,872,000
Revolution	850,000	20%	1,020,000	2,707,200
Wildcat	250,000	20%	300,000	1,056,000
Air Anywhere	250,000	20%	300,000	758,400
Fix My Truck	250,000	20%	300,000	740,000
Carline	200,000	20%	240,000	768,000
Total	3,700,000		4,440,000	10,901,600

Shares for The RPM Group. The Earnout Shares will be issued within 30 days of when the FY 2019 are released and must be issued prior to 31 October 2019.

The table below shows the FY 2019 EBITDA required by the businesses to achieve the maximum number of Earnout Shares issued to the respective Vendor:

6.8 Promoter's Fee

Under the terms of the BSAs the Founders of The RPM Group, Clive Finkelstein and Lawrence Jaffe, are entitled to a Promoter's Fee (split evenly between them) based on the agreed valuation for each of The RPM Group businesses forming part of the Acquisition.

The Promoter's Fee forms is payable by the Vendors not the Company. The Promoter's Fee is deducted from the Consideration payable to the respective Vendor.

The Founders have elected to receive the Promoter's Fee in equity.

The Company will issue the Founders new shares in the Company that constitutes the Promoter's Fee due to them. The shares being issued for the Promoter's Fee have a deemed issue price of \$0.25 per share.

The table below sets out the Promoter's Fee calculation on each of The RPM Group businesses being acquired:

BUSINESS	AGREED PRICE (\$)	FEE PERCENT	FEE (\$)	SHARE PRICE	SHARES
RW Tyres	9,600,000	10%	960,000	\$0.25	3,840,000
Revolution Racegear	5,400,000	4%	216,000	\$0.25	864,000
Wildcat	1,375,000	4%	55,000	\$0.25	220,000
Air Anywhere	1,425,000	4%	57,000	\$0.25	228,000
Fix My Truck	1,125,000	4%	45,000	\$0.25	180,000
Carline Automotive	1,000,000	4%	40,000	\$0.25	160,000
Total	19,925,000		1,373,000		5,492,000

6.9 Assumption of debt and acquisition of trading stock

The Company has agreed to acquire approximately \$4.675 million in trading stock and assume \$2.57 million of long-term debt held by certain RPM Group businesses being acquired per the table below.

BUSINESS	DEBT (\$)	STOCK (\$)
Revolution Racegear	1,800,000	2,000,000
RW Tyres	550,000	2,000,000
Air Anywhere	220,000	300,000
Wildcat	-	375,000
Total	2,570,000	4,675,000

As described above the long-term debt and trading stock amounts are included in the BSA calculation of the Consideration payable by the Company to the Vendors.

The actual assets of The RPM Group as at 31 December 2018 forming part of the transaction are summarised in the table below:

NET ASSETS ACQUIRED FROM THE RPM GROUP	TOTAL (\$)
Cash and Cash Equivalents	435,770
Trade and Other Receivables	1,039,952
Inventories	5,527,450
Trade and Other Receivables (Non-Current)	82,804
Property, Plant & Equipment	2,250,000
Trade and Other Payables	(1,953,420)
Borrowings & Financial Liabilities	(368,865)
Short-term Provisions	(388,287)
Borrowings & Financial Liabilities (Non-Current)	(1,600,000)
Net Assets/(Liabilities)	5,025,403

The BSAs contain provisions for the respective RPM Group business to conduct a stocktake and account balance reconciliation on Completion of the Transaction and to adjust the agreed price of the business for differences between the agreed and actual assets and

liabilities. If there are material differences (>5%) then the Consideration payable by the Company will be adjusted either in equity or in cash on Completion.

The BSAs also include provisions for slow moving and obsolete stock. Within 12 months from Completion, a stocktake will be conducted and any stock acquired through the transaction considered slow moving or obsolete, will be valued and the notional value in the Company's shares will be deducted from the Vendor's Consideration Shares prior to release from escrow.

6.10 Cash consideration

The Company will pay a total of \$2.5 million to some of the The RPM Group Vendors as part of the Consideration for the Acquisition of The RPM Group. The cash will be paid to the respective Vendors on Completion of the transaction. The table below details the Vendors receiving cash consideration and the use of those funds:

VENDOR	AMOUNT (\$)	USE
RPM Worldwide Group Pty Ltd (1)	1,700,000	To fund the partial cash consideration for the acquisition of Spider GT Pty Ltd
RPM Worldwide Group Pty Ltd (1)	300,000	To fund the partial cash consideration for the acquisition of Tyresome Pty Ltd
RPM Australasia Pty Ltd (3)	145,000	To fund exercise of the Carline purchase option
Mr. Ejay Rahmani (2)	200,000	Partial cash consideration to acquire Air Anywhere
Mr. Ejay Rahmani (2)	155,000	Partial cash consideration to acquire Fix My Truck
Total	2,500,000	

Notes:

(1) RPM Worldwide Group Pty Ltd is the sole shareholder in RW Tyres. RW Tyres has recently acquired the Spider GT and Tyresome businesses and is using the cash proceeds from the Acquisition consideration it will receive from the Company to settle the cash component of those acquisitions.

(2) Mr Ejay Rahmani owns 100% of Fix My Truck Pty Ltd and approximately 50% of EJ Anywhere Pty Ltd (Trading as Air Anywhere). Mr Rahmani will receive a mixture of cash and shares as consideration for the sale of 100% of both businesses under the proposed Transaction. Ms Susan Simpson the additional 50% vendor of Air Anywhere has elected to receive all of her consideration in equity in the Company.

(3) RPM Australasia Pty Ltd obtained an option to acquire Carline Automotive Group Pty Ltd. In December 2018 RPM Australasia Pty Ltd exercised its option to acquire Carline. The cash being paid to RPM Australasia Pty Ltd is to fund the cost of exercising the option.

6.11 RW Tyres

RW Tyres is one of The RPM Group businesses the Company is acquiring as part of the proposed Transaction. RW Tyres comprises four underlying businesses, being; Competition Tyres, Formula OffRoad, Spider GT and Tyresome.

The table below outlines the businesses that make up RW Tyres and includes the Company's valuations of those underlying businesses and the methodology of arriving at those valuations.

BUSINESS – RW TYRES	EBITDA	EBITDA MULTIPLE	STOCK	AGREED VALUATION	LESS DEBT	CASH PAYOUT	EQUITY CONSIDERATION
Existing Businesses							
Competition Tyres	360,000	4	400,000	1,840,000	(250,000)		1,590,000
Formula OffRoad	350,000	4		1,400,000	(300,000)		1,100,000
Spider GT	850,000	4	1,400,000	4,800,000		(1,700,000)	3,100,000
Tyresome	340,000	4	200,000	1,560,000		(300,000)	1,260,000
Total	1,900,000		2,000,000	9,600,000	(550,000)	(2,000,000)	7,050,000
Promoter's Fee (Agreed Val@ 10%)				(960,000)			(960,000)
Net price							6,090,000

RW Tyres has only recently acquired the Spider GT and Tyresome businesses. Prior to settlement of those acquisitions the shareholders of RW Tyres Pty Ltd are RPM Worldwide Group Pty Ltd (70%) and SNK Enterprises Pty Ltd (30%).²⁸ As consideration for the acquisition of those businesses the vendors are being paid a mixture of equity and cash. RPM Worldwide Group Pty Ltd will pay the vendors cash and issue shares in itself as consideration for the acquisitions.

The Consideration being paid in cash by the Company to RPM Worldwide Group Pty Ltd as the Vendor of RW Tyres is being used by RPM Worldwide Group Pty Ltd to settle the cash consideration for the acquisition of Spider GT and Tyresome.

6.12 RPM Worldwide Group Pty Ltd and RPM Australasia Pty Ltd

Prior to the proposed Transaction, RPM Worldwide Group Pty Ltd and RPM Australasia Pty Ltd represented the common ownership and control of Founders of The RPM Group. The Founders of The RPM Group control both companies.

The two entities will be major shareholders in the Company on Completion of the Acquisition. The shareholdings in the Company will depend in part on the number of Performance Shares and Earnout Shares the Company issues them as part of the Transaction.

²⁸ SNK Enterprises Pty Ltd is an entity associated with Stacey Knight from whom RW Tyres acquired Competition Tyres. Stacey has continued his employment at Competition Tyres and is the General Manager RW Tyres.

The ownership of the two entities in The RPM Group businesses being acquired by the Company is given in the table below:

FOUNDER	REVOLUTION RACEGEAR	CARLINE	RW TYRES	WILDCAT
RPM Australasia Pty Ltd	100%	100%	-	
RPM Worldwide Group Pty Ltd	-	-	70%	37%
Total	100%	100%	100%	37%

The shareholdings of the Founders in each company is in the table below:

FOUNDER	RPM AUSTRALASIA PTY LTD (%)	RPM WORLDWIDE GROUP PTY LTD (%)
Clive Finkelstein	14.67%	37.5% *
Lawrence Jaffe	20.94%	37.5% *
Total	35.61%	75.0%

The Founders shareholdings in RPM Worldwide Group Pty Ltd are subject to dilution from the issue of new shares in RPM Worldwide Group Pty Ltd as consideration for the acquisition of Spider GT and Tyresome.

6.13 Convertible Note Holders

In mid-2018, RPM Worldwide Group Pty Ltd issued Convertible Notes to raise \$300,000 to fund the costs of listing The RPM Group on ASX. The Company was a party to the Convertible Note Deed. Under the terms of the Deed the Convertible Notes will mandatorily convert in full into Shares in the Company. The Notes will convert into the Company's Shares at a discount of 50% to the Public Offer price, giving a conversion price of \$0.10 per share.

The Convertible Notes will convert at the time of issue of the Consideration Shares to the RPM Group Vendors.

The ASX may impose mandatory escrow in respect of the Shares issued to the Convertible Noteholders.

The Company will issue 3,000,000 new ordinary fully paid shares to the Note Holders.

6.14 Staff shares

The Company has agreed to issue 500,000 Shares to employees of The RPM Group. The Share issue is a small gesture designed to promote engagement in the workplace. The shares will be awarded at the discretion of the Directors as a means of rewarding past

service and incentivising such employees who are to remain with the Company after completion of the transaction.

The Shares will only be issued and allotted to those employees who were employees at the date of the General Meeting and whose entitlement thereto the Directors will determine. (See Section 15.4)

Directors or future Directors of the Company will not be eligible for Staff Shares.

6.15 Acquisition share price and Public Offer share price

The Public Offer share price is \$0.20 per share.

The Share price for the equity consideration to be issued to the Vendors is \$0.25 per Share.

6.16 Source and use of funds

The Company intends to apply funds raised from the Public Offer, together with existing cash reserves, over the first two years following admission of the Company to the Official List of ASX as follows:

ITEM	MINIMUM RAISE (\$)	MAXIMUM RAISE (\$)
Cash – the Company	79,093	79,093
Cash – The RPM Group	731,083	731,083
Seed Raising	300,000	300,000
Capital Raising	2,000,000	5,000,000
Add: Bank facility	1,000,000	-
Less: Transaction Costs	(500,000)	(750,000)
Less: Payout to Vendors	(2,500,000)	(2,500,000)
Total Cash (Post Transaction)	1,110,176	2,860,176
Cash used in operations	1,000,000	1,000,000
Working Capital	110,176	1,860,176
Use of Funds	1,110,176	2,860,176

7. CAPITAL STRUCTURE

7.1 Overview

The capital structure of the Company on a post-consolidation basis immediately following completion of the Public Offer, assuming a maximum subscription of \$5 million, is summarised below:

RPM CAPITAL STRUCTURE \$5 MILLION RAISE	SHARES	PERCENTAGE	FULLY DILUTED
RPM current issued capital	349,122,480		
Share consolidation to \$0.20 (37:1 consolidation)	9,435,743	10.79%	9.49%
Consideration shares The RPM Group	52,018,400	59.48%	52.32%
Total	61,454,143	70.27%	
Capital raising shares (\$5 million @ 20c/share)	25,000,000	28.59%	25.15%
Broker shares	1,000,000	1.14%	1.01%
RPM shares on completion of RPM acquisition and capital raising	87,454,143	100.00%	
Capital raising options (1:4, 25c strike, 2 year)	6,250,000		6.29%
RPM shareholder options (1:2, 25c strike, 2 year)	4,717,871		4.75%
Broker options (25c strike, 2 year)	1,000,000		1.01%
RPM fully diluted capital structure on Completion	99,422,014		100.00%

Note:

- (1) Does not include Performance Shares or Earnout Shares that may be issued to Vendors.

The capital structure of the Company on a post-consolidation basis immediately following completion of the Public Offer, assuming a minimum subscription of \$2 million, is summarised below:

RPM CAPITAL STRUCTURE	SHARES	PERCENTAGE	FULLY DILUTED
\$2 MILLION RAISE			
RPM current issued capital	349,122,480		
Share consolidation to \$0.20 (37:1 consolidation)	9,435,743	13.02%	11.70%
Consideration shares The RPM Group	52,018,400	71.79%	64.48%
Total	61,454,143	84.82%	
Capital raising shares (\$5 million @ 20c/share)	10,000,000	13.80%	12.40%
Broker shares	1,000,000	1.38%	1.24%
RPM shares on completion of RPM acquisition and capital raising	72,454,143	100.00%	
Capital raising options (1:4, 25c strike, 2 year)	2,500,000		3.10%
RPM shareholder options (1:2, 25c strike, 2 year)	4,717,871		5.85%
Broker options (25c strike, 2 year)	1,000,000		1.24%
RPM fully diluted capital structure on Completion	80,672,014		100.00%

Note:

- (1) Does not include Performance Shares or Earnout Shares that may be issued to Vendors.

7.1 The RPM Group Vendor Shareholdings

A summary of the Shares the Company will issue to the respective Vendors of The RPM Group on a fully diluted basis is listed in the table below.

ENTITY	CONSIDERATION SHARES	PERFORMANCE SHARES	EARNOUT SHARES	TOTAL SHARES	%
Mr. Ejay Rahmani	5,083,520	1,270,880	1,270,880	7,625,280	6.3%
Promoter's shares	5,492,000	–	–	5,492,000	4.5%
RPM Worldwide Group Pty Ltd	23,542,880	6,030,720	6,030,720	35,604,320	29.4%
RPM Australasia Pty Ltd	10,828,800	2,707,200	2,707,200	16,243,200	13.4%
Convertible Noteholders	3,000,000	–	–	3,000,000	2.5%
Staff share issue	500,000	–	–	500,000	0.4%
Other vending shareholders	3,571,200	892,800	892,800	5,356,800	4.4%
Total Shares RPM Group vendors, promoters & staff	52,018,400	10,901,600	10,901,600	73,821,600	60.9%

7.2 Restricted Securities

The following arrangements have been agreed with the parties to the Acquisition of The RPM Group:

- The 43,026,400 Consideration Shares issued to the Vendors will be subject to voluntary escrow for 12 months following the recommencement of trading in the Company's securities on the ASX. In the event that the ASX imposes mandatory escrow in respect of the Consideration Shares, then the voluntary escrow period will align with the ASX mandatory escrow period.
- The 500,000 Staff Shares that will be issued to employees of the Company will not be subject to voluntary escrow arrangements. In the event that the ASX imposes mandatory escrow in respect of the Consideration Shares, then the voluntary escrow period will align with the ASX mandatory escrow period.
- The Performance Shares (if issued) will not be subject to voluntary escrow arrangements. In the event that the ASX imposes mandatory escrow in respect of the Performance Shares, then the voluntary escrow arrangements will align with the ASX mandatory escrow period.
- The Earnout Shares (if issued) will not be subject to voluntary escrow arrangements. In the event that the ASX imposes mandatory escrow in respect of the Earnout Shares, then the voluntary escrow arrangements will align with the ASX mandatory escrow period.
- Half (50%) of the Shares issued to each Convertible Noteholder will be escrowed for a period of 12 months from the date of issue of the Convertible Notes, being the value uplift to \$0.20 a share from the subscription per Convertible Note of \$0.10. (The Convertible Notes convert on a 1:1 into Shares in RPM.)

- The Adviser Shares and Promoter Shares will be subject to 24 months escrow.
- The Consideration Shares, Performance Shares and Earnout Shares will be subject to the ASX Listing Rules and determination by ASX in respect of the application of ASX mandatory escrow.

7.1 Substantial Shareholders

Those Shareholders holding 5% or more of the Shares on issue as at the date of this Prospectus on completion of the Public Offer (assuming minimum subscription) are set out in Section 16.11.

The Company will announce to the ASX details of its 20 largest Shareholders (following completion of the Public Offer) prior to the Shares commencing trading on ASX.

8. HISTORICAL AND PRO-FORMA FINANCIAL INFORMATION

8. Financial Information

8.1 Introduction

This section contains a summary of the Historical Financial Information and the Pro-forma Historical Financial Information (together, the Financial Information) of the Company (RPM Automotive Group Limited, formerly Kairiki Energy Ltd) (the **Company**) and the reviewed financial statements of RPM Group (together with Kairiki, 'the Group') to 31 December 2018.

a) The Historical Financial Information comprises:

- i. Historical Aggregated Statements of Profit of Loss and Other Comprehensive Income for the RPM Group for the financial years ended 30 June 2016 (FY2016), 30 June 2017 (FY2017), 30 June 2018 (FY2018) and for the half-year ended 31 December 2018 (HY2018);
- ii. Historical Aggregated Statements of Financial Position as at FY2016, FY2017, FY2018 and HY2018;

b) The Pro-forma Historical Financial Information comprises

- i. Pro-forma Historical Aggregated Statement of Financial Position as at 31 December 2018 for the Group.

The Financial Information has been reviewed in accordance with the Australian Standard on Assurance Engagements ASAE 3450 Assurance Engagements involving Fundraising and/or Prospective Financial Information, by Walker Wayland Advantage Corporate Pty Ltd, whose Investigating Accountant's Report is contained in Section 9. Investors should note the scope and limitations of the report.

8.2 Basis of Preparation

Overview

The prospective Directors are responsible for the preparation and presentation of the Financial Information. The Financial Information included in this Prospectus is intended to present potential investors with information to assist them in understanding the underlying historical financial performance and financial position of Kairiki and the RPM Automotive Group.

The Financial Information has been prepared in accordance with Australian Accounting Standards, with the exception of AASB 10 – Consolidated Financial Statements, AASB 5 – Non-current Assets Held for Sale and Discontinued Operations and AASB 112 – Income Taxes. The Financial Information is presented in an abbreviated form insofar as it does not

include all the disclosures, statements or comparative information as required by the Australian Accounting Standards (AAS) applicable to annual financial reports prepared in accordance with the Corporations Act 2001.

The significant accounting policies adopted in the preparation of the Financial Information are set out in section 8.5 and have been consistently applied throughout the financial periods presented in this Prospectus.

Preparation of Historical Financial Information

The Historical Financial Information has been extracted from the special purpose financial statements of the Group for the financial years ended 30 June 2016, 30 June 2017 and 30 June 2018, and the half-year ended 31 December 2018.

Walker Wayland Advantage Audit Partnership was appointed auditor of the Group on 17 August 2018. The financial statements above were audited in accordance with Australian Auditing Standards. Walker Wayland Advantage Audit Partnership issued modified audit opinions on the financial statements for the years ended 30 June 2016, 30 June 2017 and 30 June 2018 a modified review report for the half-year ended 31 December 2018, noting the following:

We were not appointed as auditors for the entity until after 30 June 2018 and thus did not observe the counting of physical inventories at the beginning and end of the 30 June 2018 year. We were unable to satisfy ourselves by alternative means concerning the inventory quantities held at 30 June 2018 and 31 December 2018, which are stated in the statements of financial position at \$5,071,123 and \$5,527,450, respectively. We therefore are unable to express an opinion on the existence of the recorded inventory and since inventories enter into the determination of the financial performance, we were unable to determine whether adjustments might have been necessary in respect of the income for the year reported in the statement of profit or loss.

Due to the unavailability of supporting documentation we were unable to obtain sufficient review evidence in regards the balances reported for the company Riley St Automotive which are included in the group aggregated report. We are therefore unable to express a conclusion on the amounts contributed by this entity comprising assets of \$503,489, liabilities of \$365,885 and a net loss of \$37,409.

Preparation of Pro-forma Historical Information

The Pro-forma Historical Financial Information is based on the reviewed Statement of Financial Position for the half-year ended 31 December 2018 adjusted for the impact of the Offer which includes Offer costs and other pro-forma adjustments as set out in section 8.4. Investors should note that past results are not a guarantee of future performance.

The Company is an ASX listed company whose historical audited financial statements have been lodged with ASIC, released to the ASX and are available for download via the ASX website (www.asx.com.au).

New and revised accounting standards

The AASB has recently issued revised accounting standards in relation to revenue recognition (AASB 15), financial instruments (AASB 9) and leases (AASB 16). The revised standards in relation to revenue recognition and financial instruments will become effective for reporting periods commencing on or after 1 January 2018 and therefore are applicable for the Company for the reporting period ending 31 December 2018. The adoption of these two accounting standards has no material impact on the Company or the Group.

The revised leases standard will become effective for reporting periods commencing on or after 1 January 2019 and therefore will be applicable for the Company for the reporting period ending 31 December 2019. The Financial Information does not consider the effect of this new standard as it is not yet effective.

8.3 Historical Financial Information

Statement of Profit or Loss and Other Comprehensive Income

		Half year ended 31 Dec 2018, Reviewed Actual	Year ended 30 June 2018, Audited Actual	Year ended 30 June 2017, Audited Actual	Year ended 30 June 2016, Audited Actual
	Notes				
Revenue	1	17,042,639	33,415,070	22,492,759	21,119,329
Cost of Goods Sold		11,486,055	22,027,376	13,678,629	13,091,330
Gross Profit		5,556,584	11,387,694	8,814,130	8,027,999
Other Revenue	2	658,372	720,768	465,014	227,278
Distribution Expenses		450,519	877,887	278,764	230,613
Selling Expenses		105,249	297,921	213,991	382,900
Administration Expenses		718,595	1,896,678	1,694,740	1,940,156
Finance Costs		221,825	347,568	259,115	344,882
Occupancy Costs		608,405	1,134,734	1,006,642	843,293
Employment Costs		2,789,876	5,505,323	4,575,741	4,610,794
Other Expenses		212,021	142,843	-	-
Profit before Income Tax Expense		1,108,466	1,905,508	1,250,151	(97,361)
Income Tax Expenses		299,161	507,878	134,956	119,745
Profit from Operations		809,305	1,397,630	1,115,195	(217,106)

Normalised Earnings

EBITDA is Earnings before Interest, Tax, Depreciation and Amortisation. This is the principal measure RPM Group considers in assessing the operating performance of its business.

	Half year ended 31 Dec 2018, Reviewed Actual	Year ended 30 June 2018, Audited Actual	Year ended 30 June 2017, Audited Actual	Year ended 30 June 2016, Audited Actual
Profit from Operations	809,305	1,397,630	1,115,195	(217,106)
Plus Income Tax Expenses	299,161	507,878	134,956	119,745
Profit before Income Tax Expense	1,108,466	1,905,508	1,250,151	(97,361)
<i>Add back</i>				
Amortisation	1,353	-	-	-
Depreciation	97,299	188,255	247,619	253,038
Interest	137,506	225,288	222,302	322,214
Prior Period Adjustments*	90,237	390,676	166,664	83,786
Total Add Back	326,395	804,219	636,585	659,038
EBITDA	1,434,861	2,709,727	1,886,736	561,677
Prior Period Adjustment Details*				
Director on-costs	41,097	83,786	83,786	83,786
Remuneration	24,140	36,000	82,878	-
Legal Costs	25,000	50,263	-	-
Wholesale supply disruption	-	150,000	-	-
Bad Debt	-	70,627	-	-
	90,237	390,676	166,664	83,786

Revenue

1 - Sales	Dec-18	Jun-18	Jun-17	Jun-16
Sales Revenue				
Sale of Goods	17,042,639	33,415,070	22,492,759	21,119,329
	<u>17,132,578</u>	<u>33,415,070</u>	<u>22,492,759</u>	<u>21,119,329</u>
2 – Other Revenue	Dec-18	Jun-18	Jun-17	Jun-16
Discounts Received	-	-	3,195	-
Dividends Received	-	-	-	530
Interest Received	6,657	672	2,506	2,349
Rebates	454,864	433,928	340,358	71,935
Recoveries	84,167	99,212	46,803	77,886
Rendering of Services	89,939	-	-	-
Other Revenue	7,554	178,067	54,748	36,627
Foreign Currency Exchange Gain	-	-	10,602	26,912
Government Subsidies	-	8,888	6,802	-
Proceeds on Sale of Non-current Assets	15,191	-	-	11,039
	<u>658,372</u>	<u>720,767</u>	<u>465,014</u>	<u>227,278</u>
Total Revenue	<u>17,701,011</u>	<u>34,135,837</u>	<u>22,957,773</u>	<u>21,346,607</u>

Statement of Financial Position

		Half year ended Dec 2018, Reviewed Actual	Year ended 30 June 2018, Audited Actual	Year ended 30 June 2017, Audited Actual	Year ended 30 June 2016, Audited Actual
Notes					
Current Assets					
Cash and Cash Equivalents	3	731,083	795,817	705,924	447,374
Trade and Other Receivables	4	4,098,521	4,296,031	3,130,418	2,376,982
Inventories	5	5,527,450	5,071,123	4,539,682	3,512,186
Other Current Assets	7	79,638	24,430	25,564	42,095
Total Current Assets		10,436,692	10,187,401	8,401,588	6,378,637
Non-Current Assets					
Trade and Other Receivables	4	82,804	82,804	82,804	78,904
Property, Plant and Equipment	8	1,054,758	1,102,072	1,046,709	1,182,276
Intangible Assets	9	1,487,610	1,426,893	911,406	909,698
Total Non-Current Assets		2,625,172	2,611,769	2,040,919	2,170,878
Total Assets		13,061,864	12,799,170	10,442,507	8,549,515
Current Liabilities					
Trade and Other Payables	10	4,862,968	4,225,925	4,048,719	4,057,436
Current Tax Liabilities	6	725,272	735,449	138,712	66,730
Financial Liabilities	11	2,222,097	3,283,051	2,362,777	875,174
Short Term Provisions	12	536,971	517,711	285,294	333,981
Total Current Liabilities		8,347,308	8,762,136	6,835,502	5,333,321
Non-Current Liabilities					
Financial Liabilities	11	1,818,296	1,911,132	2,127,108	1,359,905
Total Non-Current Liabilities		1,818,296	1,911,132	2,127,108	1,359,905
Total Liabilities		10,165,604	10,673,268	8,962,610	6,693,226
Net Assets		2,896,260	2,125,902	1,479,897	1,856,289
Equity					
Issued Capital		428	428	4,189,902	4,189,902
Reserves	13	(85,484)	(85,484)	(3,648,332)	(2,156,745)
Retained Profits	14	2,981,316	2,210,958	938,327	(176,868)
Total Equity		2,896,260	2,125,902	1,479,897	1,856,289

Notes to the Statement of Financial Position

3 – Cash and Cash Equivalents	Dec-18	Jun-18	Jun-17	Jun-16
Cash on Hand	775	906	706	706
Cash in transit	8,875	26,291	(712)	4,511
Deposits at Call	2,606	-	-	-
Petty Cash	15,651	400	400	2,389
Cash at Bank	703,176	768,220	705,530	439,768
Total Cash and Cash Equivalents	731,083	795,817	705,924	447,374
Cash Reconciliation				
Cash and Cash Equivalents	731,083	795,817	705,924	447,374
Bank Overdrafts	(316,213)	(447,726)	-	-
Net Cash and Cash Equivalents	414,870	348,091	705,924	447,374

4 – Trade and Other Receivables	Dec-18	Jun-18	Jun-17	Jun-16
Current				
Sundry Debtors	11,436	26,421	7,549	7,549
Trade Debtors	4,103,664	4,290,586	3,103,094	2,372,633
Less Provision for Doubtful Debts	(66,282)	(69,482)	(3,200)	(3,200)
Other Debtors	49,703	48,506	22,975	
	4,098,521	4,296,031	3,130,418	2,376,982
Non-Current				
Deposits	82,804	82,804	82,804	78,904
	82,804	82,804	82,804	78,904
Total Trade and Other Receivables	4,181,325	4,378,835	3,213,222	2,455,886

5 – Inventories	Dec-18	Jun-18	Jun-17	Jun-16
Current				
Stock on Hand	5,202,109	4,718,322	4,316,898	3,391,184
Raw Materials	325,341	352,801	222,784	121,002
Total Inventories	5,527,450	5,071,123	4,539,682	3,512,186

6 – Tax Assets & Liabilities	Dec-18	Jun-18	Jun-17	Jun-16
Tax Liability	687,078	735,449	138,712	50,532
Payroll Tax	38,194	-	-	16,198
Net Tax Liabilities	725,272	735,449	138,712	66,730

7 – Other Assets	Dec-18	Jun-18	Jun-17	Jun-16
Prepayments	74,090	17,528	15,956	38,176
Prepaid Borrowing Expenses	13,531	13,531	13,531	6,531
Less Amortisation	(7,983)	(6,629)	(3,923)	(2,612)
Total Other Assets	79,638	24,430	25,564	42,095

8 – Property, Plant and Equipment	Dec-18	Jun-18	Jun-17	Jun-16
Property Improvements	267,834	267,834	267,834	267,834
Less Accumulated Depreciation & Impairment	(69,572)	(67,062)	(61,914)	(56,634)
	198,262	200,772	205,920	211,200
Plant & Equipment	1,661,123	1,659,160	1,601,012	1,584,615
Less: Accumulated Depreciation	(1,230,684)	(1,190,868)	(1,112,318)	(1,002,195)
	430,439	468,292	488,694	582,420
Motor Vehicles	497,265	498,073	591,333	536,635
Less: Accumulated Depreciation	(322,810)	(314,801)	(381,915)	(304,606)
	174,455	183,272	209,418	232,029
Office Furniture & Equipment	392,831	364,259	358,649	348,514
Less: Accumulated Depreciation	(264,122)	(254,402)	(229,925)	(206,575)
	128,709	109,857	128,724	141,939
Low Value Pool	122,893	139,879	13,953	14,688
Total Property, Plant and Equipment	1,054,758	1,102,072	1,046,709	1,182,276

9 – Intangible Assets	Dec-18	Jun-18	Jun-17	Jun-16
Formation Expenses	134,582	73,865	33,378	33,378
Goodwill	1,197,727	1,197,727	872,727	872,727
Patents & Trademarks	155,301	155,301	5,301	3,593
Total Intangible Assets	1,487,610	1,426,893	911,406	909,698
10 – Trade and Other Payables	Dec-18	Jun-18	Jun-17	Jun-16
Trade & Sundry Creditors	4,530,121	4,655,778	4,951,227	4,925,381
Provision for GST	332,847	193,352	122,778	271,919
Total Trade and Other Payables	4,862,968	4,225,925	4,048,719	4,057,436
11 – Financial Liabilities	Dec-18	Jun-18	Jun-17	Jun-16
Current				
Cash at Bank	279,036	447,726	-	-
Credit Cards	37,177	-	-	-
Related Party Loans	1,253,320	2,232,194	1,979,290	174,053
<i>Hire Purchase</i>				
Hire Purchase Liability	6,208	43,266	82,884	52,928
Less Unexpired Charges	(1,140)	(2,931)	(7,957)	(6,537)
	5,068	40,335	74,927	46,391
Loans – Bank	647,496	562,796	308,560	654,730
Total Current	2,222,097	3,283,051	2,362,777	875,174
Non-current				
<i>Hire Purchase</i>				
Hire Purchase Liability	127,817	136,623	147,045	113,968
Less Unexpired Charges	(25,491)	(25,491)	(19,937)	(14,522)
	102,326	111,132	127,108	99,446
Loans – Bank	1,715,970	1,800,000	2,000,000	-
Loans – Unsecured	-	-	-	601,681
Loans – Related Parties	-	-	-	658,778
Total Non-current	1,818,296	1,911,132	2,127,108	1,359,905
Total Financial Liabilities	4,040,393	5,194,183	4,489,885	2,235,079
12 – Provisions	Dec-18	Jun-18	Jun-17	Jun-16
Current				
Provision for Holiday Pay	375,698	361,257	180,816	200,529
Provision for Long Service Leave	161,273	156,454	104,478	133,452
Total Provisions	536,971	517,711	285,294	333,981
13 – Reserves	Dec-18	Jun-18	Jun-17	Jun-16
General Reserve				
Opening Balance	(85,484)	(3,648,332)	(2,156,745)	(2,079,111)
Movements	-	3,562,848	(1,491,587)	(77,634)
Closing Balance	(85,484)	(85,484)	(3,648,332)	(2,156,745)
Total Reserves	(85,484)	(85,484)	(3,648,332)	(2,156,745)

14 – Retained Profits / Accumulated Losses	Dec-18	Jun-18	Jun-17	Jun-16
Retained Profits at Beginning of Financial Year	2,210,958	938,328	(176,868)	(246,474)
<i>Add</i>				
Net profit attributable to members	1,069,519	1,905,508	1,250,151	189,351
<i>Less</i>				
Income Tax Expense	(299,161)	(507,878)	(134,956)	(119,745)
Dividend Paid	-	(125,000)	-	-
Retained Profits at 31 December 2018	<u>2,981,316</u>	<u>2,210,958</u>	<u>938,327</u>	<u>(176,868)</u>

8.4 Pro Forma Aggregated Statement of Financial Position

The information set out below consists of the Historical Statements of Financial Position derived from the reviewed aggregated financial statements of Kairiki Energy Ltd (the Company) and the reviewed financial statements of RPM Automotive Group to 31st December 2018, the prospective Directors' estimate of subsequent events from this date to completion and the Transaction and the pro-forma adjustments associated with completion of the Offer at the minimum and maximum capital raising amounts and the Transaction (collectively referred to as the Pro-Forma Financial Information).

Footnotes including assumptions are included at the end of the pro-forma Aggregated Statement of Financial Position.

The Financial Information has been reviewed and reported on by Walker Wayland Advantage Corporate Pty Ltd whose Investigating Accountant's Report is set out in Section 9.

The Pro-forma Financials has provision for capital raising scenarios of \$2m, \$3.5m and \$5m as detailed below.

RPM Group Historical and Pro-forma Aggregated Statement of Financial Position

	Kairiki Consolidated Reviewed 31 Dec 18	Kairiki Pro-forma Adjustments	Kairiki Pro-forma Post	RPM Reviewed 31 Dec 18	RPM Pro-forma Adjustments	Minimum Raising \$2m Less Costs	Pro-forma Post Acquisition \$2m raised	Pro-forma Post Acquisition \$3.5m raised	Pro-forma Post Acquisition \$5m raised
Notes					1	2			
	\$	\$	\$	\$	\$	\$	\$	\$	\$
CURRENT ASSETS									
Cash and cash equivalents	77,483	-	77,483	731,083	(295,313)	(375,000)	138,253	1,513,253	2,888,253
Trade and other receivables	1,610	-	1,610	4,098,521	(3,058,569)	-	1,041,562	1,041,562	1,041,562
Prepayments	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	5,527,450	-	-	5,527,450	5,527,450	5,527,450
Other Current Assets	-	-	-	79,638	(79,638)	-	-	-	-
TOTAL CURRENT ASSETS	<u>79,093</u>	<u>-</u>	<u>79,093</u>	<u>10,436,692</u>	<u>(3,433,520)</u>	<u>(375,000)</u>	<u>6,707,265</u>	<u>8,082,265</u>	<u>9,457,265</u>

	Kairiki Consolidated Reviewed 31 Dec 18	Kairiki Pro-forma Adjustments	Kairiki Pro Forma Post	RPM Reviewed 31 Dec 18	RPM Pro Forma Adjustments	Minimum Raising \$2m Less Costs	Pro-forma Post Acquisition \$2m raised	Pro-forma Post Acquisition \$3.5m raised	Pro-forma Post Acquisition \$5m raised
Notes					1	2			
	\$	\$	\$	\$	\$	\$	\$	\$	\$
NON-CURRENT ASSETS									
Trade and other receivables	-	-	-	82,804	-	-	82,804	82,804	82,804
Other financial assets	-	-	-	-	-	-	-	-	-
Property, plant and equipment	4	-	-	1,054,758	1,195,242	-	2,250,000	2,250,000	2,250,000
Intangible assets	-	-	-	1,487,610	(1,487,610)	-	-	-	-
Deferred tax assets	-	-	-	-	-	-	-	-	-
TOTAL NON-CURRENT ASSETS	-	-	-	2,625,172	(292,368)	-	2,332,804	2,332,804	2,332,804
	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	79,093	-	79,093	13,061,864	(3,725,888)	(375,000)	9,040,069	10,415,069	11,790,069
	-	-	-	-	-	-	-	-	-
CURRENT LIABILITIES	-	-	-	-	-	-	-	-	-
Trade and other payables	218,257	-	218,257	4,862,968	(2,909,548)	325,000	2,496,677	2,496,677	2,496,677
Borrowings / Financial Liabilities	-	-	-	2,222,097	(1,853,232)	-	368,865	368,865	368,865
Current tax liability	-	-	-	725,272	(725,272)	-	-	-	-
Short-Term Provisions	-	-	-	536,971	(148,683)	-	388,288	388,288	388,288
TOTAL CURRENT LIABILITIES	218,257	-	218,257	8,347,308	(5,636,735)	325,000	3,253,830	3,253,830	3,253,830
	-	-	-	-	-	-	-	-	-
NON-CURRENT LIABILITIES	-	-	-	-	-	-	-	-	-
Borrowings / Financial Liabilities	-	-	-	1,818,296	(218,296)	-	1,600,000	1,600,000	1,600,000
Provisions	-	-	-	-	-	-	-	-	-
TOTAL NON-CURRENT LIABILITIES	-	-	-	1,818,296	(218,296)	-	1,600,000	1,600,000	1,600,000
	-	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	218,257	-	218,257	10,165,604	(5,855,031)	325,000	4,853,830	4,853,830	4,853,830
	-	-	-	-	-	-	-	-	-
NET ASSETS	(139,164)	-	(139,164)	2,896,260	2,129,143	(700,000)	4,186,239	5,561,239	6,936,239

		Kairiki Consolidated Reviewed 31 Dec 18	Kairiki Pro-forma Adjustments	Kairiki Pro Forma Post	RPM Reviewed 31 Dec 18	RPM Pro Forma Adjustments	Minimum Raising \$2m Less Costs	Pro-forma Post Acquisition \$2m raised	Pro-forma Post Acquisition \$3.5m raised	Pro-forma Post Acquisition \$5m raised
	Notes					1	2			
		\$	\$	\$	\$	\$	\$	\$	\$	\$
Issued Capital	3	86,101,448	(84,214,299)	1,887,149	428	(428)	14,829,600	16,716,749	18,216,749	19,716,749
Reserves		(6,885,355)	6,885,355	-	(85,484)	85,484	-	-	-	-
Accumulated Losses		(79,355,257)	77,328,944	(2,026,313)	2,981,316	2,044,087	(15,529,600)	(12,530,510)	(12,655,510)	(12,780,510)
TOTAL EQUITY		<u>(139,164)</u>	<u>-</u>	<u>(139,164)</u>	<u>2,896,260</u>	<u>2,129,143</u>	<u>(700,000)</u>	<u>4,186,239</u>	<u>5,561,239</u>	<u>6,936,239</u>

Footnotes:

1. Pro-forma assets and liabilities from the aggregated RPM Automotive Group acquired. Based on 31 December 2018 reviewed financial statements. The respective assets and liabilities of the businesses acquired under the Business Sale Agreements are reflected in the tables below;

Net Assets Acquired from RPM Group	Fix My Truck	Air Anywhere	Revolution Racegear	Competition Tyres	Formula Offroad	Spider GT	Riley Street	Wildcat	Subsequent Events Adjustment	Totals
Cash and Cash Equivalents			81,805	245,347	68,618				40,000	435,770
Trade and Other Receivables			148,352	316,134	191,076			324,390	60,000	1,039,952
Other Current Assets										-
Inventories		389,968	2,954,704	223,917	205,692	1,288,983	58,851	405,336		5,527,450
Trade and Other Receivables (Non-Current)	4,127		23,286			16,346	27,500	11,545		82,804
Property, Plant & Equipment	1,091	170,451	400,515	155,977	28,210	110,952	6,945	180,617	1,195,242	2,250,000
Intangibles										-
Trade and Other Payables			(931,282)	(774,019)	(152,109)	(7,604)		(88,406)		(1,953,420)
Borrowings & Financial Liabilities				(306,250)	(162,615)				100,000	(368,865)
Current Tax Liability										-
Short-term Provisions			(197,917)	(60,042)	(41,790)			(88,538)		(388,287)
Borrowings & Financial Liabilities (Non-Current)			(1,700,000)						100,000	(1,600,000)
Net Assets/(Liabilities)	5,218	560,419	779,463	(198,936)	137,081	1,408,677	93,296	744,943	1,495,242	5,025,403

The closing total of \$5,025,403 represents the assets and liabilities acquired under the Business Sale Agreement's both at 31 December 2018 and the subsequent events, as detailed below:

Net Assets Acquired from RPM Group	RPM Reviewed Accounts Dec 18	RPM Pro Forma Adjustments	Total
Cash and Cash Equivalents	731,083	(295,313)	435,770
Trade and Other Receivables	4,098,521	(3,058,569)	1,039,952
Other Current Assets	79,638	(79,638)	-
Inventories	5,527,450	-	5,527,450
Trade and Other Receivables (Non-Current)	82,804	-	82,804
Property, Plant & Equipment	1,054,758	1,195,242	2,250,000
Intangibles	1,487,610	(1,487,610)	-
Trade and Other Payables	(4,862,968)	2,909,548	(1,953,420)
Borrowings & Financial Liabilities	(2,222,097)	1,853,232	(368,865)
Current Tax Liability	(725,272)	725,272	-
Short-term Provisions	(536,971)	148,684	(388,287)
Borrowings & Financial Liabilities (Non-Current)	(1,818,296)	218,296	(1,600,000)
Net Assets/(Liabilities)	2,896,260	2,129,143	5,025,403

Net Assets Acquired from RPM Group	RPM Reviewed Accounts Dec18	RPM Pro Forma Adjustments	Total
Current Assets	10,436,692	(3,433,520)	7,003,172
Non-Current Assets	2,625,172	(292,368)	2,332,804
Current Liabilities	(8,347,308)	5,636,735	(2,710,573)
Non-Current Liabilities	(1,818,296)	218,296	(1,600,000)
Net Assets	2,896,260	2,129,143	5,025,403

2. Set out are the material transactions that have occurred since the 31 December 2018 and the impact on the Pro Forma Aggregated Statement of Financial Position as if they had occurred as at 31 December 2018. These form the Subsequent events and are as follows:
 - a. Exercised the Carline Automotive Group option to acquire business assets, resulting in \$40,000 of Cash and Cash Equivalents and \$60,000 of Trade and Other Receivables.
 - b. Reduction of commercial bill debt for Revolution Racegear of \$100,000 in Borrowings & Financial Liabilities (Non-Current)
 - c. Reduction of finance facility for Competition Tyres of \$100,000 in Borrowings & Financial Liabilities
 - d. Revaluation of Plant and Equipment (see footnote 5) by \$1,195,242
3. Minimum raising \$2m less costs includes \$300,000 raised from Convertible Notes, \$2,000,000 from investors *less* cash payout to vendors of \$2,500,000 and estimated transaction costs of \$500,000 (see table 14.13)

A share based payment listing expense of \$12,529,600 is recorded representing a deemed issue of shares by RPM Automotive Group, equivalent to the consideration shares to be issued (see reconciliation to movement in retained earnings below).

	Shares Issued	Share Price	Cost
Vendors	43,026,400	0.25	10,756,600
Promoters	5,492,000	0.25	1,373,000
Convertible Notes	3,000,000	0.10	300,000
Staff Shares	500,000	0.20	100,000
Total Share Expense	52,018,400		12,529,600
Cash Payout – Vendor / Purchases			2,500,000
Transaction Costs			500,000
Total Movement to Retained Earnings			15,529,600

Performance and earn-out shares are not represented above as they are issued contingent on the performance of the entities forming the aggregated group for the period ended 30 June 2019.

The Group has exercised the option to purchase Carline Automotive Group post 31 December 2018 for \$145,000 cash (reflected in trade and other payables) and recognised an uplift in current assets of \$100,000 to reflect the Cash and Trade Receivables received from the transaction.

4. Kairiki Pro Forma Post issued capital value of \$1,887,149 is post 1:37 consolidation of 349,122,480 shares to 9,435,743 valued at \$0.20 per share following the completion of the public offer
5. Plant & Equipment has been revalued per the Directors valuation as at the date of transaction. Post listing for both financial accounts and insurance purposes, the Directors will engage an independent valuation of all assets.

8.5 Summary of Significant Accounting Policies

The financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. The accounting policies have been adopted in the preparation of the Financial Information are as follows:

a) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

b) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that the Group will incur an outflow of economic benefits and that outflow can be reliably measured.

Provisions are measured using the best estimate of the consideration required to settle the obligation at the end of the reporting period.

c) Employee Benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

d) Property, Plant & Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Plant and Equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying value of plant and equipment is greater than the estimated recoverable amount, the carrying value is written down immediately to the estimated recoverable amount. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Accounting Policy note –Impairment).

The cost of fixed assets constructed within the consolidated group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying value or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation

The depreciation method and useful life used for items of property, plant and equipment (excluding freehold land) reflects the pattern in which their future economic benefits are expected to be consumed by RPM Automotive Group. Depreciation commences from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. The depreciation method and useful life of assets is reviewed annually to ensure they are still appropriate.

Standard depreciation rates used for each class of depreciable asset.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying value is written down immediately to recoverable amount if the asset's carrying value is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying value. These gains or losses are recognised immediately in profit or loss. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

e) Foreign Currency Transactions and Balances

The financial statements are presented in Australian dollars, which is the Group's functional and presentation currency.

Transactions in foreign currency are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss.

f) Income Tax

The income tax expense (revenue) for the reporting period comprises current income tax expense (income). Tax effect accounting has not been applied by the Group in the financial statements.

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

g) Borrowings

Loans and borrowings are carried at their principal amounts which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and is recorded as part of the current payables.

h) Intangibles

Goodwill is carried at cost less accumulated impairment losses.

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Intangible assets are subsequently measured at cost less amortisation and any impairment.

The gains or losses recognised in profit or loss arising from the de-recognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset.

The method and useful lives of finite life intangibles are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill is tested annually for impairment and is allocated to the group's cash-generating units or groups of cash-generating units, which represents the lowest level at which goodwill is monitored but where such level is not larger than an operating segment

i) Trade and Other Receivables

Trade receivables are recognised initially at the transaction price (i.e. cost) and are subsequently measured at cost less provision for impairment, as they are generally due for settlement within 30 days.

At the end of each reporting period, the carrying value of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately in the financial statements. A provision for impaired trade receivables is raised when there is material doubt exists on the collection of the trade receivable.

j) Inventories

Inventories are measured at the lower of cost and net realisable value. Costs are assigned on a first-in first-out bases and include direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenses.

k) Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the group commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and Subsequent Measurement

Finance instruments are subsequently measured at fair value, amortised cost using the effective interest rate method or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- The amount at which the financial asset or financial liability is measured at initial recognition;
- Less principal repayments;
- Plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and
- Less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying value of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense item in profit or loss.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Financial Assets at Fair Value through Profit and Loss

Financial assets are classified at 'fair value through profit or loss' when they are held for trading for the purpose of short term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Impairment

At the end of each reporting period, the group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are immediately recognised in profit or loss. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

De-recognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the group no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed is recognised in profit or loss.

I) Revenue Recognition

Revenue is recognised when it is probable that the economic benefit will flow to the aggregated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Sale of goods

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and cessation of all involvement in those goods.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

m) Trade and Other Payables

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

n) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable. In these circumstances GST is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

o) Comparative Figures

When appropriate, comparative figures have been adjusted to confirm to changes in presentation for the current financial period.

p) Principles of Aggregation

The Pro Forma Financial Information incorporate the assets and liabilities of all subsidiaries of the Company and RPM Automotive Group ('the Group') as at 30th June 2018

As explained above these financial statements are aggregated financial statements and are not consolidated financial statements as required by AASB 10 – Consolidated Financial Statements. As at 31 December 2018, there is no basis for the preparation of consolidated financial statements as there is no common ownership of the entities which make up the Group. The aggregated financial statements incorporate the assets and liabilities of all the entities of the RPM Automotive Group as at 30 June 2016, 30 June 2017, 30 June 2018 and the half year period ended 31 December 2018 and the results of these entities for the year then ended.

Throughout this financial report the term 'the Group' refers to the aggregation of the entities detailed in section 8. All the entities have a 30 June financial year end and are domiciled and operate in Australia.

In preparing the aggregated financial statements, the following transactions and balances have been eliminated:

- All intercompany balances between entities within the aggregated group, including any unrealised profits or losses
- All intercompany dividends and distributions have been eliminated in the aggregated entity.
- All intercompany transactions between entities in the aggregated group.

As a consequence of the financial report being prepared on an aggregated basis, no eliminations have occurred in relation to equity balances, specifically; issued capital, retained earnings and reserves.

q) Reverse acquisition accounting

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

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

Therefore, consistent with the accepted practice for transactions similar in nature to the acquisition, the Company has accounted for the acquisition of the Group in the Pro Forma Financial Information of the legal acquirer (the Company) as a continuation of the financial statements of the legally acquired entities (the Group), together with a share based payment measured in accordance with AASB 2 – Share Based Payments, which represents a deemed issue of shares by the legally acquired group (the Group), equivalent to the current Shareholders in the Company post the acquisition. The excess of the assessed value of the share based payment over the pro forma net assets of the Company as at acquisition date has been expensed to the income statement as a Listing fee.

r) New accounting standards and interpretations

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the reporting period. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the aggregated entity, are set out below.

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019.

The Group will adopt this standard from 1 July 2019 but the impact of its adoption is yet to be assessed by the Group.

s) Critical Accounting Estimates and Judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates, and assumptions on historical experiences and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Taxation

There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The aggregated entity recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were actually recorded, such differences will impact the current tax positions in the period in which such determination is made.

9. INVESTIGATING ACCOUNTANT'S REPORT

[See attachment]

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29 May 2019

The Directors and Secretary
RPM Automotive Group Limited
Level 2, 32 Walker Street
North Sydney NSW 2060

Dear Sirs

INVESTIGATING ACCOUNTANTS REPORT

INDEPENDENT LIMITED ASSURANCE REPORT ON RPM AUTOMOTIVE GROUP LIMITED (FORMERLY KAIRIKI ENERGY LIMITED) HISTORICAL AND PRO FORMA FINANCIAL INFORMATION

Introduction

Walker Wayland Advantage Corporate Pty Ltd have been engaged by RPM Automotive Group (formerly Kairiki Energy Limited) - ACN 002 527 096 (RPM Group) to report on the historical aggregated financial information and pro forma historical aggregated financial information of RPM Group as at 31 December 2018 for inclusion in the Prospectus dated on or about 29 May 2019 (RPM Prospectus) in respect to the issue of between 10,000,000 and 25,000,000 shares of RPM Group at a price of 20 cents per share to raise between \$2 million and \$5 million (Offer).

The purpose of the issue is to acquire the businesses and specified assets and liabilities of the following entities (known as the RPM Group Businesses);

Entity	ACN	ABN
Carline Automotive Group Pty Ltd	628 131 840	39 628 131 840
EJ Anywhere Pty Ltd	601 183 984	36 601 183 984
Fix My Truck Pty Ltd	608 713 631	19 608 713 631
R W Tyres Pty Ltd (Consolidated Group)	618 666 765	54 618 666 765
- Formula Off Road	628 870 977	13 628 870 977
- Riley Street Automotive	068 219 894	52 068 219 894
- Spider GT	156 074 289	97 156 074 289
Revolution Racegear Pty Ltd	144 082 262	31 144 082 262
Wildcat (Aust) Pty Ltd –	112 579 772	21 112 579 772

These entities (including "the RPM Group Businesses"), are principally engaged in the provision of aftermarket automotive products including exhaust systems, motorsport racing equipment and tyre wholesale and retail sales, as well as the provision of fine tuning and performance upgrade services throughout Australia.

Further details concerning the operations and objectives of the Offer, Kairiki and the RPM Group are set out in the Prospectus.

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

Walker Wayland Advantage Corporate Pty Ltd holds an Australian Financial Services Licence (AFSL Number 311489).

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.

Scope

You have requested Walker Wayland Advantage Corporate to perform a limited assurance engagement in relation to the following financial information included in the Prospectus:

a) Historical Financial Information being the:

- i) Summarised historical aggregated statements of financial position of Kairiki and proposed group acquisitions as at 31 December 2018 (**RPM Group Historical Financial Information**).
- ii) Summarised historical aggregated statements of:
 - a) Financial performance of RPM Group for the years ending 30 June 2016, 2017, 2018 and the half year ended 31 December 2018 (**RPM Group Historical Statement of Financial Performance**); and:
 - b) Summarised historical statement of financial position of the RPM Group as at 30 June 2016, 2017, 2018 and the half year ended 31 December 2018 (**RPM Group Historical Statement of Financial Position**).

b) Pro-forma Aggregated Financial Information being the:

Pro forma aggregated statement of financial position of the Kairiki and RPM Group as at 31 December 2018, which assumes completion of the Pro-forma adjustments as described in Note 8.4 of Section 7 of the Prospectus.

The Historical Aggregated Financial Information and the Pro-forma Aggregated Financial Information are together the **Financial Information**.

The Financial Information is presented in the Prospectus in an abbreviated form, in that it does not include all of the presentation and disclosures required by Australian Accounting

Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001.

Historical Financial Information

The RPM Group Historical Financial Information has been extracted from the aggregated financial reports of the RPM Group for the following financial years ended which was audited by Walker Wayland Advantage Audit Partnership;

- 30 June 2016
- 30 June 2017
- 30 June 2018

Walker Wayland Advantage Audit Partnership issued modified audit opinions on the financial statements, noting the following:

Entity	Modified Audit Report Issued
EJ Anywhere Pty Ltd	Balances at 1 July 2015 and verification of physical stock
Fix My Truck Pty Ltd	Balances at 1 July 2015 and verification of physical stock
RW Tyres Pty Ltd (consolidated Group) <ul style="list-style-type: none"> - Formula Off Road - Riley Street - Spider GT 	Balances at 1 July 2015 and verification of physical stock
Revolution Racegear Pty Ltd	Balances at 1 July 2015 and verification of physical stock
Wildcat (Aust) Pty Ltd	Balances at 1 July 2015 and verification of physical stock

Walker Wayland Advantage Audit Partnership have reviewed the above RPM Group entities for the half year ended 31 December 2018 including Carline Automotive Group, issuing a modified review report for the half- year, noting the following;

We were not appointed as auditors for the entity until after 30 June 2018 and thus did not observe the counting of physical inventories at the beginning and end of the 30 June 2018 year. We were unable to satisfy ourselves by alternative means concerning the inventory quantities held at 30 June 2018 and 31 December 2018, which are stated in the statements of financial position at \$5,071,123 and \$5,527,450, respectively. We therefore are unable to express an opinion on the existence of the recorded inventory and since inventories enter into the determination of the financial performance, we were unable to determine whether adjustments might have been necessary in respect of the income for the year reported in the statement of profit or loss.

Due to the unavailability of supporting documentation we were unable to obtain sufficient review evidence in regards the balances reported for the company Riley St Automotive at 31 December 2018 which are included in the group aggregated report. We are therefore unable to express a conclusion on the amounts contributed by this entity comprising assets of \$503,489, liabilities of \$365,885 and a net loss of \$37,409.

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.

Pro-forma Financial Information

The Pro-forma Aggregated Statement of Financial Position as at 31 December 2018 has been derived from the Historical Aggregated Financial Information of the RPM Group after adjusting for the effects of pro-forma adjustments described in Section 8.4, footnote 1 of the Prospectus (Pro-forma Adjustments). Those Pro-forma Adjustments include:

- i) The acquisition of the RPM Group Businesses are accounted for as a reverse acquisition as described in Transaction Summary, Section 6 of the Prospectus; and
- ii) The effects of the Offer and other related transactions.

The stated basis of preparation of the Pro-forma Financial Information is the recognition and measurement principles contained in Australian Accounting Standards as set out in Section 8.5 of the Prospectus.

Due to its nature, the Pro-forma Historical Aggregated Financial Information does not represent the company's actual or prospective financial position or financial performance.

Unless specifically described, the Pro-forma Historical Statement of Financial Position does not include adjustments for the Company's business occurring after 31 December 2018 that do not relate to the acquisition or the capital structure of the Company

Directors' Responsibility

The directors of RPM Automotive Group are responsible for the preparation of the historical aggregated 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 aggregated financial information and pro-forma historical financial information that are free from material misstatement, whether due to fraud or error.

Our responsibility

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

Our limited assurance engagement included procedures such as review of accounting records and documents, work papers, enquiries of directors, management and other advisors, and consideration of the Pro Forma Adjustments.

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 an audit. Accordingly, we do not express an audit opinion.

Conclusions

Historical Financial Information

Based on limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Historical Aggregated Financial Information, as described in Sections 8.1 and 8.3 of the Prospectus is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 8.2 of the Prospectus.

Pro-forma 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 Financial Information being the Statement of Financial Position as at 31 December 2018 is not presented fairly, in all material respects, as stated in the basis of preparation in Section 8.2 of the Prospectus.

Restriction on Use

Without modifying our conclusions, we note that the purpose of the Financial Information is for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose.

Consent

Walker Wayland Advantage Corporate has consented to the inclusion of this report in the prospectus in the form and context in which it is included but has not authorised the issue of the Prospectus. Accordingly, Walker Wayland Advantage Corporate makes no representation regarding, and takes no responsibility for, any other statements or material in or omissions from the Prospectus.

Liability

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 if it is appropriate for their objectives, financial situation or needs.

Independence

Neither Walker Wayland Advantage Corporate nor its Directors or employees have any pecuniary interests that could reasonably be regarded as being capable of affecting its ability to give an unbiased conclusion in this matter.

WWA Audit Partnership provides audit assurance services to RPM Group.

Neither Walker Wayland Advantage Corporate nor its Directors or employees have any interest in the outcome of the Offer other than in connection with the preparation of this report for which professional fees will be received.

Yours faithfully

Philip MacIsaac

Partner

Walker Wayland Advantage

Appendix A (Financial Services Guide)

This Financial Services Guide is dated 29 May 2019 and forms part of the Independent Limited Accountant report ("this report").

About us

Walker Wayland Advantage Corporate Pty Ltd (ABN 66 109 824 786), ("WWA Corporate") hold Australian Financial Services Licence no 311489) authorising it to provide general financial product advice for securities to retail and wholesale investors.

WWA Corporate is engaged by RPM Automotive Group Limited ("the Company") (ABN :34 002 527 906 – formerly known as Kairiki Energy Limited) to prepare a report in the form of an Independent Limited Accountant Report for inclusion the prospectus to be issued by the Company by 29 May 2019 to potential investors considering investing in the company.

This Financial Services Guide

The Corporations Act 2001 (Cth) requires WWA Corporate to provide this Financial Services Guide ("FSG") in connection with this report. This FSG contains information about WWA Corporate generally, the financial services we are licensed to provide, the remuneration we may receive in connection with the preparation of this report, and how complaints against us will be dealt with.

Financial services we are licensed to provide

Our Australian financial services licence allows us to provide general financial product advice to for securities to retail and wholesale investors. WWA Corporate does not accept instructions from retail client. WWA Corporate provides no financial services to retail clients and receives no remuneration from retail clients for financial services. WWA Corporate does not provide any personal retail financial product advice to retail investors nor does it provide market related advice to retail investors.

General financial product advice

This report contains only general financial product advice. It was prepared without considering your personal objectives, financial situation or needs. You should consider your own objectives, financial situation and needs when assessing the suitability of this report to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

Fees, commissions and other benefits we may receive

WWA Corporate charges fees to produce reports, including this report. These fees are negotiated and agreed with the entity who engages WWA Corporate to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement

with the person who engages us. In the preparation of this report our fees are charged on a fixed basis plus GST.

Partners, Directors or employees of WWA Corporate, or other associated entities, may receive dividends, salary or wages from WWA Corporate.

The fees charged for the preparation of this report agreed by the Company amount to \$50,000 to \$58,000 plus GST based upon terms of our engagement letter.

Associations with issuers of financial products

WWA Corporate and its authorised representatives, employees and associates may from time to time have relationships with the issuers of financial products. For example, Walker Wayland Advantage Audit Partnership may be the auditor of or provide financial services to the issuer of a financial product and WWA Corporate may provide financial services to the issuer of a financial product in the ordinary course of its business. Walker Wayland Advantage Audit Partnership were appointed the auditor by RPM Automotive Group Limited (ABN :34 002 527 906 – formerly known as Kairiki Energy Limited).

Complaints

WWA Corporate has professional indemnity insurance cover for reports of this nature under its professional indemnity insurance policy. This policy meets the compensation arrangement requirements of Section 9128 of the Corporations Act 2001 (Cth). WWA Corporate has an internal complaint handling mechanism and is a member of the Australian Financial Complaints Authority (AFCA) (membership no. 12431). All complaints must be in writing and addressed to WWA Corporate Pty Ltd. We will endeavour to resolve all complaints within 30 days of receiving the complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to the AFCA who can be contacted at:

GPO Box 3
Melbourne, VIC 3001
Telephone: 1800 367 287

WWA Corporate is only responsible for this report and FSG. WWA Corporate will not respond in any way that might involve any provision of financial product advice to any retail investor and is not responsible for any material publicly released by the company with this Report or offer.

Contact Details

WWA Corporate Pty Ltd can be contacted by sending a letter to the following address:

WWA Corporate Pty Ltd
Level 7, 114 William Street
Melbourne. Vic. 3000

10. PUBLIC OFFER DETAILS

10.1 Description of the Public Offer

Pursuant to this Prospectus, the Company invites applications for up to 25,000,000 Shares at an issue price of \$0.20 per Share to raise a minimum of subscription of \$2 million and a maximum subscription of \$5 million.

The Shares offered under this Prospectus will rank equally in all respects with all the Company's existing Shares on issue. The rights and liabilities attaching to the Shares are set out in Section 16.3.

The Public Offer is made on the terms, and is subject to the conditions, set out in this Prospectus.

10.1 Options attaching to the Public Offer Shares

For each four shares issued under the Public Offer the Company will also issue an attaching Option. The terms of issue of such Options are set out Section 14.

10.2 Opening and Closing Dates

The key dates, including details of the Public Offer Period, are set out on page 5.

The Company reserves the right to close the Public Offer early, extend the Public Offer Closing Date or accept late Applications without notifying any recipients of this Prospectus or any Applicants. Any change to the Public Offer Closing Date (including if closed early or extended) will have a consequential effect on the date for the issue of the Shares.

10.3 Purpose of the Public Offer

The purpose of the Public Offer is to provide the Company additional funds to enable it to:

- complete the Acquisitions
- fund working capital
- meet the requirements of the ASX and satisfy Chapters 1 and 2 of the ASX Listing Rules
- provide funds to pay the costs associated with the Public Offer and the Acquisitions

10.4 Source and use of funds

The Public Offer is intended to raise a minimum of subscription of \$2 million and a maximum subscription of \$5 million. The table below sets out a summary of the anticipated use of the proceeds of the Public Offer:

ITEM	MINIMUM RAISE (\$2,000,000)	MAXIMUM RAISE (\$5,000,000)
<u>Source of funds</u>		
Issue of Public Offer Shares	2,000,000	5,000,000
Bank debt facility	1,000,000	-
<u>Use of proceeds</u>		
Pay the costs of the Public Offer	500,000	750,000
Fund the cash payouts to Vendors	1,500,000	2,500,000
Fund the Company's growth		1,750,000
Total	3,000,000	5,000,000

10.5 Sufficient funding

On Completion of the Public Offer, the Board of Directors believes that the Company will have sufficient funds available from the proceeds of the Public Offer, existing cash balances, potential debt funding and cash flows from its operations to fulfil the purposes of the Public Offer and meet its stated business objectives as set out in Sections 4.3 and 4.4.

10.6 Capital structure

The capital structure of the Company immediately on Completion of the Public Offer is set out below.

	MINIMUM SUBSCRIPTION		MAXIMUM SUBSCRIPTION	
	SHARES	%	SHARES	%
Shares				
Company's Shares on issue (post-consolidation)	9,435,743	11.7	9,435,743	9.5
Consideration shares issued in Acquisition of The RPM Group	52,018,400	64.5	52,018,400	52.3
Broker Shares	1,000,000	1.2	1,000,000	1.0
Public Offer	10,000,000	12.4	25,000,000	25.1
Total Shares	72,454,143	89.8	87,454,143	88.0
Options				
Public Offer options (1:4)	2,500,000	3.1	6,250,000	6.3
Company shareholder options (1:2)	4,717,872	5.8	4,717,872	4.7
Broker options	1,000,000	1.2	1,000,000	1.0
Total Options	8,217,872	10.2	11,967,872	12.0

Total Securities	80,672,015	100.0	99,422,015	100.0
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The capital structure of the Company, once results are known for FY 2019 and assuming the full allocation of Performance Shares and Earnout Shares to the Vendors of The RPM Group businesses is set out below.

	MINIMUM SUBSCRIPTION		MAXIMUM SUBSCRIPTION	
	SHARES	%	SHARES	%
Shares				
Company's Shares on issue (post-consolidation)	9,435,743	9.2	9,435,743	7.8
Consideration Shares issued in the Acquisition of The RPM Group	52,018,400	50.8	52,018,400	42.9
Performance Shares issued in the Acquisition of The RPM Group	10,901,600	10.6	10,901,600	9.0
Earnout Shares issued in the Acquisition of The RPM Group	10,901,600	10.6	10,901,600	9.0
Broker Shares	1,000,000	1.0	1,000,000	0.8
Public Offer	10,000,000	9.8	25,000,000	20.6
Total Shares	94,257,343	92.0	109,257,343	90.1
Options				
Public Offer options (1:4)	2,500,000	2.4	6,250,000	5.2
Company shareholder options (1:2)	4,717,872	4.6	4,717,872	3.9
Broker options	1,000,000	1.0	1,000,000	0.8
Total Options	8,217,872	8.0	11,967,872	9.9
Total Securities	102,475,215	100.0	121,225,215	100.0

10.7 Minimum subscription

If the minimum subscription to the Public Offer of \$2 million has not been raised within four months after the date of this Prospectus, or such period as varied by the ASIC, the Company will not issue any securities and will repay all application monies for the Shares within the time prescribed under the *Corporations Act*, without interest.

10.8 How to apply for Shares

Applications for Shares under the Public Offer must be made using the Application Form or through electronic payment facility. If you wish to make your payment electronically, please visit:

<https://RPMShareOffer.thereachagency.com>

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

Completed Application Forms and accompanying cheques, made payable to **"RPM Automotive Group Limited"** and crossed **"Not Negotiable"**, must be mailed or delivered to the address set out on the Application Form by no later than the Closing Date.

Please refer to the Application Form for instructions on how to apply for securities by electronic payment.

The Company reserves the right to close the Public Offer early.

10.9 ASX listing

Application for Official Quotation by ASX of the Shares and Options offered pursuant to this Prospectus will be made within 7 days after the date of this Prospectus.

If the Shares are not admitted to Official Quotation by ASX before the expiration of three months after the date of issue of this Prospectus, or such period as varied by the ASIC, the Company will not issue any securities and will repay all application monies for the Shares within the time prescribed under the *Corporations Act*, without interest.

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

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

The Company's Shares have been suspended from quotation on ASX and will continue to be suspended from trading and will not be reinstated to Official Quotation until ASX approves the Company's re-compliance with Chapters 1 and 2 of the ASX Listing Rules.

In the event the Company does not receive approval for re-quotation on ASX, it will not proceed with the Public Offer and will repay all application monies for the Shares within the time prescribed under the *Corporations Act*, without interest.

10.11 When to apply for Shares

Applications may be lodged at any time after the issue of this Prospectus. However, as set out in the Prospectus, Applications received during the ASIC Exposure Period will not be processed until after the expiry of that period.

The Public Offer will remain open until 5.00pm (AEST) on 28 June 2019, unless the Company elects to close the Public Offer earlier or extend the Public Offer, in each case without prior notice.

Early lodgement of your Application is recommended as the Public Offer may be closed early.

10.12 Allocation policy and notification

The Directors will determine the allotment of Shares under the Public Offer at their sole discretion. The Directors reserve the right to allot Shares in full for any application or to allot any lesser number of Shares or to decline any application.

Subject to the Minimum Subscription of the Public Offer being reached and the Company being satisfied that it will meet the requirements of Chapters 1 and 2 of the ASX Listing Rules, Shares issued pursuant to the Public Offer will be allotted as soon as practicable after the Closing Date.

Where no allocation is made to a particular Applicant or the number of Shares allocated is less than the number applied for by an Applicant, surplus Application Monies will be returned to that Applicant within 30 days of the Closing Date. No interest will be paid on refunded Application Monies.

Successful Applicants will be notified in writing of the number of Shares allocated to them as soon as possible following the allocation being made after the Closing Date. It is the responsibility of Applicants to confirm the number of Shares allocated to them prior to trading in Shares. Applicants who sell Shares before they receive notice of the number of Shares allocated to them do so at their own risk.

No Shares will be allotted or issued on the basis of this Prospectus later than 13 months after the date of issue of this Prospectus.

10.13 Application Monies

The Company, or Lead Manager, will hold all Application Monies on trust in a separate bank account until the Public Offer Shares are issued to successful Applicants.

Application Monies will be refunded to the extent that an Application is rejected or scaled back, or the Public Offer is withdrawn. No interest will be paid on refunded amounts. The Company, or Lead Manager, will retain any interest earned on Application Monies.

10.14 Valid application forms

An Application Form may only be distributed with, attached to or accompany a complete and unaltered copy of this Prospectus. By completing and lodging an Application Form received with this Prospectus, you as the Applicant represent and warrant that you have personally received a complete and unaltered copy of this Prospectus prior to completing the Application Form.

Company will not accept a completed Application Form if we have reason to believe you as the Applicant have not received a complete copy of the Prospectus or we have reason to believe that the Application Form has been altered or tampered with in any way.

If an Application Form is not completed correctly, or if the accompanying payment of the Application Money is for the wrong amount, the Company may still treat it as a valid Application. The Directors' decision whether to treat the 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 sum of the cheque for the Application Money.

An Application Form is an irrevocable acceptance of the Public Offer.

10.15 Issue of Shares

Subject to the minimum subscription to the Public Offer being reached and the Company being reinstated to Official Quotation on ASX, the issue of the Shares offered by this Prospectus will take place as soon as practicable after the Closing Date.

10.16 Trading on ASX

It is the responsibility of each Applicant to confirm their holding before trading in Shares. Applicants who sell Shares before they receive an initial statement of holding do so at their own risk.

The Company and the Share Registry disclaim all liability whether in negligence or otherwise, to persons who sell Shares before receiving their initial statement of holding whether on the basis of confirmation of allocation provided by them, by the Lead Manager, a broker or otherwise.

10.17 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsored Holdings

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

Under CHES, the Company will not issue certificates to investors. Instead, Shareholders will receive a statement of their holding in the Company. If an investor is broker sponsored, ASX Settlement Pty Limited will send a CHES statement. Statements are sent by post and set out the number of Shares issued to the Shareholder under this Prospectus and advise of their Holder Identification Number or Security Holder Reference Number. Subsequently, where a holding changes in the course of a calendar month that Shareholder will be issued with a statement that sets out the changes in their holding. That statement is despatched in the week following the relevant month end.

10.18 Applicants outside Australia

This Prospectus does not, and is not intended to, constitute an offer in any place or jurisdiction, or to any person to whom, where it would not be lawful to make such an offer or to issue this Prospectus. Foreign laws may restrict the distribution of this Prospectus in jurisdictions outside Australia and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

No action has been taken to register or qualify the Shares or otherwise permit a public offering of the Shares the subject of this Prospectus in any jurisdiction outside Australia. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required, or whether any other formalities need to be considered and followed.

If you are outside Australia it is your responsibility to obtain all necessary approvals for the issue of the Shares pursuant to this Prospectus. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by you that all relevant approvals have been obtained. The Company will be the sole judge of whether an investor possesses such qualifications as may be

required to purchase Shares. Notwithstanding the delivery of this Prospectus or other materials, the Company does not intend to extend an offer to sell or to solicit an offer to buy its Shares until it determines that the investor is qualified and expressly communicates such determination to the investor by accepting that investor's subscription.

10.19 Not Underwritten

The Public Offer is not underwritten.

10.20 Investment Adviser

Novus Capital Limited has been appointed by RPM Worldwide Pty Limited to assist The RPM Group in completing the proposed transaction. Novus will be entitled to fees for these services, details of which are set out in Section 13.7.

Aside from the fees payable to Novus, no fees are payable to any third parties for assisting or facilitating the transaction.

The founders of The RPM Group, Mr Clive Finkelstein and Mr Lawrence Jaffe are receiving a total of 5,492,000 shares in the Company for promoting the transaction (as shown above in The RPM Group Vendor Shareholdings). These shares are in addition to the Company Shares they will be issued as Directors and shareholders in RPM Worldwide Group Pty Ltd and RPM Australasia Pty Ltd.

10.21 Privacy Disclosure Statement

If you complete an Application Form, you will be providing personal information to the Company (directly or via the Company's Share Registry). The Company, and the Company's Share Register on its behalf, may collect, hold and use that information as provided on the Application Form (**Information**) for the purposes of processing the Application Form, and should the Application be successful, to administer the Applicant's security holding in the Company (Purposes).

Your personal 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.

Your personal information may also be provided to the Company's members, agents and service providers on the basis that they deal with such information in accordance with the Company's privacy policy. The members, agents and service providers of the Company may be located outside Australia where your personal information may not receive the same level of protection as that afforded under Australian law. The types of agents and service providers that may be provided with your personal information and the circumstances in which your personal information may be shared are:

- the Company's Share Registry for ongoing administration of the Shareholder register;
- printers and other companies for the purpose of preparation and distribution of statements and for handling mail;
- market research companies for the purpose of analysing the Shareholder base and for product development and planning; and
- legal and accounting firms, auditors, contractors, consultants and other advisers for the purpose of administering, and advising on, the Shares and for associated actions.

You can access, correct and update the personal information that we hold about you. Please contact the Company's Share Registry if you wish to do so at the relevant contact numbers set out in the Prospectus.

Collection, maintenance, and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the *Corporations Act* and certain rules, such as the SCH Business Rules.

You should note that if you do not provide the information required on the Application Form, the Company and the Company's Share Registry may not be able to accept or process your Application.

10.22 Costs of the Public Offer

The total estimated costs in connection with the Public Offer, including Investment Adviser and broker commissions and fees, legal, accounting, listing and administrative fees as well as printing and other expenses are currently estimated to be approximately \$500,000 (excluding GST) for the Minimum Subscription and \$750,000 (excluding GST) for the Maximum Subscription. The costs of the Public Offer are detailed in Section 16.15.

10.23 Enquiries

Any questions concerning the Company or the Public Offer should be directed to Mr Campbell Welch on (02) 9375 0165 between 9.30am and 5.00pm (AEST) Monday to Friday.

11. BOARD AND MANAGEMENT

11.1 Board of Directors

The Company's Board of Directors will comprise four members on completion of the Transaction. Two Directors are executive and two Directors are non-executive. The Chief Executive Officer and co-founder of The RPM Group is a Director of the Company.

Rob Downey will retire as a Director on completion of the Transaction.

Clive Finkelstein Chief Executive Officer and Executive Director

Clive is a co-founder of the RPM Group. Clive has over 20 years' experience in the automotive sector, having built, managed and sold a number of automotive companies including a parts and accessories manufacturer/wholesaler and a 4WD franchise group. Clive's experience in the automotive sector spans manufacturing, product development, wholesale, retail and franchising of automotive businesses. Clive is a significant shareholder in the RPM Group. (B.Com, University of the Witwatersrand)

Campbell Welch Non-Executive Chairman

Campbell has over 15 years of experience in accounting and financial markets, both in Australia and the UK. He is currently a senior advisor at Novus Capital Ltd, a boutique corporate advisory and share dealing firm headquartered in Sydney, Australia. His prior work experience includes appointments at AMP, Challenger Ltd, Royal London Asset Management and Colonial First State. He is a director of Shine Metals Limited (SHI). (B.Com, University of Sydney, CFA)

Lawrence Jaffe Executive Director

Lawrence is a co-founder of the RPM Group. Lawrence has a strong financial background having worked in Private Equity and Mergers and Acquisitions including at a major Australian financial institution. He has over 20 years' experience in the automotive sector and was the CEO of RPM Australasia until 2015 when the group sold one of its subsidiaries. Lawrence remained on as non-executive chairman of RPM Australasia and with this transaction is rejoining the executive team as Commercial Director. Lawrence is a significant shareholder in the RPM Group. (B.Com, Rhodes University, Dip. Acc)

Scott Brown Non-Executive Director

Scott has extensive experience in finance and the management of public companies including guiding numerous companies through to an ASX-listing. He has held a variety of roles in public companies including Mosaic Oil NL, Objective Corporation Limited, Turnbull & Partners Limited, Allegiance Mining NL, FTR Holding Limited and Garratt's Limited. He started his career at the accounting firms EY and KPMG. He is a member of the Institute of Chartered Accountants in Australia and the Petroleum Exploration Society of Australia (PESA). Scott is the managing director of Real Energy Corporation

Ltd (RLE) and a director of Shine Metals Limited (SHI). (B.Bus, University of Technology, Sydney, M.Com UNSW, CA)

Rob Downey
Non-Executive Director (Retiring)

Rob is a qualified solicitor who has practiced mainly in the areas of international resources law, corporate law and initial public offerings as well as mergers and acquisitions. He has extensive experience as an adviser, founder and director of various ASX, TSX and AIM companies. Rob is a principal of Dominion Legal, a boutique law firm in Perth. (B. Ed, LL.B (Hons))

Wayne Kernaghan
Company Secretary

Wayne is a qualified Chartered Accountant and company secretary with over 20 years' experience as a director, financial controller and company secretary with various ASX listed companies. His prior roles include working as an investment manager in Australia and the United Kingdom, including with Waverly Asset Management. Prior to this Wayne worked at Price Waterhouse for 5 years. (CA, AICD, Chartered Secretary)

11.2 Independence

Having regard to the factors set out in the ASX Corporate Governance Principles:

- Clive Finkelstein and Lawrence Jaffe are not considered independent Directors given their respective employment by the Company in executive roles and they are Substantial Shareholders of the Company.
- Scott Brown is considered to be an independent Director, free from any business or any other relationship that could materially interfere with, or reasonably be perceived to interfere with the independent exercise of the Directors' judgment and is able to fulfil the role of an independent director for the purposes of the ASX Corporate Governance Principles. Whilst Scott (personally or through entities he controls) may become a Shareholder, he will not be considered a Substantial Shareholder of the Company on Completion of the Public Offer.
- Campbell Welch is not considered an independent Director given his commercial arrangements with the Company as a Corporate Advisor to the Company in his capacity through Novus Capital Limited.

The Board doesn't consist of a majority of independent Directors. The Board has concluded that non-executive Director, Scott Brown, brings experience, objectivity and unbiased judgment to the Board's deliberations and that the executive

Directors (Clive Finkelstein and Lawrence Jaffe) provide a deep understanding of the Australian automotive industry.

11.3 Independent professional advice

To fulfil their duties and responsibilities as Directors, each Director (with the prior approval of the Chairman) may seek independent legal or other professional advice about any aspect of the Company's operations. The Chairman's approval may not be unreasonably withheld or delayed. The Company will pay the cost of the advice.

11.4 Senior management team

The senior management team of the Company comprises its two executive directors, the Chief Financial Officer and the respective general managers of businesses that comprise the Company.

Dale Sinnott Chief Financial Officer of the Company

Dale has over 25 years accounting experience in public practice and consulting to a wide range of companies including a division of a major international medical company, an ASX-listed technology company, biotech, property and construction companies and wholesale/retail groups. Dale's experience includes accounting for capital raisings, research and development funds and early stage companies. Dale has a long association with the RPM Group. (B.Bus, La Trobe University, CPA)

Wei Liu General Manager, Spider GT

Wei has strong automotive and tyre experience. Wei worked as an automotive mechanic at Regan Motors Peugeot from 2004-2009. Wei is the founder of Spider GT, which he established in 2009. Wei will assume the role of general manager of Spider GT on completion of the transaction. Wei is currently studying a Bachelor of Engineering at Deakin University. (Cert 4 Automotive Mechanics, Boxhill Institute of TAFE)

Tullio Salta General Manager, Revolution Racegear

Tullio competed for 10 years at a national level in circuit racing (CAMS Improved Production category) with series places for 3 years during that time. He started at Revolution Racegear in 1992 as a storeman. In 1993 he was appointed purchasing manager and in 1997 head of product development. In 2007 Tullio assumed the role of managing director of the business. Tullio has a deep understanding of the technical and regulatory requirements of motorsport retail in Australia. (Marketing Diploma, Swinburne University)

Stacey Knight General Manager, RW Tyres

Stacey has strong tyre industry experience including as managing director of Competition Tyres, Murrumbidgee since 2006. Prior to this Stacey was National Operations Manager of Chubb Security Services from 1991 to 2006. (Certificate 3 in Motor Mechanics/Automotive)

Bradley Gilliland
General Manager, Wildcat

Bradley is a qualified sheet metal fabricator. Bradley is a co-founder and has been general manager of Wildcat since 2005. Prior to this Bradley worked at Marathon Mufflers (1999-2005) and Lukey/Motovator Performance Headers (1993-1999).

Wes Patterson
General Manager, Formula OffRoad

Wes has strong manufacturing experience gained at Formula OffRoad. He commenced working in the family firm in 2004. In 2009 he was appointed director of operations and in 2014 assumed the position of managing director of the business.

Susan Simpson
General Manager, Air Anywhere

Susan joined Air Anywhere in 2008 as company secretary and executive director. In 2014 she assumed the role of managing director. Prior to Air Anywhere Susan worked from 2002 to 2008 as a bookkeeper with Nova Portable Building.

11.1 Staff

From the Listing Date (based on staff numbers as at 31 December 2018), the Company expects to employ 84 full time equivalent employees located in Australia and 7 full time equivalent employees in the Philippines.

11.2 Remuneration and interests

Refer to Section 16.3 (l) to (p) for details of the remuneration and interests of, and the indemnity, access and insurance arrangements in place for, Directors and officers and the remuneration of certain members of Senior Management.

12. CORPORATE GOVERNANCE

12.1 Introduction

The Board of Directors is responsible for the overall Corporate Governance of the Company and oversight of management, and for protecting the rights and interests of the shareholders, by adopting systems of control and managed risk as the basis for strong administration.

The Board is committed to maintaining the highest standards of Corporate Governance possible within the framework of its current organisation and structure. Corporate Governance is about having a set of core values and behaviours that underpin the Company's activities and ensure transparency, fair dealing and protection of the interests of stakeholders.

The Board of Directors supports the Principles of Good Corporate Governance and Best Practice Recommendations developed by the ASX Corporate Governance Council (the "Council"). The Company's practices are consistent with the Council's guidelines. The Board uses its best endeavours to ensure exceptions to the Council's guidelines do not have a negative impact on the Company and the best interests of shareholders as a whole. When the Company is not able to implement one of the Council's recommendations the Company applies the "if not, why not" explanation approach by applying practices in accordance with the spirit of the relevant principle.

The following discussion outlines the ASX Corporate Governance Council's eight principles and associated recommendations and the extent to which the Company will comply with those recommendations upon re-admission.

Principle 1 – Lay Solid Foundations for Management and Oversight

The Company has adopted Recommendation 1.1 to disclose the functions reserved to the Board and those delegated to senior executives by the Board.

The Board – Role and Responsibilities

In general, the Board is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the Company. The Board is also responsible for the overall corporate governance and management supervision of the Company and recognises the need for the highest standards of behaviour and accountability in acting in the best interests of the Company as a whole.

The Board also ensures that the Company complies with all of its contractual, statutory and any other legal or regulatory obligations. The Board has the final responsibility for the successful operations of the Company.

Where the Board considers that particular expertise or information is required, which is outside the knowledge of the Board, appropriate external advice is taken and reviewed prior to a final decision being made by the Board.

Without intending to limit the general role of the Board, the principal functions and responsibilities of the Board include the following:

- formulation and approval of the strategic direction, objectives and goals of the Company;
- the prudential control of the Company's finances and operations and the monitoring of the financial performance of the Company;
- the resourcing, reviewing and monitoring of executive management;
- ensuring that adequate internal control systems and procedures exist and that compliance with these systems and procedures is maintained;
- the identification of significant business risks and ensuring that such risks are adequately managed;
- the timeliness, accuracy and effectiveness of communications and reporting to shareholders and the market; and
- the establishment and maintenance of appropriate ethical standards.

The Board undertakes appropriate security checks before appointing a Director or allowing a Director to nominate for re-election as a Director of the Company and provides shareholders with any relevant results of such checks.

The Company has a written agreement with each Director and senior executive setting out the terms of their appointment.

Evaluation of Performance of Executives

The Company has adopted Recommendation 1.2 for evaluating the performance of senior executives. That evaluation is by way of a report on such performance by the Chief Executive Officer to the Remuneration and Nomination Committee whenever senior executives are engaged.

The Chairman of the Board will conduct the performance evaluation for the Chief Executive Officer.

Principle 2 – Structure The Board To Add Value

Board of Directors – Composition, Structure and Process

The Board has been formed so that its effective composition, size and commitment adequately discharges its responsibilities and duties given the Company's current size, scale and nature of its activities.

The Board is made up of four Directors. All Directors have experience as Directors in public listed companies.

One of the Directors is independent. All Directors are required to bring to the Board their independent judgment, irrespective if they are independent or not.

Regular Assessment of Independence

An Independent Director, in the view of the Company, is a Non-executive Director who:

- within the last three years has not been employed in an executive capacity

by the Company;

- within the last three years has not been a principal of a related party of the Company;
- is not a material professional adviser or a material consultant to the Company, or an employee materially associated with a service provider;
- is not a material supplier or customer of the Company, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- has not been a material supplier or customer of the Company, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

Office of Chairman and Chief Executive Officer

The office of Chair is held by a Non-executive Director.

The Chairman leads the Board and has responsibility for ensuring the Board receives accurate, timely and clear information to enable Directors to perform their duties as a Board.

The Chief Executive Officer is responsible and accountable to the Board for the Company's management.

Remuneration and Nomination Committee

The Board has established a Remuneration and Nomination Committee and Charter. The Committee considers nominations for the appointment or election of Directors that may arise from time to time having regard to the corporate and governance skills required by the Company and procedures outlined in the Constitution and the Corporations Act and the ASX Listing Rules.

The Board appoints the Remuneration and Nomination Committee. It is chaired by an independent Director. The responsibilities assumed by the Remuneration and Nomination Committee include:

- Board and senior executive functions;
- Board composition;
- number of Board members;
- criteria for nomination of Directors;
- selection and appointment of the Chairman;
- selection and appointment of the Company Secretary;
- determine the frequency of meetings of the Committee;
- seek professional advice when required;
- responsibilities of the Committee;
- oversight of Board and executive succession plans; and
- evaluate performance of Senior Executives.

Performance Review and Evaluation

It is the policy of the Board to ensure that the Directors and senior executives of the Company are equipped with the knowledge and information they need to discharge their responsibilities effectively, and the Board regularly and fairly reviews individual and collective performance. There is ongoing monitoring by the Chairman and the Board of such knowledge, information and experience. The Chairman also speaks with each Director individually regarding their role as a Director.

The Company discloses its process for evaluating the performance of the Board, Committees and Independent Directors.

Evaluation Process

Induction and Education

The Company has a policy of providing each new Director or officer with a copy of the following documents:

- Audit and Risk Committee Charter;
- Remuneration and Nomination Committee Charter;
- Code of Conduct;
- Continuous Disclosure Policy;
- Share Trading Policy; and
- the Company's Constitution.

Access to Information

Each Director has access to Board papers and all relevant documentation.

Skills, Knowledge and Experience

Directors are appointed based on the specific corporate and governance skills and experience required by the Company. The Board consists of a relevant blend of personal experience in the automotive industry, accounting and finance, law, financial markets, financial management and public company administration, and Director-level corporate experience required by the Company.

Independent Directors

The Company considers that it has one Independent Director on the Board. The names, qualifications, experience of each Director and period in office are as set out in Section 11, as well as whether the Board considers them to be Independent Directors.

Professional Advice

Board members, with the approval of the Chairman, may from time to time seek external professional advice.

Terms of Appointment as a Director

The Constitution of the Company provides that a Director may not retain office for more than three calendar years or beyond the third Annual General Meeting following his or her election, whichever is longer, without submitting himself or herself for re-election. One third of the Directors must retire each year and are eligible for re-election. The Directors who retire by rotation at each Annual General Meeting are those with the longest period in office since their appointment or last election.

Nomination Committee

The members of the Nomination Committee, the number of times it meets and the attendance thereat will be set out in the Annual Report.

Principle 3 – Act Ethically and Responsibly

Code of Conduct and Ethical Standards

The Company has established a formal code of conduct that guides compliance with all levels of legal and other obligations to stakeholders. The Code is focused on ensuring that all Directors, executives and employees act with the utmost integrity and objectivity in carrying out their duties and responsibilities, striving at all times to enhance the reputation and performance of the Company. The code of conduct will be included on the Company's website.

The Code of Conduct outlines:

- the practices necessary to maintain confidence in the Company's integrity;
- the practices necessary to take into account legal obligations and reasonable expectations of stakeholders; and
- the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

Access to Company Information and Confidentiality

All Directors have the right of access to all relevant Company books and to the Company's executive management. In accordance with legal requirements and agreed ethical standards, Directors and executives of the Company have agreed to keep confidential information received in the course of exercising their duties and will not disclose non-public information except where disclosure is authorised or legally mandated.

Share Dealings and Disclosures

The Company has adopted a policy relating to the trading of Company securities. The Board restricts Directors, executives and employees from acting on material information until it has been released to the market. Executives, employees and Directors are required to consult the Chairman and the Board respectively, prior to dealing in securities in the Company or other companies with which the Company has a relationship.

Share trading by Directors, executives or employees is not permitted at any time whilst in the possession of price-sensitive information not already available to the market. In addition, the *Corporations Act* prohibits the purchase or sale of securities whilst a person is in possession of inside information.

Conflict of Interest

To ensure that Directors are at all times acting in the best interests of the Company, Directors must:

- disclose to the Board actual or potential conflicts of interest that may or might reasonably be thought to exist between the interests of the Director and the interests of any other parties in carrying out the activities of the Company; and
- if requested by the Board, within seven days or such further period as may be permitted, take such necessary and reasonable steps to remove any conflict of interest.

If a Director cannot, or is unwilling to, remove a conflict of interest then the Director must, as required by the *Corporations Act*, absent himself from the room when Board discussion and/or voting occurs on matters about which the conflict relates.

Related Party Transactions

Related party transactions include any financial transaction between a Director and the Company as defined in the *Corporations Act* or the ASX Listing Rules. Unless there is an exemption under the *Corporations Act* from the requirement to obtain shareholder approval for the related party transaction, the Board cannot approve the transaction. The Company also discloses related party transactions in its financial statements as required under relevant Accounting Standards.

Diversity

The Company has established a policy concerning diversity. The policy will be disclosed on the Company's website.

Publicly Available Information

The Company will make publicly available on the Company's website, the Share Trading Policy, and Continuous Disclosure Policy and Code of Conduct under the corporate governance section.

Principle 4 – Safeguard Integrity in Financial Reporting

Audit and Risk Committee

The Company has established an Audit and Risk Committee, which has a corresponding charter. The objective of the Committee is to make recommendations to the Board regarding the adequacy of the external audit, risk management and compliance procedures. The Committee evaluates from time to time the effectiveness of the financial statements prepared for the Board meetings and ensures that an independent judgement is exercised in relation thereto.

Membership of Audit and Risk Committee

One independent Director and one Non-Executive Director are members of the Audit and Risk Committee and the Chairman of the Company does not chair the Audit Risk Committee.

Charter of Audit and Risk Committee

The Audit and Risk Committee charter includes the following:

- duties and responsibilities of the Committee;
- meetings;
- complaints procedures;
- composition of the Audit and Risk Committee;
- structure of the Audit and Risk Committee;
- number of meetings;
- membership requirements; and
- selection, appointment and rotation of the external auditor.

Members and Qualifications of Audit and Risk Committee

The members and qualifications of the Audit and Risk Committee are as set out in the Annual Report together with the number of meetings each member attended.

Status of Financial Statements

Before it approves the Company's Financial Statements for each period the Board receives from the Chief Executive Officer and the Chief Financial Officer a declaration that in their opinion the financial records of the Company have been properly maintained, comply with appropriate financial standards and give a true and fair view of the financial position and performance of the Company and the basis of its risk management, together with internal control systems and its effective operation.

Auditor Attendance at Meetings

The external auditor attends the Annual General Meeting of the Company and is available to answer questions in relation to the audit of the Company.

Principle 5 – Make Timely and Balanced Disclosure

Continuous Disclosure to the ASX

The Board has designated the Company Secretary as the person responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with shareholders.

Accordingly the Company will notify the ASX promptly of information:

- concerning the Company, that a reasonable person would expect to have a material effect on the price or value of the Company's securities;
- that would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company's securities; and
- the announcements are made in a timely manner, are factual and do not omit material information in order to avoid the emergence of a false market in the Company's securities.

Disclosure Policy

The Company has adopted a continuous disclosure policy which will be included on the Company's website.

Principle 6 – Respect the Rights of Shareholders

Communications

The Company has not adopted Recommendation 6.1 because it does not have a formal Shareholders' Communication Policy. Although the Company does not have a Shareholders' Communication Policy the Company recognises its duty to ensure that its shareholders are informed of the details of the Company's structure, its governance and all major developments affecting the Company's state of affairs. Information is communicated to shareholders and the market through:

- the Annual Report which is distributed to shareholders as requested (usually with the Notice of Annual General Meeting), and is displayed on the Company's website;
- the Annual General Meeting and other general meetings called to obtain shareholder approvals as appropriate;
- the half-yearly Directors' and financial statements;
- quarterly activities and cash flow reports; and
- other announcements released to the ASX as required under the continuous disclosure requirements of the ASX Listing Rules and other information that may be mailed to shareholders or made available through the Company's website.

Principle 7 – Recognise and Manage Risk

Risk Management

The Company has established an Audit and Risk Committee, which has a corresponding charter. The objective of the Committee is to make recommendations to the Board regarding the adequacy of the risk management and compliance procedures.

Risk Management Control

Because the Board has the oversight function of risk management and internal control systems, the risk management functions and oversight of material business risks are performed directly by the Board and not by management.

Internal Control and Risk Management

The primary vehicle for managing corporate risks is the Audit and Risk Committee appointed by the Board. The Committee reviews systems of external and internal controls and areas of significant operational, financial and property risk and ensures arrangements are in place to contain such risks to acceptable levels.

The Company ensures that appropriate insurance policies are kept current to cover all potential risks and maintaining Directors' and Officers' professional indemnity insurance.

The Audit and Risk Committee carries out the internal audit function.

CEO and CFO Declarations

The Board has determined that the Chief Executive Officer and the Chief Financial Officer are the appropriate persons to make the CEO and CFO declarations in respect of each financial year end, as required under section 295A of the *Corporations Act* and recommended by the ASX Corporate Governance Council. The Board also satisfies itself that the internal control system is operating effectively in all material respects.

Internal Controls and Risk Management

- The Board conducts evaluations regarding internal control and risk management;
- The Board receives the assurance of compliance from the Chief Executive Officer and Chief Financial Officer;
- The Company does not have a written policy on risks oversight management of business material risks because the number of people engaged in the Company's operations is insufficient to warrant production of a detailed policy document; and
- Independent professional advice – subject to prior consultation with the Chairman, each Director has the right to seek independent legal and other professional advice at the Company's expense concerning any aspect of the Company's operations or undertakings in order to fulfil their duties and responsibilities as Directors.

Principle 8 – Remuneration Fairly and Responsibly

Remuneration and Nomination Committee

The Board has established a Remuneration and Nomination Committee that reports to the Board.

Remuneration and Nomination Committee Charter and Responsibilities

The Company has established a Remuneration and Nomination Committee charter. The role and responsibility of the Committee/Board is to review and make recommendations in respect of:

- executive remuneration policy;
- Executive Director and senior management remuneration;
- Non-Executive Directors' remuneration;
- performance measurement policies and procedures;
- administration of the Company's Diversity policy;
- Board evaluation and performance of Directors; and
- issue and allotment of Options to Directors and Senior Executives.

Composition of the Remuneration and Nomination Committee

The Remuneration and Nomination Committee is structured so that it is made up of:

- only Non-Executive Directors;
- at least one Independent Director; and
- an independent Chairman, who is not Chairman of the Board.

Remuneration Policy

Shareholders at the Annual General Meeting adopt Directors' remuneration. The Board approves the salary and emoluments paid to the senior management and executive officers of the Company. The Chief Executive Officer has entered into a Service Agreement for a term not exceeding three years. Consultants are engaged as required pursuant to service agreements. The Company ensures that fees, salaries and emoluments are in line with general standards for publicly listed companies of the size and type of the Company. All salaries of Directors and statutory officers are disclosed in the Annual Report of the Company each year.

Salaries and Allowances

- The salary component of the Chief Executive Officer's remuneration is made up of fixed remuneration;
- The salary component of Non-Executive Directors is made up of fixed remuneration;
- The Company will disclose the names of Directors on the Remuneration and Nomination Committee in its Annual Report as well as the number of times such Committee has met and attendance at such meetings;
- The Company does not provide any schemes for retirement; and
- The Company will make publicly available a summary of the Remuneration and Nomination Committee Charter on the Company's website.

Corporate Governance Compliance

The Company confirms that it complies with ASX Listing Rule 4.10.3 relating to Corporate Governance Reporting except where specifically otherwise mentioned in this Corporate Governance Statement.

13. MATERIAL CONTRACTS

The Directors consider that the following documents constitute significant or material contracts of the Company or are of such a nature that an investor may wish to have details of them when making an assessment to apply for shares in the Public Offer.

- The Constitution of the Company.
- The business sale and purchase agreements:
 - Fix-My-Truck Pty Ltd;
 - EJ Anywhere Pty Ltd;
 - RW Tyres Pty Ltd;
 - Carline Automotive Group Pty Ltd;
 - Revolution Racegear Pty Ltd;
 - Wildcat (Aust) Pty Ltd.
- Trade Mark Registrations:
 - Revolution Racegear;
 - RPM Racewear;
 - Racelid.
- Convertible Note Subscription Agreement.
- NAB Facility Agreements.
 - Revolution Racegear Loan Facility
 - RW Tyres Loan Facility
- Executive Engagement Agreements
- Financial Adviser Mandate.
- Exclusive Distribution Agreements
 - Long March distribution agreement
 - Tianli distribution agreement
- Executive Directors' Agreements.
- Deeds of Access, Indemnity and Insurance.
- Share Restriction Agreements.

A summary of the principal terms and conditions of these contracts is detailed below:

13.1 Constitution of RPM Automotive Group Limited

The Constitution of the Company (formerly General Gold Resources Limited, Yilgarn Gold Limited and then Kairiki Energy Limited) is effectively a contract between the Company and each member, the Company and each Director and Company Secretary, and between a member and each other member, pursuant to section 140 of the *Corporations Act*. Investors who take up Shares under this Public Offer shall become bound by the Constitution of the Company and shall agree to observe and perform the provisions of the Constitution and any regulations or by-laws which may be made thereunder.

The significant aspects of the Constitution (adopted by shareholders on 19 April 2002) are as follows:

- Article 2 of the Constitution provides that upon the Company being admitted to the Official List of the ASX, and for so long as the Company remains admitted to the Official List of the ASX, the provisions set out in Appendix 15A of the ASX Listing Rules shall apply. Notwithstanding any provision of the Constitution, the

Constitution shall be read subject to the prevailing provisions of the Listing Rules;

- The Company shall have no nominal capital;
- The number of Directors of the Company shall be less than three or such greater number as the Directors shall decide;
- Directors shall, subject to the Constitution and the Corporations Act (and any other applicable law), be entitled to have a material personal interest or financial benefit in the Company;
- Directors and any Alternate can participate in an issue of Shares by the Company (subject to the Listing Rules);
- One-third of the Directors retire annually but are eligible for re-election (except a Managing Director);
Except as required by law or under the SCH Business Rules, no person shall be recognised by the Company as holding any Share non-beneficially, and the Company shall not be bound to recognise any equitable, contingent, future or partial interest in any Share or unit of a Share or any other rights in respect of any Share, except an absolute right to the entirety thereof in the registered holder (subject to any other provision of the Constitution or any applicable law or court order);
- Subject to the Constitution, a holder of ordinary Shares in the Company shall be entitled to be present at any meeting and to vote in respect of those ordinary shares. Every Shareholder present shall be entitled on a show of hands, to one vote, or on a poll to one vote for each Share held by that Shareholder (except in the case of partly-paid Shares. In this instance the Shareholder shall be entitled to a fraction of a vote equivalent to the proportion which the paid up amount, bears in relation to the total issue price);
- Restricted securities cannot be transferred during any applicable escrow period;
- The Company must indemnify officers, subject to section 199A of the *Corporations Act*, against liabilities, costs or expenses incurred as such an officer; and
- Any dividends must be paid out of profits.

13.2 Business Sale and Purchase Agreements

13.2.1 Fix-My-Truck Pty Ltd

On 3 October 2018 Fix-My-Truck Pty Ltd ("Seller") by a Business Sale Agreement ("the Agreement") the Seller sold to Kairiki Energy Limited ("KIK") the business assets of the Seller comprising Goodwill, Plant and Equipment, Intellectual Property, Stock, Business contracts, assets subject to equipment leases, trade records, property lease and all other property of the Seller excluding cash and corporate records for \$155,000 plus 2,960,000 ordinary fully paid shares in the Company. The Agreement recites consent of Seller's shareholders, completion of satisfactory due diligence, ASX relisting requirements and no breach of usual warranties as conditions precedent to completion, with completion to be two days after satisfaction of last condition precedent. The Agreement also provides for the additional consideration of the Earnout Shares and Performance Shares to the Seller

(see Prospectus Section 5.4) and a restraint of trade clause for two years from date of completion, Australia and New Zealand wide.

The Agreement otherwise contains the usual terms, conditions and warranties of a business sale and purchase agreement of this type. Consideration, Performance Shares and Earnout Shares will be subject to escrow as ASX shall determine.

13.2.2 EJ Anywhere Pty Ltd (trading as Air Anywhere)

On 3 October 2018 EJ Anywhere Pty Ltd (trading as Air Anywhere) ("Seller") by a Business Sale Agreement ("the Agreement") the Seller sold to Kairiki Energy Limited ("KIK") the business assets of the Seller comprising Goodwill, Plant and Equipment, Intellectual Property, Stock (estimated at \$300,000), Business contracts, assets subject to equipment leases, trade records, property lease and all other property of the Seller excluding cash and corporate records for \$200,000 plus 3,033,600 ordinary fully paid shares in the Company. The Agreement recites consent of Seller's shareholders, completion of satisfactory due diligence, ASX relisting requirements and no breach of usual warranties as conditions precedent to completion, with completion to be two days after satisfaction of last condition precedent. The Agreement also provides for the additional consideration of the Earnout Shares and Performance Shares to the Seller (see Prospectus Section 5.4) and a restraint of trade clause for two years from date of completion, Australia and New Zealand wide.

The Agreement otherwise contains the usual terms, conditions and warranties of a business sale and purchase agreement of this type. Consideration, Performance Shares and Earnout Shares will be subject to escrow as ASX shall determine.

13.2.3 RW Tyres Pty Ltd

On 3 October 2018 RW Tyres Pty Ltd ("Seller") by a Business Sale Agreement ("the Agreement") the Seller sold to Kairiki Energy Limited ("KIK") the business assets of the Seller comprising Goodwill, Plant and Equipment, Intellectual Property, Stock (estimated at \$2,000,000), Business contracts, assets subject to equipment leases, trade records, property lease and all other property of the Seller excluding cash and corporate records for \$2,130,000 plus 19,488,000 ordinary fully paid shares in the Company. The Agreement recites consent of Seller's shareholders, completion of satisfactory due diligence, ASX relisting requirements and no breach of usual warranties as conditions precedent to completion, with completion to be two days after satisfaction of last condition precedent. The Agreement also provides for the additional consideration of the Earnout Shares and Performance Shares to the Seller (see Prospectus Section 5.4) and a restraint of trade clause for two years from date of completion, Australia and New Zealand wide.

The Agreement otherwise contains the usual terms, conditions and warranties of a business sale and purchase agreement of this type. Consideration, Performance Shares and Earnout Shares will be subject to escrow as ASX shall determine.

13.2.4 Carline Automotive Group Pty Ltd

On 3 October 2018 Carline Automotive Group Pty Ltd ("Seller") by a Business Sale Agreement ("the Agreement") the Seller sold to Kairiki Energy Limited ("KIK") the business assets of the Seller comprising Goodwill, Plant and Equipment, Intellectual Property, Stock, Business contracts, assets subject to equipment leases, trade records, property lease and all other property of the Seller excluding cash and corporate records for 2,492,000 ordinary fully paid shares in the Company. The Agreement recites consent of Seller's shareholders, completion of satisfactory due diligence, ASX relisting requirements and no breach of usual warranties as conditions precedent to completion, with completion to be two days after satisfaction of last condition precedent. The Agreement also provides for the

additional consideration of the Earnout Shares and Performance Shares to the Seller (see Prospectus Section 5.4) and a restraint of trade clause for two years from date of completion, Australia and New Zealand wide.

The Agreement otherwise contains the usual terms, conditions and warranties of a business sale and purchase agreement of this type. Consideration, Performance Shares and Earnout Shares will be subject to escrow as ASX shall determine.

13.2.5 Revolution Racegear Pty Ltd

On 3 October 2018 Revolution Racegear Pty Ltd ("Seller") by a Business Sale Agreement ("the Agreement") the Seller sold to Kairiki Energy Limited ("KIK") the business assets of the Seller comprising Goodwill, Plant and Equipment, Intellectual Property, Stock (estimated at \$2,000,000), Business contracts, assets subject to equipment leases, trade records, property lease and all other property of the Seller excluding cash and corporate records for up to \$1,800,000 (Seller's debt due to National Australia Bank) plus 10,828,800 ordinary fully paid shares in the Company. The Agreement recites consent of Seller's shareholders, completion of satisfactory due diligence, ASX relisting requirements and no breach of usual warranties as conditions precedent to completion, with completion to be two days after satisfaction of last condition precedent. The Agreement also provides for the additional consideration of the Earnout Shares and Performance Shares to the Seller (see Prospectus Section 5.4) and a restraint of trade clause for two years from date of completion, Australia and New Zealand wide.

The Agreement otherwise contains the usual terms, conditions and warranties of a business sale and purchase agreement of this type. Consideration, Performance Shares and Earnout Shares will be subject to escrow as ASX shall determine.

13.2.6 Wildcat (Aust) Pty Ltd

On 3 October 2018 Wildcat (Aust) Pty Ltd ("Seller") by a Business Sale Agreement ("the Agreement") the Seller sold to Kairiki Energy Limited ("KIK") the business assets of the Seller comprising Goodwill, Plant and Equipment, Intellectual Property, Stock, Business contracts, assets subject to equipment leases, trade records, property lease and all other property of the Seller excluding cash and corporate records for \$375,000 plus 4,224,000 ordinary fully paid shares in the Company. The Agreement recites consent of Seller's shareholders, completion of satisfactory due diligence, ASX relisting requirements and no breach of usual warranties as conditions precedent to completion, with completion to be two days after satisfaction of last condition precedent. The Agreement also provides for the additional consideration of the Earnout Shares and Performance Shares to the Seller (see Prospectus Section 5.4) and a restraint of trade clause for two years from date of completion, Australia and New Zealand wide.

The Agreement otherwise contains the usual terms, conditions and warranties of a business sale and purchase agreement of this type. Consideration, Performance Shares and Earnout Shares will be subject to escrow as ASX shall determine.

13.3 Trademark Registration

13.3.1 "Revolution Racegear"

On 25 January 2017 IP Australia issued a Certificate of Registration for the Mark "Revolution Racegear" owned by Revolution Racegear Pty Ltd and renewable on 3 November 2024.

13.3.2 Race Car Driver Cartoon (Device)

On 25 February 2018 IP Australia approved the registration of the above Device owned by RPM Properties International Pty Ltd and renewable on 3 November 2024.

13.3.3 "RPM Racewear"

On 3 April 2007 IP Australia issued a Certificate of Registration for the Mark "RPM Racewear" owned by RPM Properties International Pty Ltd, renewable on 3 April 2027.

13.3.4 "Racelid"

On 6 November 2014 IP Australia issued a Certificate of Registration for the Mark "Racelid" owned by Pro-Ex Pty Limited (a subsidiary of Revolution Racegear Pty Limited) and renewable on 6 November 2024.

13.4 Convertible Note Subscription Agreements

On 1 June 2018 various noteholders, executed, as sophisticated investors, Convertible Note subscription agreements issued by RPM Worldwide Group Pty Ltd to secure sums totalling \$300,000 to defray the costs of the general meeting of shareholders and of relisting the Company on the ASX Official List.

The Notes were issued at 10 cents each (3,000,000 Notes) each convertible to one ordinary Share in the Company on relisting of the Company's Shares on ASX Official List. All funds secured by the Notes (\$300,000) have been paid and are redeemable upon 30 June 2019 or upon relisting, whichever shall first occur and otherwise bear interest at 15% per annum from 1 November 2018.

The Shares issued upon conversion of the Notes will be subject to such escrow conditions as ASX determines and the Subscription Agreements contain the otherwise usual terms and conditions of such Agreements.

13.5 Business Markets Loan Agreements

13.5.1 Revolution Racegear Loan Facility

On 8 May 2017 Revolution Racegear Pty Ltd ("the Borrower") executed a Business Markets Loan Agreement with National Australia Bank to secure by a General Security Agreement (Fixed and Floating Charge) a sum up to \$2,000,000 for purchase of inventory (stock) for the Borrower. This loan facility is current, in good standing and currently secured by guarantees of Clive Finkelstein and Lawrence Jaffe (which will be released on relisting of the Company).

13.5.2 RW Tyres Loan Facility

On 8 May 2017 RW Tyres Pty Ltd ("the Borrower") executed a Business Markets Loan Agreement with National Australia Bank to secure by a General Security Agreement (Fixed and Floating Charge) a sum up to \$350,000 for purchase of inventory (stock) for the Borrower. This loan facility is current, in good standing and currently secured by guarantees of Clive Finkelstein and Lawrence Jaffe (which will be released on relisting of the Company).

13.6 Executive Engagement Agreements

13.6.1 Chief Executive Officer – Executive Agreement

On 16 August 2018 the Company entered into an Executive Agreement with Clive Finkelstein (**Finkelstein**). Under the Agreement Finkelstein agrees to provide the usual services of a Chief Executive Officer for the Company from 1 October 2018 at a salary of \$250,000 per annum plus 9.5% superannuation. Finkelstein's salary under this Agreement is reviewed on completion of a performance review by the Company depending on his performance and the Company's economic performance. Annual leave, long service leave and superannuation are also payable under the Agreement on usual terms and conditions.

The Agreement continues, unless terminated, in accordance with its terms. The Company may terminate the Finkelstein Agreement immediately for serious misconduct or serious persistent breach of the Agreement or lack of performance or the bankruptcy of Finkelstein. Either party may terminate the Agreement on three months' written notice.

13.6.2 Commercial Director – Executive Agreement

On 16 August 2018 the Company entered into an Executive Agreement with Lawrence Jaffe (**Jaffe**). Under the Agreement Jaffe agrees to provide the usual services of a Commercial Director for the Company from 1 October 2018 at a salary of \$180,000 per annum plus 9.5% superannuation. Jaffe's salary under this Agreement is reviewed on completion of a performance review by the Company depending on his performance and the Company's economic performance. Annual leave, long service leave and superannuation are also payable under the Agreement on usual terms and conditions.

The Agreement continues, unless terminated, in accordance with its terms. The Company may terminate the Jaffe Agreement immediately for serious misconduct or serious persistent breach of the Agreement or lack of performance or the bankruptcy of Jaffe. Either party may terminate the Agreement on three months' written notice.

13.7 Financial Advisor Mandate (Novus Capital Limited)

On 23 April 2018 the Company entered into an agreement with Novus Capital Limited (**Novus**) whereby Novus was appointed as Financial Adviser, Sponsoring Broker and Lead Manager for the Company in the proposed Transaction. Under this agreement Novus agrees to provide assistance as broker to raise up to \$5 million capital and \$300,000 by Convertible Notes for the Company to obtain re-listing on the ASX by way of Prospectus and to manage that process including promotion and marketing and assisting to achieve other re-listing requirements.

Novus will be entitled to the following commission, fees and expenses and securities:

- An engagement fee of \$6,000;
- A management fee of \$12,000 per month (reducing to \$6,000 during the Prospectus fund-raising process);
- A fee of \$350,000 to manage the Public Offer;
- A management fee equal to 1.25% of capital raised;
- A 5% brokerage fee on funds raised by Public Offer;

- \$10,000 success fee to raise \$2,000,000; increasing by \$10,000 per additional \$1,000,000 up to \$5,000,000;
- 1,000,000 Adviser Shares and 1,000,000 Options; and
- Reimbursement of all previously approved expenses.

The agreement otherwise contains the usual terms and conditions including entitling Novus to terminate the agreement if the re-listing of the Company does not proceed and to an indemnity for defects in the Prospectus, Statements made therein or failure of the Company to comply with the requirements of the *Corporations Act* or the ASX Listing Rules in relation to the Prospectus or significant material changes in economic circumstances or the law since execution of the agreement.

13.8 Exclusive Distribution Agreements

Spider GT has executed two distribution agreements with Chinese tyre manufacturers for exclusive rights to distribute their products in Australia.

13.8.1 Chaoyang Long March Tyre Co., Ltd distribution agreement

Chaoyang Long March Tyre Co., Ltd. is located in Liaoning, China.

The agreement grants Spider GT exclusive Australian distribution rights to the "LONG MARCH" and "ROADLUX" (TBR) tyre brands.

The agreement is for valid for two years until 30 June 2020, with an annual roll-over provision after June 2020.

13.8.2 Tianjin United Tire & Rubber International Co., Ltd.

Tianjin United Tire & Rubber International Co., Ltd. is located in Tianjin, China. (TUTRIC)

TUTRIC has certified Spider GT as its sole Agent in Australia.

The sole agency agreement gives Spider GT the exclusive distribution rights for the "TIANLI" (OTR) Off-the-Road tyre brand in Australia.

The agreement does not have a specified time frame. There is no minimum order volume.

13.9 Directors' Indemnity Agreements

Each of the Directors of the Company has entered into a deed of access, insurance and indemnity with the Company whereby the Company has agreed to:

- indemnify each Director to the extent permitted by law against liabilities and legal costs incurred by each Director in his capacity as a Director of the Company;
- maintain and pay each Director's and officer's insurance policy; and
- provide each Director access to Board papers and other documents of the Company, both during the time the Director holds office and for a period up to seven years after he ceases to be a Director.

13.10 Share Restriction Agreements

By these agreements as yet undated between holders and controllers of restricted securities in the Company (as identified in the Schedule to the agreements), and an escrow trustee and the Company, the escrow trustee shall hold the restricted securities allotted by the Company during the escrow period in respect of those securities. The escrow period applicable to founders, directors and associates is 12 months. The escrow period applicable to non-associated parties is 12 months. The escrow periods may be varied as determined by ASX.

The agreements have been made for the purpose of complying with Chapter 9 of the ASX Listing Rules.

During the escrow period, the escrow trustee shall not dispose of, or agree to dispose of the restricted securities or create any interest in the restricted securities, transfer ownership or control of the restricted securities or participate in a return of capital made by the Company. If the restricted securities are kept on the certified sub-register, the escrow trustee, as holder of those restricted securities, shall deposit the certificate for the restricted securities with a bank or recognised trustee for the escrow period. If the restricted securities are kept on the issuer sponsored sub-register, then the escrow trustee, as holder of those restricted securities, shall apply a holding lock to those restricted securities. Upon expiry of the escrow period, the securities may be unlocked and released to the security holders, subject to the requirements of the ASX and the Listing Rules.

14. OPTIONS TERMS AND CONDITIONS

14.1 Introduction

As part of the proposed Transaction the Company will issue the following Options:

- One Option for every four ordinary fully paid shares allotted under the Public Offer to the Subscribers of those Shares
- One Option for every two ordinary fully paid shares (post consolidation) held by existing Shareholders in the Company
- 1,000,000 Options to the Lead Manager (Novus Capital Limit) or nominee for under the mandate agreement. Refer Section 13.7

All of the Options issued by the Company under the proposed Transaction will have the same terms and conditions.

The Company will apply for Official Quotation by ASX of the Options offered pursuant to this Prospectus. The Company will make this application within 7 days after the date of this Prospectus.

If the Options are not admitted to Official Quotation by ASX the Transaction will not be affected and Option Holders will hold unlisted Options to acquire shares in the Company on the same terms and conditions as if the Options were listed.

The fact that ASX may grant Official Quotation to the Options is not to be taken in any way as an indication of the merits of the Company or the Options being issued by the Company.

14.2 Entitlement

Each Option entitles the Option Holder to subscribe for one (1) ordinary fully paid Share in the Company upon exercise of the Option.

14.3 Exercise Price

Subject to Section 14.11, the amount payable upon exercise of each Option will be \$0.25 (Exercise Price).

14.4 Expiry Date

Each Option will expire at 5.00pm (AEST) two years from the date of issue of the Option (Expiry Date). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

14.5 Exercise Period

The Options are exercisable at any time on or prior to the Expiry Date (Exercise Period).

14.6 Notice of Exercise

The Options may be exercised during the Exercise Period 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.

14.7 Exercise Date

A Notice of Exercise is only effective on and from the later date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (Exercise Date).

14.8 Timing of issue of Shares on exercise

Within fifteen (15) business days after the Exercise Date, the Company will:

- allot and issue the number of Shares required under paragraph 14.1 of these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- give ASX a notice that complies with section 708A(5)(e) of the *Corporations Act*; and
- if admitted to the Official List of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (7)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than twenty (20) Business Days after becoming aware of such notice being ineffective, lodge with ASIC a 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.

14.9 Shares issued on exercise

Shares issued on exercise of the Options rank equally with the then issued Shares of the Company.

14.10 Quotation of Shares issued on exercise

If the Company is admitted to the Official List of ASX at the time, the company will apply to ASX for quotation of the Shares issued upon the exercise of the Options.

14.11 Reconstruction of Capital

If at any time the issued capital of the Company is reconstructed, all rights of an Option Holder are to be changed in a manner consistent with the *Corporations Act* and the ASX Listing Rules at the time of the reconstruction.

14.12 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 without exercising the Options.

14.13 Change in exercise price

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

14.14 Transferability

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities law.

14.15 No entitlement to dividends or voting rights

An Option does not confer any entitlement by the Option Holder to Dividends declared by the Company. An Option does not confer any entitlement on the Option Holder to vote at Shareholder Meetings.

15. TAXATION

15.1 Summary of Australian Taxation Implications

The following summary in Sections 15.1 to 15.5.3 provides an overview of the Australian tax implications of the Public Offer for investors who are residents of Australia for tax purposes and who hold their Shares as capital assets. This summary is based on the law in effect as at the Prospectus Date, is general in nature and should not be relied on by potential investors as tax advice. Potential investors should seek specific advice applicable to their own particular circumstances from their own financial or tax advisers.

This Section does not consider the Australian tax consequences for particular types of investors, including those:

- whose Shares are held as trading stock or otherwise on revenue account; or
- that may be subject to special tax rules, such as insurance companies, banks, partnerships, tax exempt organisations, trusts (except where expressly stated), superannuation funds (except where expressly stated), or temporary residents; or
- who are tax resident of any jurisdiction other than Australia (except where expressly stated); or
- who are subject to the Australian Taxation of Financial Arrangement rules under Division 230 of the Income Tax Assessment Act 1997 (Cth).

15.2 Australian Income tax implications of future share disposals

15.2.1 Australian Resident Shareholders

Shareholders who dispose of Shares held on capital account will trigger a CGT event. Australian resident Shareholders will:

- make a capital gain if the capital proceeds received on the disposal of their Shares are greater than the cost base of those Shares, or
- make a capital loss if the capital proceeds received on the disposal of their Shares are less than the reduced cost base of those Shares.

The capital proceeds received on disposal of Shares should generally be equal to the money received in respect of the disposal.

The cost base of Shares subscribed for under the Public Offer should generally be equal to the Issue Price plus any incidental costs (i.e. brokerage). The reduced cost base should be the same as the cost base, subject to some modifications.

Any capital gain on disposal of the Shares in the Company may qualify as a discount capital gain for certain Australian resident Shareholders that are individuals, trusts or complying superannuation funds that have held their Shares for more than 12 months. Where the CGT discount applies, the amount of the capital gain may be discounted by 50% for individuals and trusts and 33 1/3% for complying superannuation funds and life insurance companies in respect of certain investments. Where the Shareholder is a trust to which the CGT discount applies, the CGT discount may flow through to the beneficiaries of the trust if those beneficiaries are not companies. Shareholders that are trusts should

seek specific advice as to the circumstances in which a beneficiary may be entitled to discount capital gains treatment.

Prior to applying the CGT discount Shareholders may offset their capital gain against any available capital losses incurred in the relevant income year or any carry forward net capital losses. The net capital gain (after applying any losses and the CGT discount) should be included in their assessable income in the relevant income year.

To the extent Shareholders incur a capital loss on disposal of their Shares, Shareholders may offset their capital loss against any capital gains derived in the relevant income year. Where the capital losses incurred in the relevant income year exceed the capital gains derived in the relevant income year, Shareholders may be entitled to carry forward the excess (referred to as a 'net capital loss') to future income years subject to the application of the loss recoupment rules in certain cases. Shareholders cannot offset their net capital losses against their ordinary income.

15.2.2 Non-Resident Shareholders

Non-Australian resident Shareholders who hold Shares on capital account will not be subject to Australian CGT on the disposal of Shares unless:

- the non-resident, together with associates, has a holding of at least 10% of all the issued Shares of the Company (non-portfolio interest), and
- at the time of disposal, more than 50 percent of the market value of the assets of the Company is represented (directly or indirectly) by real property interests in Australia (including leases of land) or certain mining, quarrying and prospecting rights in Australia.

Non-Australian resident and temporary resident Shareholders are not entitled to discount capital gains in respect of the disposal of Shares that were acquired by the Shareholder after 8 May 2012.

Relevant double taxation agreements may affect the Australian capital gains tax rules for non-resident Shareholders on the disposal of Shares.

Non-resident Shareholders who have a non-portfolio interest together with their associates in the circumstances described above should seek specific Australian tax advice. Non-resident Shareholders that have previously been Australian residents should also seek specific Australian tax advice. Specifically with regard to the application of the Foreign Resident Capital Gains Withholding ("FRCGW") which may impose a 12.5% withholding tax in certain instances, where a non-Australian resident has a non-portfolio interest in an entity with real property interests in Australia.

15.3 Australian Income tax implications of Payment of Dividends

15.3.1 Australian Resident Shareholders

Dividends will be required to be included in an Australian resident Shareholder's assessable income in the income year in which the dividend is received. To the extent that franking credits are attached to the dividend, Australian resident Shareholders should also include the franking credits in their assessable income. Where Shareholders include franking credits in their assessable income, Shareholders should be entitled to a corresponding tax offset against their tax payable for the relevant income year.

In order for Shareholders to qualify for franking credits and the corresponding tax offset, Shareholders must satisfy the 'holding period' rules which require Shareholders to hold their Shares 'at risk' for a period of not less than 45 days, not counting the day of acquisition or disposal. The 'holding period' rules do not apply to Shareholders who are individuals who are entitled to tax offsets (for all franked distributions received by the particular Shareholder in the relevant income year) of not greater than \$5,000 for the relevant income year.

Where the holding period rule is satisfied:

- Shareholders that are individuals or complying superannuation funds should be entitled to a tax offset equal to the amount of the franking credits attached to a dividend. Where these Shareholders have franking credits in excess of their income tax liability they may be entitled to a refund equal to the excess.
- Shareholders that are companies should be entitled to a tax offset equal to the amount of the franking credits attached to a dividend.

Accordingly, these Shareholders should not pay any additional tax on the dividend to the extent that it is franked. Any excess tax offset may be able to be converted to a carry forward tax loss. A credit should arise in the franking account of these Shareholders equal to the amount of the franking credits attached to the dividend.

Where Shares are held by Australian resident trusts or partnerships, and the dividend is passed through to Australian resident beneficiaries or partners, the benefit of the franking credit attached to the dividend may also pass through to those Australian resident beneficiaries or partners. The income tax treatment of the dividends including any franking credits in the hands of those beneficiaries or partners should depend upon the tax status of the beneficiaries or partners.

15.3.2 Non-Resident Shareholders

Subject to the operation of a double taxation agreement, unfranked dividends paid by the Company to non-resident Shareholders will generally be subject to withholding tax at the rate of 30 per cent. A lower rate of withholding tax, within a range of 0% to 20% will generally apply where the Shareholder is a resident of country with which Australia has a double taxation agreement. We note there is a reduced withholding tax rate for New Zealand resident shareholders of 5% if the beneficial owner of the shares is a Company with a non-portfolio interest, otherwise the withholding tax rate will be 15% in accordance with the Australia and New Zealand Double Taxation Agreement effective at the date of this Prospectus.

Fully franked dividends paid to non-resident Shareholders will generally not be subject to withholding tax.

15.4 Australian Income Tax Implications of Returns of capital

If the Company makes a return of capital, to the extent it is not treated as a dividend for income tax purposes, the cost base and reduced cost base of a Shareholder's Shares for CGT purposes should be reduced by the amount of the return of capital, with any excess over the cost base resulting in a capital gain.

It is noted that non-Australian resident will only be subject to tax in Australia on this capital gain in the circumstances set out in 14.2.2 above.

15.5 Other Australian tax implications

15.5.1 Goods and Services Tax

No GST is payable in respect of the acquisition of Shares nor should there be any GST liability arising from the receipt of dividends in respect of the Shares. An Australian resident that is registered or required to be registered for GST seeking to claim input tax credits on related transaction costs should seek their own independent tax advice in this regard.

15.5.2 Stamp Duty

No Australian stamp duty should be payable in respect of the subscription for the Public Offer Shares under this Prospectus.

This is on the basis the Company and its subsidiaries do not amount to landholders for the purposes of any Australian duties legislation.

15.5.3 Tax File Number (TFN) Withholding Tax

Shareholders are not required to quote their TFN to the Company. If Shareholders do not quote their TFN or other relevant exemption details, tax may be required to be withheld by the Company from certain distributions at the top marginal rate plus the Medicare levy.

THE PRECEDING SUMMARY IS NOT A COMPLETE DESCRIPTION OF ALL TAX CONSEQUENCES RELATING TO THE OWNERSHIP AND DISPOSITION OF SECURITIES IN THE COMPANY AND IS NOT TAX ADVICE. PROSPECTIVE HOLDERS OF SECURITIES IN THE COMPANY SHOULD CONSULT WITH THEIR TAX ADVISERS REGARDING THE TAX CONSEQUENCES TO THEM OF THE OWNERSHIP AND DISPOSITION OF SECURITIES.

16. ADDITIONAL INFORMATION

16.1 Incorporation and Background

The Company was incorporated on 20 October 1983 and admitted to ASX Official List on 10 November 1983. The Company's share trading was suspended on 27 May 2016 until it found a suitable replacement investment opportunity for shareholders. As at the date of this Prospectus the Company has 9,435,743 Shares on issue after a 37:1 consolidation and on 27 May 2019 changed its name to RPM Automotive Group Pty Limited (the **Company**).

16.2 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings nor are the Directors aware of any legal proceedings pending or threatened against the Company.

16.3 Rights attaching to Shares

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

Full details of the rights attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

(a) Meetings and Notices

Each shareholder is entitled to receive notice of and attend and vote at general meetings of the Company and to receive all the notices, accounts and other documents required to be sent to shareholders under the Constitution, the *Corporations Act* or the ASX Listing Rules. Shareholders may requisition meetings in accordance with the *Corporations Act* and the Constitution.

(b) Voting rights

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

- (i) each shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote; and
- (iii) on a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each fully paid Share held by him or her, or in respect of which he or she is appointed a proxy, attorney or representative, have one vote for the Share, in respect of partly paid Shares, each shareholder shall have such number of votes as bears the same proportion to the total of such Shares registered in the

shareholder's name, as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited). Amounts paid in advance of a call are ignored when calculating the proportion.

(c) **Dividend rights**

Subject to the rights of any preference shareholders and to the rights of the holders of any Shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the shareholders entitled to the dividend. It shall be payable on all Shares according to the proportion that the amount paid or credited as paid is of the total amounts paid and payable in respect of such Shares.

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

Subject to the ASX Listing Rules and the *Corporations Act*, the Company may, by resolution of the Directors, grant shareholders or a class of shareholders the right to elect to reinvest cash dividends paid by the Company by subscribing for Shares on the terms determined by the Board.

(d) **Winding-up**

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

(e) **Shareholder liability**

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

(f) **Transfer of Shares**

Generally, Shares are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the *Corporations Act* or the ASX Listing Rules.

(g) **Variation of rights**

Pursuant to section 246B of the *Corporations Act*, the Company may, with the sanction of a special resolution passed at a meeting of shareholders vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of Shares, the rights attached to any class, (unless otherwise provided by the terms of issue of the Shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued Shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the Shares of that class.

(h) **Alteration of Constitution**

The Constitution can only be amended by a special resolution passed by at least three quarters of shareholders present and voting at the general meeting. In addition, at least 28 days' written notice specifying the intention to propose the resolution as a special resolution must be given.

(i) **Unmarketable parcels**

Subject to the *Corporations Act*, ASX Listing Rules and ASX Settlement Operating Rules, the Company may, subject to the conditions set out in the Constitution, sell the Shares of a shareholder who holds less than a marketable parcel of shares.

(j) **Share buy-backs**

So far as is permitted by law, the Company may buy back Shares in itself on terms and at times determined by the Board.

(k) **Variation of class rights**

At present, the Company's only class of Share on issue is ordinary fully paid shares. Subject to the *Corporations Act* and the terms of issue of Shares, the rights attaching to any class of Shares may be varied or cancelled:

- in either case, with the consent in writing of the holders of three quarters of the issued Shares including in that class; or
- by a special resolution passed at a separate meeting of the holders of those Shares.

In either case, the holders of not less than 10% of the votes in the class of Shares, the rights of which have been varied or cancelled, may apply to a court of competent jurisdiction to exercise its discretion to set aside such a variation or cancellation.

(l) **Directors – appointment and removal**

Under the Constitution, the minimum number of Directors is three or such greater number as the Company in a general meeting determines otherwise. A Director is not required to hold any Shares.

The following Directors automatically retire at the end of each annual general meeting:

- any Director appointed by the Directors since the last annual general meeting;

- one third of the other Directors (not counting the Managing Director) provided that there must be at least one retiring Director; and
- any Director (not counting the Managing Director) for whom this would be the third annual general meeting since his or her last appointment or three years since his or her last appointment (whichever is the longer).

(m) **Directors – voting**

Questions arising at a meeting of the Board will be decided by a majority of votes of the Directors present at the meeting and entitled to vote on the matter. In the case of an equality of votes on a resolution, the chairperson of the meeting has a casting vote.

(n) **Directors – remuneration**

The Constitution provides that non-executive Directors are entitled to such remuneration as determined by the Directors but which must not exceed in aggregate the maximum amount determined by shareholders at a general meeting. Current non-executive Directors' fees total \$0 for the prior 12 months and shareholder approval presently exists for a sum not exceeding \$150,000 in any 12-month period.

(o) **Directors – interests and Share issues**

The Constitution provides that the Directors shall, subject to the Constitution and the *Corporations Act* (and any other applicable law), be entitled to have a material personal interest or financial benefit in the Company. Further, subject to the ASX Listing Rules, Directors and their associates can also participate in an issue of Shares by the Company.

(p) **Officers' Indemnity**

To the extent permitted by the *Corporations Act*, the Company must indemnify each person who is or has been an officer of the Company against any liability incurred by the person as an officer of the Company; and may have a premium for a contract insuring an officer of the Company against that liability.

(q) **Shareholder liability**

As the Shares under the Prospectus are fully paid shares, they are not subject to any monetary calls by the Directors and will therefore not become liable to forfeiture.

(r) **ASX Listing Rules**

Despite anything in the Constitution, if ASX Listing Rules prohibit an act being done, the act must not be done. Nothing in the Constitution prevents an act being done that the ASX Listing Rules require to be done. If the ASX Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). If the ASX Listing Rules require the Constitution to contain a provision or not to contain a provision, the Constitution is

deemed to contain that provision or not to contain that provision (as the case may be). If any provision of the Constitution is or becomes inconsistent with the ASX Listing Rules, the Constitution is deemed not to contain that provision to the extent of the inconsistency.

16.4 Continuous Disclosure Obligation

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

16.5 Options for existing Shareholders

The Company will issue one option for every two ordinary fully paid Shares held by existing shareholders in the Company as part of the Public Offer. The Options are exercisable at \$0.25 cents each and are subject to the similar terms and conditions as those referred to in Section 14.

16.6 Forecasts

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company in light of uncertainty as to timing and outcome of the Company's growth strategies.

Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

16.7 Forward-looking statements

This Prospectus contains forward-looking statements, which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of our Company, the Directors and our management. Matters not yet known to the Company or not currently considered material to the Company could impact on these forward-looking statements.

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 and investors are cautioned not to place undue reliance on these forward-looking statements.

These forward-looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 5.

16.8 Company tax status

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

16.9 Dividend policy

The Directors do not expect a dividend to be paid with respect to the 2019 financial year. No dividends are expected until revenue commences from the Company's projects.

The Company will have a dividend policy in which a percentage of net cash flow from operations will be paid as dividends. However, in any future determination as to the payment of dividends it will be at the discretion of the Directors and will depend upon availability of distributable earnings, future capital requirements, general business conditions and other factors considered relevant by the Directors acting in the best interests of the shareholders.

16.10 Related party transactions

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

Chief Executive Agreement – Executive Agreement with Clive Finkelstein

On 16 August 2018 the Company entered into a Chief Executive Officer Agreement with Clive Finkelstein, a Director and CEO of the Company. The agreement with Clive Finkelstein is considered to be reasonable remuneration for purposes of Section 211 of the *Corporations Act* and as such, member approval of the transactions has not been sought.

The terms of this agreement are summarised in Section 13.6.1.

Commercial Director Agreement – Executive Agreement with Lawrence Jaffe

On 16 August 2018 the Company entered into a Commercial Director Agreement with Lawrence Jaffe, a Director of the Company. The agreement with Lawrence Jaffe is considered to be reasonable remuneration for purposes of Section 211 of the *Corporations Act* and as such, member approval of the transactions has not been sought.

The terms of this agreement are summarised in Section 13.6.2.

16.11 Substantial shareholders

Substantial shareholders (including indirect)	Number of Shares	Voting power pre Offer	Voting power post Offer
RPM Worldwide Group Pty Ltd	23,542,880	NIL	26.92%
RPM Australasia Pty Ltd	10,828,800	NIL	12.38%
Mr. Ejay Rahmani	5,083,520	NIL	5.59%

16.12 Interests of Directors

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

- the formation or promotion of the Company;
- any property acquired or proposed to be acquired by the Company in connection with:
 - its formation or promotion; or
 - the Public Offer; or
- the Public Offer,

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

- as an inducement to become, or to qualify as, a Director; or
- for services provided in connection with:
 - the formation or promotion of the Company; or
 - the Public Offer.
- Directors' shareholdings in the Company are as follows:

Name of Director	Number of Shares	Percentage
Campbell Welch	834,319	0.95%
Scott Brown	Nil	Nil
Clive Finkelstein	37,117,650	*42.44%
Lawrence Jaffe	37,117,650	*42.44%

- Includes the share holdings of RPM Australasia Pty Ltd and RPM Worldwide Group Pty Ltd of which Clive and Lawrence are directors and have control.
- This does not include any Shares the Directors may acquire under the Public Offer

16.13 Interests of Experts and Advisers

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

- person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- promoter of the Company; or
- underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

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

- the formation or promotion of the Company;
- any property acquired or proposed to be acquired by the Company in connection with:
 - its formation or promotion; or
 - the Public Offer; or
- the Public Offer,

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

- the formation or promotion of the Company; or
- the Public Offer.

Walker Wayland Advantage Corporate Pty Ltd has acted as Investigating Accountant and has prepared the Independent Limited Assurance Report, which is included in Section 9 of this Prospectus. The Company estimates it will pay Walker Wayland Advantage Corporate Pty Ltd a total of \$50,000.00 to \$58,000.00 (excluding GST) for these services per the terms of their engagement letter. Subsequently, fees will be charged in accordance with normal charge out rates.

During the 24 months preceding lodgement of this Prospectus with ASIC, Walker Wayland Advantage Audit Partnership has not received fees from the Company. The Company estimates it will pay Walker Wayland Advantage Audit Partnership fees of \$100,000.00 (excluding GST) from The RPM Group to provide the audits for the Public Offer. (RPM Australasia Pty Ltd was the entity engaging the firm as Auditors of The RPM Group.) Audit services are per the terms of their engagement letter. Subsequently, fees may be charged in accordance with normal charge out rates.

Ian B. Mitchell has acted as solicitor to the Company in Australia in relation to the Public Offer. The Company estimates it will pay Ian B. Mitchell \$25,000.00 (excluding GST) for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with the ASIC, Ian B. Mitchell has not received fees from the Company.

16.14 Consents

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
- (b) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

Walker Wayland Advantage has given its written consent to being named as Investigating Accountant of the Company in this Prospectus and to the inclusion of the Independent Accountant's Report in Section 9 of this Prospectus in the form and context in which the information and report is included. Walker Wayland Advantage has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

Ian B. Mitchell has given its written consent to being named as the Australian solicitor to the Company in this Prospectus. Ian B. Mitchell has not withdrawn his consent prior to the lodgement of this Prospectus with the ASIC.

Novus Capital Limited has given its written consent to being named as Financial Adviser and Lead Manager to the Public Offer. Novus Capital Limited has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Ben Bester has given his written consent to being named in this Prospectus as the auditor of The RPM Group and to the inclusion of the audited financial statements for The RPM Group for the financial years ended 2016, 2017 and 2018 and has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

16.15 Expenses of the Public Offer

The total expenses of the Public Offer (excluding GST) are estimated to be approximately \$500,000 for minimum subscription or \$750,000 for full subscription, and are expected to be applied towards the items set out in the table below:

Item of Expenditure	Minimum Subscription	Maximum Subscription
ASIC fees	\$4,000	\$4,000
ASX fees	\$26,000	\$26,000
Broker and Lead Manager fees	\$250,000	\$450,000
Legal fees	\$25,000	\$25,000
Accounting fees	\$100,000	\$100,000
Investigating Accountant's fees	\$55,000	\$55,000
Independent Experts Report	\$35,000	\$35,000
Share Registry	\$12,000	\$12,000
Printing	\$25,000	\$25,000
TOTAL	\$532,000	\$732,000

16.16 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 Form. If you have not, please contact the Company and the Company will send you, for free, either a hard copy or a further electronic copy of this Prospectus or both. Alternatively, you may obtain a copy of this Prospectus from the website of the Company at **www.rpmgroup.net.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.

17. DIRECTORS' AUTHORISATION

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

In accordance with section 720 of the *Corporations Act*, each Director and Proposed Director has consented to the lodgement of this Prospectus with the ASIC and has not withdrawn that consent.

The Directors and Proposed Directors state that they have made all reasonable enquiries and on that basis have reasonable grounds to believe that any statements made by the Directors and Proposed Directors in this Prospectus are not misleading or deceptive and that, in respect to any other statements made in this Prospectus by persons other than Directors or Proposed Directors, the Directors and Proposed Directors have made reasonable enquiries and, on that basis, have reasonable grounds to believe that persons making the statement or statements were competent to make such statements.

Those persons have given their consent to the statements being included in this Prospectus, in the form and context in which they are included and have not withdrawn that consent before lodgement of this Prospectus with the ASIC or, to the Directors' and Proposed Directors' knowledge, before any issue of Shares pursuant to this Prospectus.

Signed for and on behalf of the Company,



Campbell Welch
Chairman

For and on behalf of the Directors of
RPM Automotive Group Limited

18. GLOSSARY

Where the following terms are used in this Prospectus they have the following meanings:

\$ means an Australian dollar.

AAAA means the Australian Automotive Aftermarket Association

ABS means the Australian Bureau of Statistics

AEST means Australian Eastern Standard Time

Applicant means a person who submits a valid Application and required Application Monies pursuant to this Prospectus

Application means an application for Shares under this Prospectus in the Public Offer.

Application Form means the application form attached to or accompanying this Prospectus relating to the Public Offer.

Application Monies means money submitted by Applicants pursuant to their Application

ASIC means Australian Securities & Investments Commission.

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

ASX Corporate Governance Principles means means the corporate governance principles and recommendations of the ASX Corporate Governance Council as at the Prospectus Date.

ASX Listing Rules means the official listing rules of ASX.

ATO means the Australian Tax Office

ACL means Australian Consumer Law.

Board means the board of Directors as constituted from time to time.

Business Sale Agreement (BSA) means the binding acquisition agreements pursuant to which RPM Automotive Group Limited (the Company) has agreed to acquire The RPM Group businesses from the Vendors.

Closing Date means the closing date of the Public Offer as set out in the indicative timetable in the Investment Overview on page 5 of this Prospectus (subject to the Company reserving the right to extend the Closing Date or close the Public Offer early).

Company means RPM Automotive Group Limited (ACN 002 527 906), formerly called Kairiki Energy Limited

Completion means the completion of the Public Offer and Transaction, being the date upon which the Offer Securities are allotted to Successful Applicants in accordance with the terms of the Public Offer

Consideration means the value of Shares [including Performance Shares and Earnout Shares] and money being offered by the Company to the Vendors in accordance with the terms of the Business Sale Agreements to acquire The RPM Group.

Constitution means the constitution of the Company.

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

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

Earnout Share means an Earnout Share in the Company within the terms and conditions set out in Section 6.7.

EBITDA means earnings before interest, tax, depreciation and amortisation.

Executive Director means the executive Directors of the Company, which at the Prospectus Date are Clive Finkelstein and Lawrence Jaffe.

Existing Shareholders means the owners of Shares in the Company as at the Prospectus Date.

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*.

Financial Adviser Mandate means the mandate between the Company and the Lead Manager (Novus Capital Limited) summarised in Section 13.7.

Founders means the founders of The RPM Group, being Mr Clive Finkelstein and Mr Lawrence Jaffe.

Historical Financial Information has the meaning given to it in Section 8.

Investigating Accountants means Walker Wayland Advantage Corporate Pty Ltd

Investigating Accountants' Reports means the Independent Limited Assurance Reports provided by the Investigating Accountants and included in Section 9.

Lead Manager means Novus Capital Limited.

Listing Approval means ASX granting conditional approval for the Company to be admitted to the Official List and for Official Quotation of the Shares.

Listing Date means the date that the Company is admitted to the Official List.

MTAA means the Motor Trades Association of Australia

Offer means the Public Offer.

Offer Price means the price at which Applicants per Share in the Public Offer Share (being \$1.00 per Offer Shares).

Offer Securities means the Shares and Options to be issued under the Public Offer.

Official List means the official list of ASX.

Official Quotation means official quotation by ASX in accordance with the ASX Listing Rules.

Option means an option to acquire a Share.

Option Holder means a holder of an Option.

Performance Share means a performance share in the Company within the terms and conditions set out in Section 6.6.

Promoters means the Founders.

Prospectus means this prospectus.

Prospectus Date means 29 May 2019.

Public Offer means the public offer of Shares pursuant to this Prospectus as set out on page 5 of this Prospectus.

The RPM Group means the group of automotive businesses being acquired by the Company, which includes; RW Tyres, Revolution Racegear, Carline Automotive Group Pty Ltd, Air Anywhere, Fix My Truck and Wildcat.

Section means a section of this Prospectus.

Securities includes Shares, Options, Performance and Earnout Shares.

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

Shareholder means a registered holder of Shares.

Substantial Shareholder has the meaning given in the Corporations Act.

Successful Applicant means an Applicant who is issued Shares under the Public Offer.

TBR Tyres means truck, bus and radial tyres, being tyres for commercial vehicles.

Transaction means all the requirements for the Company to Complete the Acquisition, Public Offer, Listing Approval and recommencement of Official Quotation of the Company's Shares.

19. APPLICATION FORM

[See attachment]

How to complete this Public Offer Application Form

A

Number of Shares applied for

Enter the number of Shares for which you wish to apply. The Application must be for a minimum of 10,000 Shares (A\$2,000.00) and thereafter in multiples of 500 Shares (A\$100.00)

B

Application Monies

Enter the amount of Application Monies. To calculate the amount, multiply the number of Shares applied for in Step A by the Issue Price of A\$0.20.

C

Applicant Name(s)

Enter the full name you wish to appear on the statement of holding. This must be either your own name or the name of a company. Up to 3 joint Applicants may register. You should refer to the table below for the correct forms of registrable title. RPM Automotive Group Limited reserves the right to reject Application Forms using the incorrect naming convention. The Clearing House Electronic Subregister System (CHES) participants should complete their name identically to that presently registered in the CHES system.

D

Postal Address

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

E

Contact Details

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

F

CHES

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

G

Payment

BPAY

If you wish to pay your Application Monies via BPAY, visit [https://\(offername\).thereachagency.com](https://(offername).thereachagency.com) and follow the instructions.

Cheque

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

Before completing the Application Form you should read the Prospectus to which this Application Form relates. By lodging the Application Form, you agree that this Application for Shares in RPM Automotive Group Limited is subject to the terms of the Prospectus and the Constitution of RPM Automotive Group Limited, and agree to take any number of Shares that may be issued to the Applicant(s) pursuant to the Prospectus. It is not necessary to sign the Application Form.

Lodgement of Application

Application Forms must be received by Computershare Investor Services Pty Limited (CIS) by no later than 5.00pm (AEST) on the Closing Date. You should allow sufficient time for this to occur. Return the Application Form with payment attached to:
RPM Automotive Group Limited
c/- Computershare Investor Services Pty Limited
GPO Box 52
MELBOURNE VIC 3001 Australia

Neither CIS nor RPM Automotive Group Limited accepts any responsibility if you lodge the Application Form at any other address or by any other means. If you have any enquiries regarding the Application Form, please contact the Company on (02) 9375 0165 (within Australia) or +61 2 9375 0165 (outside Australia).

Privacy Notice

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

Correct forms of registrable title(s)

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

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