



**Mission NewEnergy Limited**  
One Mission : One Energy : NewEnergy

Tempo Offices, Unit B9,  
431 Roberts Rd, Subiaco,  
Western Australia, 6008

Tel: + 618 6313 3975

Fax: + 618 6270 6339

Email: [invest@missionnewenergy.com](mailto:invest@missionnewenergy.com)

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18 November 2019  
ASX ANNOUNCEMENT

### **Mission files 2019 Annual Report Form 20-F with SEC**

Mission NewEnergy Limited (ASX: **MBT**) announces that it has filed its 2019 annual report, form 20-F with the United States Securities and Exchange Commission (SEC).

The Form 20-F is attached to this announcement.

-Announcement Ends -

For more information and a copy of this announcement, please visit:  
[www.missionnewenergy.com](http://www.missionnewenergy.com) or contact:

**Company Contact:**

James Garton

Phone: +61 8 6313 3975

Email: [james@missionnewenergy.com](mailto:james@missionnewenergy.com)

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 20-F

- REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12(g) OF THE SECURITIES EXCHANGE ACT OF 1934
- OR ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the fiscal year ended June 30, 2019
- OR TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
- OR SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
Date of event requiring this shell company report \_\_\_\_\_

Commission file number: 001-35022

**Mission NewEnergy Limited**

(Exact name of Registrant as specified in its charter)

N/A

(Translation of Registrant's name into English)

**Western Australia, Australia**

(Jurisdiction of incorporation or organization)

**Unit B9, 431 Roberts Rd,**

**Subiaco, Western Australia 6008, Australia**

(Address of principal executive offices)

**Guy Burnett**

**Chief Financial Officer and Company Secretary**

**+61 8 6313 3975; guy@missionnewenergy.com**

**Unit B9, 431 Roberts Rd,**

**Subiaco, Western Australia 6008, Australia**

(Name, Telephone, E-mail and/or Facsimile Number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

**Title of each class**

**Name of each exchange on which registered**

**None**

**None**

Securities registered or to be registered pursuant to Section 12(g) of the Act:

**Ordinary Shares, no par value**

(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

**None**

(Title of Class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of June 30, 2019: 40,870,275 Ordinary Shares

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes  No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Emerging growth company

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

US GAAP

International Financial Reporting Standards as issued by the International Accounting Standards Board

Other

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

Item 17     Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes     No

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## CONVENTIONS THAT APPLY TO THIS ANNUAL REPORT

Unless otherwise indicated or the context clearly implies otherwise, references to “we,” “us,” “our,” “Mission NewEnergy,” “Mission,” “the Group” and “the Company” are to Mission NewEnergy Limited, an Australian corporation, and its subsidiaries. In this annual report “shares” or “ordinary shares” refers to our ordinary shares.

In this annual report, references to “\$,” “US\$” or “U.S. dollars” are to the lawful currency of the United States and references to “Australian dollars” or “A\$” are to the lawful currency of Australia.

Solely for the convenience of the reader, this annual report contains translations of certain Australian dollar amounts into U.S. dollars at specified rates. Except as otherwise stated in this annual report, all translations from Australian dollars to U.S. dollars are based on the noon buying rate of the City of New York for cable transfers of Australian dollars, as certified for customs purposes by the Federal Reserve Bank of New York on the date or year indicated. No representation is made that the Australian dollar amounts referred to in this annual report could have been or could be converted into U.S. dollars at such rates or any other rates. Any discrepancies in any table between totals and sums of the amounts listed are due to rounding.

Unless otherwise indicated, the consolidated financial statements and related notes as of and for the fiscal years ended June 30, 2017, 2018 and 2019 included elsewhere in this annual report have been prepared in accordance with Australian Accounting Standards and also comply with International Financial Reporting Standards (“IFRS”) and interpretations issued by the International Accounting Standards Board.

References to a particular “fiscal year” are to our fiscal year ended June 30 of that year. References to a year other than a “fiscal” year are to the calendar year ended December 31. References to “our refinery,” “the refinery,” “our business” and “the joint venture company” refer to a 20% shareholding held by our wholly owned subsidiary M2 Capital Sdn Bhd in a Malaysian Joint Venture Company, named FGV Green Energy Sdn Bhd, which owns a 250,000 tpa biodiesel refinery. This refinery is mothballed as the project has stalled due to an inability of the biodiesel refinery operating entity to secure ongoing offtake sales contracts and the planned retrofit of new technology is on hold. Additionally, FGV Green Energy Sdn Bhd has a loan that is now due and payable, against which the refinery is held as security. The company does not intend to inject capital into the associate company and the lenders may exercise their right to take the refinery asset owned by FGV Green Energy. The Group has impaired the carrying value of this investment in past years to NIL, and does not expect to be able to realize any value from this investment.

## SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This annual report contains forward-looking statements that relate to our current expectations and views of future events. All statements, other than historical fact or present financial information, may be deemed to be forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements relate to events that involve known and unknown risks, uncertainties and other factors, including those listed under “Item 3.D — Key Information — Risk Factors,” “Item 4 — Information on the Company” and “Item 5 — Operating and Financial Review and Prospects,” all of which are difficult to predict and many of which are beyond our control, which may cause our actual results, performance or achievements to be materially different from any future results, performances or achievements expressed or implied by the forward-looking statements.

In some cases, these forward-looking statements can be identified by words or phrases such as “may,” “will,” “expect,” “anticipate,” “aim,” “estimate,” “intend,” “plan,” “believe,” “potential,” “continue,” “predict,” “forecast,” “budget,” “project,” “target,” “likely to” or other similar expressions. These forward-looking statements are subject to risks, uncertainties and assumptions, some of which are beyond our control. In addition, these forward-looking statements reflect our current views with respect to future events and are not a guarantee of future performance. Actual outcomes may differ materially from the information contained in the forward-looking statements.

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We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy and financial needs. These forward-looking statements include, among other things, statements relating to:

- our beliefs regarding the condition of the design, technology, operation and maintenance of our associates' mothballed refinery;
- our beliefs regarding the lack of demand for our associates' refined product;
- our expectations related to our ongoing restructure;
- our expectations regarding our associates' ability to procure customers and expand them;
- our beliefs regarding our and our associates' ability to successfully implement strategies;
- our beliefs regarding our and our associates' abilities to secure sufficient funds to meet our cash needs for our operations and capacity expansion;
- our future business development, results of operations and financial condition
- government regulatory and industry certification, approval and acceptance of our associates' product and its derivatives; and
- government policymaking and incentives relating to renewable fuels.

The forward-looking statements made in this annual report relate only to events or information as of the date on which the statements are made in this annual report. Except as required by law, we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events.

## INDUSTRY AND MARKET DATA

This annual report includes information with respect to market and industry conditions and market share from third party sources or that is based upon estimates using such sources when available. We believe that such information and estimates are reasonable and reliable. We also believe the information extracted from publications of third party sources has been accurately reproduced and, so far as we are able to ascertain from information published by the third party sources, no facts have been omitted which would render the reproduced information inaccurate or misleading. However, we have not independently verified any of the data from third party sources. Similarly, our internal research is based upon the understanding of industry conditions, and such information has not been verified by any independent sources.

## PART I

### Item 1. Identity of Directors, Senior Management and Advisers

Not applicable.

### Item 2. Offer Statistics and Expected Timetable

Not applicable.

### Item 3. Key Information

#### A. Selected Financial Data.

The following selected consolidated statements of operations and other consolidated financial data for the fiscal years 2019, 2018, and 2017 have been derived from our audited consolidated financial statements included elsewhere in this annual report. You should read the selected consolidated financial data in conjunction with our consolidated financial statements and related notes and "Item 5 — Operating and Financial Review and Prospects" included elsewhere in this annual report. Our historical results do not necessarily indicate our expected results for any future periods.

Our financial statements have been prepared in Australian dollars and in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board.

Income statement data for the fiscal years ended June 30, 2019, 2018 and 2017 and the balance sheet data as at June 30, 2019 and 2018 have been derived from our audited financial statements that are included elsewhere in this annual report. Income statement data for the fiscal years ended June 30, 2016 and 2015 and the balance sheet data as at June 30, 2017, 2016, and 2015 have been derived from our audited financial statements that are not included in this annual report.

	<u>2019 US\$<sup>(a)</sup></u>	<u>2019</u> <u>A\$</u>	<u>2018</u> <u>A\$</u>	<u>2017</u> <u>A\$</u>	<u>2016 A\$</u>	<u>2015 A\$</u>
<b>(in thousands, except share and per share data)</b>						
<b>Income Statement data:</b>						
Total sales revenue	-	-	-	-	-	-
Total other income	119	165	2	8	42	7,271
Cost of sales	-	-	-	-	-	-
Employee benefits expense	-	-	-	(467)	(1,091)	(1,574)
Other income/ (expenses)	(110)	(153)	(200)	(4,050)	(1,169)	311
Finance costs	-	-	(2)	-	-	(1,815)
Profit/(loss) from operations before income tax	9	12	(200)	(4,509)	(2,218)	4,193
Income tax (expense)/ benefit	-	-	-	(3)	(1)	(6)

Profit/(loss) from continuing operations	9	12	(200)	(4,512)	(2,219)	4,187
Share of net (loss)/profit of associate accounted for using the equity method	-	-	-	(38)	(110)	37
Profit/(loss) for the year from discontinued operations	-	-	-	-	-	24,133
Net Profit / (loss)	9	12	(200)	(4,550)	(2,329)	28,357
Profit/(loss) attributable to non-controlling interests					-	-
Profit/(loss) attributable to members of the parent	9	12	(200)	(4,550)	(2,329)	28,357
Basic and diluted earnings / (loss) per share <sup>(2)</sup>	0.0002	0.0003	(0.005)	(0.11)	(0.06)	0.91
Weighted average ordinary number of shares outstanding <sup>(3)</sup>	40,870,275	40,870,275	40,870,275	40,870,275	40,870,275	31,253,837
<b>Balance Sheet data:</b>						
Total current assets	126	180	200	398	2,522	8,851
Total assets	126	180	200	399	6,171	12,621
Total current liabilities	121	173	205	205	1,406	5,852
Total non-current liabilities	-	-	-	-	-	-
Total liabilities	121	173	205	205	1,406	5,852
Retained earnings/ (accumulated losses)	(1,089)	(1,554)	(1,715)	(1,513)	3,037	5,366
Total Equity/(Deficit)	5	7	(5)	195	4,765	6,770
<b>Other financial data:</b>						
Dividends per share	—	—	-	—	—	—

- (1) The balance sheet data has been translated into U.S. dollars from Australian dollars based upon the noon buying rate of the City of New York for cable transfers of Australian dollars, as certified for customs purposes by the Federal Reserve Bank of New York on June 30, 2019, which exchange rate was A\$1.00 = US\$0.7009. The income statement data has been translated into U.S. dollars from Australian dollars based upon the weighted average of the noon buying rate of the City of New York for cable transfers of Australian dollars, as certified for customs purposes by the Federal Reserve Bank of New York for the period from July 1, 2018 to June 30, 2019 which was A\$1.00 = US\$0.7153. These translations are merely for the convenience of the reader and should not be construed as representations that the Australian dollar amounts actually represent such U.S. dollar amounts or could be converted into U.S. dollars at the rate indicated.
- (2) Net (loss)/profit per ordinary share — basic and diluted is calculated as net loss or net profit for the period divided by adjusted weighted average number of ordinary shares outstanding for the same period.

**B. Capitalization and Indebtedness.**

Not applicable.

**C. Reasons for the Offer and Use of Proceeds.**

Not applicable.

#### **D. Risk Factors.**

*Set forth below are certain risks that we believe are applicable to our business. You should carefully consider the risks described below and the other information in this annual report, including our consolidated financial statements and related notes included elsewhere in this annual report, before you decide to buy, sell or hold our ordinary shares. If any of the following risks actually occurs, our business, prospects, financial condition and results of operations could be materially harmed. Additional risks not presently known to us, or risks that do not seem significant today, may also impair our business operations in the future.*

#### **Risks Related to Our Business**

##### ***We may not be able to continue as a going concern.***

We incurred an operating profit for the year ended June 30, 2019 of A\$0.012 million, primarily as a result of RTO proceeds received in fiscal year 2019, (2018: A\$0.2 million loss), we have a history of net losses and there is a substantial doubt about our ability to continue as a going concern. Net cash used by operating activities was A\$0.015 million (2018: A\$0.19 million used in operating activities). At balance date, the current assets less current liabilities were a surplus of A\$0.0069 million (2018: A\$4.9 million deficit) and the net assets were a surplus of A\$0.0069 million (2018: A\$4.9 million deficit). At June 30, 2019, the Company has current liabilities of A\$0.17 million (2018: A\$0.2 million). Our ordinary shares have been voluntarily suspended from trading on the Australian Securities Exchange (ASX) from November 25, 2016 and we may be ultimately delisted from the ASX by November 25, 2019.

The ability of the Group to continue as a going concern is dependent on the identification and completion of a suitable alternate business opportunity.

These conditions indicate a material uncertainty that cast a significant doubt about the Group's ability to continue as a going concern and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business.

Management believe there are sufficient funds to meet the Group's working capital requirements as at the date of this report, and that there are reasonable grounds to believe that the Group will continue as a going concern as a result of a combination of the following reasons:

- the Group has received confirmation from its employees and Directors that they have forgone all salary entitlements since 1 December 2016 and will not call on their annual leave entitlements until the Group has a clear ability to pay;
- and management expects the cash to be able to fund the organization until a suitable alternate business opportunity is identified and completed. The Company's Shares will have been suspended from trading on the ASX for 3 years as at 25 November 2019. ASX's current policy is to delist a company whose shares have been suspended from trading for more than 3 years.

Should the Group not be able to continue as a going concern, it may be required to realize its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial report does not include any adjustment relating to the recoverability and classification of recorded assets or liabilities that might be necessary should the entity note continue as a going concern.

***If we are unable to generate sufficient earnings to offset the costs from finding a suitable alternate business opportunity, our business and financial condition will suffer a significant adverse effect.***

We will continue to look for alternative business opportunities. These businesses may not exceed our expenses and therefore we may not be able to generate enough revenue to reverse our pattern of historical losses and negative cash flow, which would have a significant adverse effect on our business and financial condition.

We have not been successful in disposing of our investment, this investment has been written down to zero the investment is dormant and is not generating cash. We do not expect to be able to earn any earnings (in the form of dividends) from our investment into FGV Green Energy, a refinery joint venture company, which currently has no means of producing operating income.

***If Mission does not meet the capital call of its interest in its associate (currently carried at \$zero) there is a risk that we may be unable to retain our investment in our Malaysian biodiesel project.***

The Malaysian biodiesel project joint venture agreement allows for capital calls from shareholders where additional funds are required by the joint venture company. The Malaysian company, in which we own 20%, biodiesel project has a loan which is now due and payable. The lender has full security over the asset. This investment may require us to inject further capital funds into the project to pay off the loan and recommence operations. If we do not meet such a capital call, our shareholding may be diluted. Given the current inability to meet any capital calls by FGVGE, we may liquidate M2 Capital, being the company which holds 20% of the shares in Felda Green energy Sdn Bhd, which owns the refinery. This, in turn, could adversely affect our operations and financial performance.

***If our 20% stake in the joint venture company, carried at \$zero, is unable to be sold, we may be unable to recover the cost of our investment.***

We have not been successful in disposing the 20% investment stake in the joint venture company, with no interest to date. If we can't sell the 20% stake, we will not be able to recover the cost of our investment.

***We may not be able recover any funds from intercompany loans.***

The parent company in our corporate structure advances funds to subsidiaries to fund working capital requirements. The company's subsidiaries are not expected to be able to repay or service these intercompany loans, which would have an adverse effect on our business and financial condition.

***We may not be able to generate sufficient cash or raise further cash through debt or equity means to fund new business strategies.***

Our ability to enter into new business opportunities may be limited by our existing cash levels and/or our ability to raise further funding through debt or equity.

***We have a 20% interest (currently carried at \$zero) in the company that owns the refinery and we have limited control over the financial and operating policies of the joint venture company.***

Our limited shareholding and representation on the Board of the joint venture company may limit our ability to influence the financial and operating procedures of the company which may limit our ability to generate a positive return for the Group.

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## **Risks Related to Our Strategy**

### ***The proposed strategy to find an alternative business opportunity may not materialize.***

The proposed strategy to find an alternative business opportunity may not materialize. In addition, the Company may not be able to dispose of its stake in the Joint. An alternative business opportunity may require Shareholders to approve the transaction, which may not be obtained.

### ***The proposed strategy to find an alternative business opportunity will introduce new risks to the Company.***

Should a new business opportunity be concluded, the Company and the group will be exposed to a number of new risks, including (but not limited to) regulatory risk, future profitability, liquidity risk, technology risk, competition, business strategy, user engagement, key personal, foreign currency risks, and other Government regulatory risk.

### ***The Company may be delisted from the ASX.***

On 25 November 2016, the Company's Securities were placed in voluntary suspension from quotation in connection with a re-compliance transaction that did not eventuate. The Company's Shares currently remain in suspension and, in accordance with ASX's policy for entities undertaking reverse takeover transactions, the Company's securities will remain suspended from trading on the ASX until the Company has recompiled with Chapters 1 and 2 of the Listing Rules in accordance with Listing Rule 11.1.3.

The Company's Shares will have been suspended from trading on the ASX for 3 years as at 25 November 2019. ASX's current policy is to delist a company whose shares have been suspended from trading for more than 3 years.

### ***We may be unable to sell our stake in the Joint Venture which may affect our ability to proceed with an alternative business opportunity***

The Company may not be able to dispose of its stake in the Joint Venture. A failure to dispose the stake in the Joint Venture may affect the ability of the Company to conclude a new transaction. The Company has approached prospective buyers without success to date.

### ***We currently are not generating revenue or earnings from operations and thus we may be unable to fund our operational and capital requirements and we may be unable to obtain adequate financing on favorable terms to meet these needs.***

We currently expect that our cash resources will be used to fund operating losses. We cannot assure you that we will be successful in generating sufficient revenue and we will require financing to meet our needs.

Our ability to access equity and debt capital and trade financing on favorable terms may be limited by factors such as:

- the fact that we may be delisted by the ASX on or around 25 November 2019,
- being suspended from trading on the ASX and may be delisted;
- general economic and market conditions;
- credit availability from banks or other lenders for us and our industry peers;
- our financial performance;
- our levels of indebtedness.

### ***Our ability to access equity capital is limited without shareholder approval and we may be unable to obtain the required shareholder approval to obtain financing in future equity offerings.***

Our ability to access equity capital may be limited by a requirement to obtain shareholder approval.

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## **Risks Related to Our Industry**

### ***A new business opportunity will introduce new industry risks to the Company.***

Should the Company complete a new business opportunity, the Company and the group will be exposed to a number of new industry risks, including (but not limited to) regulatory risk, future profitability, liquidity risk, technology risk, competition, business strategy, user engagement, key personal, foreign currency risks, and other Government regulatory risk.

### ***If Mission has not disposed of its interest in its associate (currently carried at \$zero) and if the joint venture company's biodiesel operations can be restarted, there are multiple industry related risks that the company would be exposed to.***

The Companies investment in FGV Green Energy Sdn Bhd, which owns the mothballed refinery assets in Malaysia has a loan that is due and payable. If FGV Green Energy were to be able to resolve the loan matter, and raise sufficient capital to recommence operations, the entity would be faced with numerous industry related risks, including biodiesel prices are influenced by market prices for petroleum diesel, various operational risks including, gelling at lower temperatures than petroleum diesel, which can require the use of low percentage biodiesel blends in colder climates or the use of heated fuel tanks, potential water contamination that can complicate handling and long-term storage, reluctance on the part of some auto manufacturers and industry groups to endorse biodiesel and their recommendations against the use of biodiesel or high percentage biodiesel blends, potentially reduced fuel economy due to the lower energy content of biodiesel as compared with petroleum diesel, development of alternative fuels and energy sources may reduce the demand for biodiesel and potentially impaired growth due to a lack of infrastructure such as dedicated rail tanker cars and truck fleets, sufficient storage facilities, and refining and blending facilities, new standards may be introduced and existing standards may be amended or repealed from time to time.

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## **Risks Related to Our Ordinary Shares**

### ***We may be unable to regain trading status on the Australian Securities Exchange (ASX) for our shares.***

On 25 November 2016, the Company's Securities were placed in voluntary suspension from quotation in connection with a re-compliance transaction that did not eventuate. The Company's Shares currently remain in suspension and, in accordance with ASX's policy for entities undertaking reverse takeover transactions, the Company's securities will remain suspended from trading on the ASX until the Company has recompiled with Chapters 1 and 2 of the Listing Rules in accordance with Listing Rule 11.1.3.

The Company's Shares will have been suspended from trading on the ASX for 3 years as at 25 November 2019. ASX's current policy is to delist a company whose shares have been suspended from trading for more than 3 years.

### ***Unless an active trading market develops for our securities, you may not be able to sell your ordinary shares.***

Our ordinary shares are currently traded on the OTC Markets Pink Sheets under the symbol "MNELF". In addition, our shares were suspended from trading on the Australian Securities Exchange ("ASX") on November 25, 2016. There is currently no active market for the shares of the Company and we can provide no assurances as to when or if there will be a market for the shares in the Company. Although we are a reporting company, currently there is only a limited trading market for our ordinary shares and a more active trading market may never develop or, if it does develop, may not be maintained. Failure to develop or maintain an active trading market will have a generally negative effect on the price of our ordinary shares, and you may be unable to sell your ordinary shares or any attempted sale of such ordinary shares may have the effect of lowering the market price, and therefore, your investment could be a partial or complete loss.

### ***We may not be able to continue to have our shares actively traded on alternative stock markets***

Our ordinary shares are currently suspended from trading on the ASX. If we are delisted from the ASX we may be unable to have our shares actively traded on an alternative platform.

### ***As a foreign private issuer, we are expected to follow certain home country corporate governance practices which may afford less protection to holders of our ordinary shares.***

As a foreign private issuer, we are permitted to follow certain home country corporate governance practices. As a company incorporated in Australia and listed (but suspended from trading) on the ASX, we expect to follow our home country practice with respect to the composition of our board of directors and nominations committee and executive sessions. The corporate governance practice and requirements in Australia do not require us as to have a majority of our board of directors to be independent, do not require us to establish a nominations committee, and do not require us to hold regular executive sessions where only independent directors shall be present. Such Australian home country practices may afford less protection to holders of our ordinary shares.

### ***We may be classified as a passive foreign investment company, which could result in adverse U.S. federal income tax consequences to U.S. holders of our ordinary shares.***

We may be a passive foreign investment company, or PFIC, for U.S. federal income tax purposes for our current fiscal year ending June 30, 2019. A non-U.S. corporation will be considered a PFIC for any fiscal year if either (1) at least 75% of its gross income is passive income or (2) at least 50% of the value of its assets (based on an average of the quarterly values of the assets during the fiscal year) is attributable to assets that produce or are held for the production of passive income. If we are a PFIC for any fiscal year during which a U.S. holder (as defined in "Item 10.E - Additional Information Taxation — U.S. Federal Income Tax Considerations") holds an ordinary share, certain adverse U.S. federal income tax consequences could apply to such U.S. holder. See "Item 10.E - Additional Information Taxation — U.S. Federal Income Tax Considerations — Passive Foreign Investment Company Considerations."

### ***Investors may be unable to enforce your legal rights against us.***

We are incorporated in Australia. Substantially all of our assets are located outside of the United States. It may be difficult for investors to enforce, outside of the United States, judgments against us that are obtained in the United States in any such actions, including actions predicated on civil liability provisions of securities laws of the United States. In addition, all of our directors and officers are nationals or residents of countries outside of the United States, and all, or a substantial portion of, their assets are outside of the United States. As a result, it may be difficult for investors to serve process on these persons in the United States or to enforce judgments against them obtained in United States courts, including judgments predicated on civil liability provisions of the securities laws of the United States.

### ***Currency fluctuations may adversely affect the price of our ordinary shares.***

Our ordinary shares are quoted in Australian dollars on the ASX (currently suspended from trading) and in U.S. dollars on the OTC Markets Pink Sheets. Movements in the Australian dollar/U.S. dollar exchange rate may adversely affect the U.S. dollar price of our ordinary shares. In the past year the Australian dollar has generally remained depreciated against the U.S. dollar. Any continuation of this trend may affect the U.S. dollar price of our ordinary shares, even if the price of our ordinary shares in Australian dollars increases or remains unchanged. However, this trend may not continue and may be reversed.

## **Risks Relating to Takeovers**

***Australian takeovers laws may discourage takeover offers being made for us or may discourage the acquisition of large numbers of our ordinary shares.***

We are incorporated in Australia and are subject to the takeovers laws of Australia. Among other things, we are subject to the Australian Corporations Act 2001, or the Corporations Act. Subject to a range of exceptions, the Corporations Act prohibits the acquisition of a direct or indirect interest in our issued voting shares if the acquisition of that interest will lead to a person's voting power in us increasing from 20% or below to more than 20%, or increasing from a starting point that is above 20% and below 90%. Australian takeovers laws may discourage takeover offers being made for us or may discourage the acquisition of large numbers of our ordinary shares. This may have the ancillary effect of entrenching our board of directors and may deprive or limit our shareholders' strategic opportunities to sell their ordinary shares and may restrict the ability of our shareholders to obtain a premium from such transactions.

***Our Constitution and other Australian laws and regulations applicable to us may adversely affect our ability to take actions that could be beneficial to our shareholders.***

As an Australian company, we are subject to different corporate requirements than a corporation organized under the laws of the United States. Our Constitution, as well as the Corporations Act, set forth various rights and obligations that are unique to us as an Australian company. These requirements operate differently than from many U.S. companies and may limit or otherwise adversely affect our ability to take actions that could be beneficial to our shareholders. For more information, you should carefully review the summary of these matters set forth under the section entitled, "Item 10.B — Additional Information — Memorandum and Articles of Association" as well as our Constitution.

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**Item 4. Information on the Company****• History and Development of the Company.**

Our legal and commercial name is Mission NewEnergy Limited, which was incorporated in Western Australia under the laws of Australia (specifically, the Australian Corporations Act) in November 2005. We are an Australian public company, limited by shares.

On November 25, 2016, the Company announced its securities traded on the Australian Securities Exchange (ASX) would be placed into voluntary suspension, at the request of the Company, pending receipt of an announcement regarding its proposed change of activities. The Companies securities will stay suspended on the ASX until the Company has either provided information regarding its proposed change of activities until the Company has complied with Chapters 1 and 2 of the ASX Listing rules in accordance with Listing Rule 11.1.3.

On December 5, 2016, the Company announced that it has entered into a heads of agreement to acquire 100% of the business operations of Aus Group.

On January 19, 2018, the Company announced that the option to acquire Aus Group as announced on 5 December 2016 has been terminated because Aus Group had not been able to meet its required conditions precedent.

On June 25, 2019 the Company announced that it had been notified by its associate entity, Felda Green Energy Sdn Bhd, of a default in a loan. MBT owns 100% of M2 Capital Sdn Bhd, a Malaysian subsidiary, which owns a 20% stake in FGVGE, which owns a mothballed biodiesel refinery situated in east Malaysia. FGVGE borrowed money from FGV Capital Sdn Bhd in 2015 as part proceeds to acquire the refinery. FGV Capital Sdn Bhd have terminated the loan facility on 24 June 2019, which is now immediately due and payable. The Board of FGVGE have met and declared an inability to repay this loan. Under the terms of the loan agreement, FGV Capital have full security over the refinery asset in the event of a default. MBT and its subsidiaries have no obligation, financial or otherwise, to meet any capital shortfall requirements of FGVGE.

**Capital Spend of the Company**

We have incurred the following capital expenditures over the last three fiscal years:

	2019	2018	2017
	AS'000	AS'000	AS'000
Biodiesel refinery	-	-	-
Land & buildings	-	-	-
IT systems & office equipment	-	-	-
Vehicles & sundry equipment	-	-	-

Our principal office is located at Unit B9, 431 Roberts Rd, Subiaco, Western Australia 6008 Australia. Our telephone number is +61 8 6313 3975. Our website address is [www.missionnewenergy.com](http://www.missionnewenergy.com). Information on our website and websites linked to it do not constitute part of this annual report.

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- **Business Overview.**

### **Recent Developments**

In July 2019 the Company announced that it has entered into a heads of agreement to acquire 100% of the business operations of Pilbara Metals Group Pty Ltd (PMG), an Australian Private Limited Company. This transaction was terminated on 31 October 2019.

The Malaysian company, Felda Green Energy Sdn Bhd (FGVGE) in which we own 20%, biodiesel project has a loan which is now due and payable. The lender has full security over the asset. This investment may require us to inject further capital funds into the project to pay off the loan and recommence operations. In addition, the lender has the option to take the asset as compensation for the loan default if we do not meet such a capital call. Given the current inability to meet any capital calls by FGVGE, we may liquidate the M2 Capital, being the company which holds the shares in the refinery.

### **Overview**

Mission's only asset is its 20% share in a joint venture company. In December 2016 the Company started actively seeking buyers for its stake in the biodiesel plant, no buyers have been found and Mission impaired its held for sale investment to \$zero.

The joint venture company, in which Mission owns a 20% share, owns a mothballed 250,000 tpa refinery which has a loan currently due and payable and the lender has full security over the refinery asset.

Mission have been actively seeking to dispose of this 20% interest since December 2016 and to date no offers for this business have been received and the asset is recorded at \$zero. The Malaysian company, Felda Green Energy Sdn Bhd (FGVGE) in which we own 20%, biodiesel project has a loan which is now due and payable. The lender has full security over the asset. This investment may require us to inject further capital funds into the project to pay off the loan and recommence operations. In addition, the lender has the option to take the asset as compensation for the loan default if we do not meet such a capital call. Given the current inability to meet any capital calls by FGVGE, we may liquidate the M2 Capital, being the company which holds the shares in the refinery.

### **Our Competitive Strengths**

Nil

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**Our Strategies**

The Company is focused on maximizing shareholder value through a positive return from looking for new business opportunities.

**Malaysian Asset**

The Company is trying to sell its investment in the joint venture company.

**Corporate Opportunities**

The Company will continue to look at other related opportunities and projects on a continued basis to enhance shareholder value.

**Production Safety and Environmental Matters**

**Safety**

We had no material safety issues and none were reported to us last year by the joint venture company.

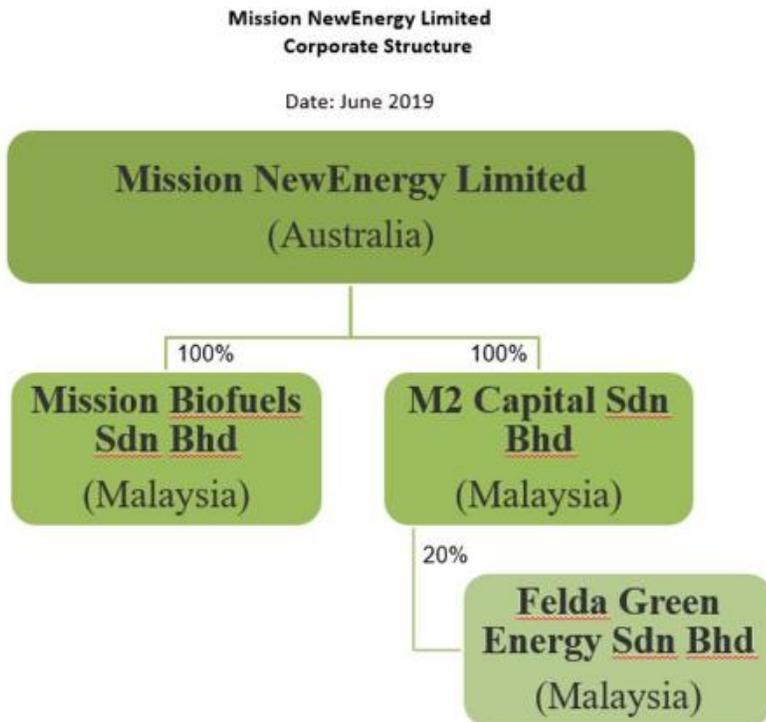
**Environment**

We had no material environmental issues and none were reported to us last year by the joint venture company.

- **Organizational Structure.**

Our principal subsidiaries at 30 June 2019 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Set forth below is the organizational structure of Mission NewEnergy Limited:



The Company owns 100% of M2 Capital Sdn Bhd, a Malaysian registered Company, which in turn owns 20% of FGV Green Energy Sdn, a Malaysian registered Company formed to own the 250,000 tpa refinery sold by the Group during that financial period. This biodiesel refinery is mothballed. Mission Biofuels Sdn Bhd is 100% owned and is now the Malaysian administrative entity and is in the process of being shut down.

For a list of our wholly-owned and indirectly owned subsidiaries, see Exhibit 8.1 filed hereto.

- **Unlisted investments.**

We own a 20% stake in a joint venture company that owns a biodiesel production facility (with a lease for the underlying land) that is located at Port Kuantan, Malaysia. This 20% stake is up for sale and carried at \$zero. The refinery is mothballed. The Malaysian company, Felda Green Energy Sdn Bhd (FGVGE) in which we own 20%, biodiesel project has a loan which is now due and payable. The lender has full security over the asset. This investment may require us to inject further capital funds into the project to pay off the loan and recommence operations. In addition, the lender has the option to take the asset as compensation for the loan default if we do not meet such a capital call. Given the current inability to meet any capital calls by FGVGE, we may liquidate the M2 Capital, being the company which holds the shares in the refinery.

The following is further information about the biodiesel facility:

<b>Biodiesel Facility</b>	<b>Site area(Acres)</b>	<b>Total Planned Capacity<sup>(1)</sup> (million gallonsper year)</b>	<b>Capacity Utilization<sup>(2)</sup> (percentage)</b>	<b>Commissioning Date</b>
250,000 tpa refinery owned by FGV Green Energy Sdn Bhd	6.0	75	0%	Project has stalled
Nominal operating capacity.				
(1)				
The total tonnage produced during this period was NIL.				
(2)				

Our registered administrative offices are located on premises comprising approximately 60 square meters in an office building in Perth, Australia. We also lease properties for purposes of office quarters in Malaysia.

#### Item 4A. Unresolved Staff Comments

None.

#### Item 5. Operating and Financial Review and Prospects

##### A. Operating Results.

*You should read the following discussion and analysis of our financial condition and results of operations in conjunction with “Item 3.A — Selected Financial Data” and our consolidated financial statements and related notes included elsewhere in this annual report. This discussion may contain forward-looking statements that involve risks and uncertainties. Our actual results and the timing of selected events could differ materially from those anticipated in these forward-looking statements as a result of various factors, including, but not limited to, those set forth under “Item 3.D — Risk Factors” and elsewhere in this annual report.*

##### Overview

We historically were a producer of biodiesel that integrated sustainable biodiesel feedstock cultivation, biodiesel production and wholesale biodiesel distribution, focused on the government mandated markets of the United States and Europe and Malaysia. We currently own a 20% share in a joint venture company that owns a biodiesel refinery that is mothballed.

The Companies 20% stake in the joint venture company is currently being actively marketed for sale, no buyers have been found and the asset has been written down to \$zero.

During fiscal 2019, we made a net profit of A\$0.012 million (2018: A\$0.2 million loss). We recognized revenues of A\$0.17 million (A\$0.002 million in fiscal 2018). The income in fiscal 2019 is mostly generated from the proceeds of RTO activities and 2018 was predominately comprised of interest income. As of the date of this report, we have no non-current liabilities. If a new venture does not generate sufficient revenue to fund the ongoing operating costs of the business, and if we are unable to achieve our business strategies and objectives, we may need to raise further equity or loan capital for the business (See item 4 for further detail).

##### *Biodiesel refining*

The Group owns 100% of M2 Capital Sdn Bhd, a Malaysian subsidiary, which owns a 20% stake in FGV Green Energy Sdn Bhd (FGVGE), a refinery joint venture company, which is carried at NIL. FGVGE has a loan that is due and payable and the lender has full security over the refinery asset. Given the current inability to meet any capital calls by FGVGE, we may liquidate M2 Capital, being the company which holds the shares in FGVGE which owns the refinery.

##### *Critical Accounting Policies*

Our discussion and analysis of our operating and financial performance and prospects are based upon our consolidated financial statements. The preparation of these consolidated financial statements requires us to make estimates and judgments that affect the reported amounts of revenue, assets, liabilities and expenses. We re-evaluate our estimates on an on-going basis. Our estimates are based on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions.

Our significant accounting policies are more fully described in the notes to our audited consolidated financial statements included elsewhere in this annual report. However, critical accounting policies that affect our more significant judgments and estimates used in the preparation of our financial statements are set forth below.

### **Principles of Consolidation**

The consolidated financial statements comprise the financial statements of Mission NewEnergy Limited and its subsidiaries, as defined in Accounting Standard AASB 127 'Separate Financial Statements'. These include Mission Biofuels Sdn Bhd and M2 Capital Sdn Bhd. All controlled entities have a 30 June financial year-end. The Associate company has a 31 December year end.

All inter-company balances and transactions between entities in the Consolidated Group, including any unrealized profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies applied by the parent entity.

Where controlled entities have entered or left the Consolidated Group during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

Non-controlling interests in the equity and results of the entities that are controlled are shown as a separate item in the consolidated financial report.

### **Investments in associates/Non-Current Assets held for sale**

The Group owns 100% of M2 Capital Sdn Bhd, a Malaysian subsidiary, which owns a 20% stake in FGV Green Energy Sdn Bhd (FGVGE), a refinery joint venture company. Investments in associates held by the parent entity, Mission NewEnergy Limited, are reviewed for impairment if there is any indication that the carrying amount may not be recoverable. The carrying value of this investment is NIL.

During the current financial year the Group announced an intention to undertake a new Reverse Take Over (refer to the Director' Report for further details). Under the RTO arrangement the Group is required to dispose of the shares held in 100% owned subsidiaries and the Associate Joint Venture Company. The accounting standards require assets held for sale to be separately disclosed on the statement of financial position with the value of the investment into the joint venture company to be accounted for at the lower of carrying value or fair value less costs to sell.

In assessing the carrying value of the investment, the following factors were considered by the Directors:

- o Mission does not hold a refining asset, however it holds a 20% share in the refining JV,
- o This refining JV is not a listed publicly traded entity with a readily determinable share price, nor is there a ready market to sell the 20% holding,
- o Mission does not have the voting or management rights to force any actions on the JV company, (be that to commence refurbishment, sell the asset as a going concern or for sell for scrap value),
- o Should the JV company require further equity funding to undertake the refurbishment the group has insufficient current cash proceeds to protect its equity position and hence our shareholding position would likely be diluted.
- o The Malaysian company, Felda Green Energy Sdn Bhd (FGVGE) in which we own 20%, biodiesel project has a loan which is now due and payable. The lender has full security over the asset. This investment may require us to inject further capital funds into the project to pay off the loan and recommence operations. In addition, the lender has the option to take the asset as compensation for the loan default if we do not meet such a capital call. Given the current inability to meet any capital calls by FGVGE, we may liquidate the M2 Capital, being the company which holds the shares in the refinery.

Management has been unsuccessful to date in disposing of the investment, however continues to seek buyers. The Directors impaired the carrying value of the investment to NIL during the prior financial year. Should the Group sell the refinery an impairment reversal is expected to be recognized in the financial records of the Group, to the extent of any consideration received, if any.

Since that date Mission has been actively looking to dispose of its 20 % stake, no such buyers were identified.

	2019	2018
	A\$	A\$

### **Impairment of investment in associate**

	-	-
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### **Impairment of assets**

We assess impairment of assets by evaluating conditions that may lead to impairment of particular assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.

#### **Recently issued accounting pronouncements**

There are no recently issued accounting pronouncements that have had any material impact to the financial reported position of the Company.

The changes in Accounting policies and impact on the financial statements were:

- IFRS 9 was adopted without restating comparative. Adoption had no impact on the Groups financial statements.
- IFRS 15 had no impact because the Group had no revenue.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

### **Comparison of Results of Operations**

#### **Fiscal 2019 compared with fiscal 2018**

**Other income.** Other income increased by A\$163,628 (ten times increase) from A\$1,524 in fiscal 2018 to A\$165,152 in fiscal 2019, primarily as a result of RTO proceeds.

**Expenses.** Total expenses decreased by A\$50,258 (25% decrease) from A\$203,503 in fiscal 2018 to A\$153,245 in fiscal 2019 principally due to a general reduction in operating costs. Employee benefits expenses remained at \$0.0 in fiscal 2019 as a result of the Directors agreeing to not take a salary

until the Company has sufficient funds. Foreign currency losses increased by A\$3,238 from a loss in fiscal 2018 of A\$4,095 to a loss in fiscal 2019 of A\$7,333.

Other expense decreased by A\$129,293 from A\$173,143 in fiscal 2018 to A\$43,850 in fiscal 2019 primarily due to a general reduction in costs

**Finance cost**

Finance costs of A\$0 were incurred in fiscal 2019 and \$2,450 incurred in fiscal 2018.

**Income tax.** Income tax expense was \$0.0 in fiscal 2019 and \$135 in fiscal 2018.

**Profit for the year.** As a result of the foregoing, fiscal 2019 registered a profit for the year of A\$11,907, an increase of A\$214,021 from a A\$202,114 loss in fiscal 2018.

**Fiscal 2018 compared with fiscal 2017**

**Revenue.** Interest revenue decreased by A\$6,253 (80% reduction) from A\$7,777 in fiscal 2017 to A\$1,524 in fiscal 2018.

**Expenses.** Total expenses decreased by A\$4.3 million (95% decrease) from A\$4.5million in fiscal 2017 to A\$0.2 million in fiscal 2018 principally due to impairment of investment in associate company in fiscal 2017. Employee benefits expenses decreased A\$0.4 million from A\$0.4 million in fiscal 2017 to A\$0.0 million in fiscal 2018 primarily as a result of the continued Group restructure, cost management and in particular the Directors agreeing to not take a salary until the Company has sufficient funds. Foreign currency losses decreased by A\$0.006 million from a loss in fiscal 2017 of A\$0.01 million to a loss in fiscal 2018 of A\$0.004 million. Other expense decreased by A\$0.1 million from A\$0.3 million in fiscal 2017 to A\$0.2 million in fiscal 2018 primarily due to a reduction in legal costs and due diligence costs incurred in 2017 fiscal year.

**Finance cost**

Finance costs of A\$2,450 were incurred in fiscal 2018. No finance cost incurred in fiscal 2017.

**Income tax.** Income tax expense decreased by A\$3,117 from A\$3,252 in fiscal 2017 to an expense of A\$135 in fiscal 2018.

**Discontinued operations.** There were no discontinued operations in fiscal 2017 and fiscal 2018.

**Loss for the year.** As a result of the foregoing, fiscal 2018 registered a loss for the year of A\$0.2 million, a decrease of A\$4.4 million from A\$4.6 million loss in fiscal 2017.

**Impact of Inflation**

We do not believe that inflation has had a material effect on our business.

**Effects of Currency Fluctuations**

Our presentation currency is the Australian dollar. In accordance with IFRS, costs not denominated in Australian dollars are re-measured in Australian dollars, when recorded, at the prevailing exchange rates for the purposes of our financial statements. Consequently, fluctuations in the rates of exchange between the Australian dollar, Malaysian Ringgit, Indian Rupee and the U.S. dollar affect the presentation of our results of operations. An increase in the value of a particular currency relative to the Australian dollar will reduce the Australian dollar reporting value for transactions in that particular currency, and a decrease in the value of that currency relative to the Australian dollar will increase the Australian dollar reporting value for those transactions.

The effect of foreign currency translation is reflected in our financial statements in the statements of changes in shareholders' equity and is reported as accumulated foreign currency translation reserve. We have not entered into any hedging arrangements to mitigate the effects of currency fluctuations.

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**B. Liquidity and Capital Resources.****Overview**

Our operations have historically been financed primarily from the issuance of convertible notes and equity securities to investors.

The following table sets forth our consolidated cash flows since fiscal 2017.

	2019 A\$'000	2018 A\$'000	2017 A\$'000
Net cash (used in) operating activities	(15)	(190)	(979)
Net cash provided by investing activities	-	-	-
Net cash (used in) financing activities	-	-	-
Effect of exchange rate changes on cash held in foreign currency	(8)	(2)	(34)
Net movement in cash and cash equivalents	(23)	(192)	(1,013)
Cash and cash equivalents at the beginning of the year	196	388	1,401
Cash and cash equivalents at the end of the year	173	196	388

**Fiscal 2019 compared with fiscal 2018**

Net cash used in operating activities is as a result of ongoing operating costs with no group operating revenue. There were NIL investing or financing activities in fiscal year 2019.

**Fiscal 2018 compared with fiscal 2017**

Net cash used in operating activities is as a result of ongoing operating costs with no group operating revenue. There were NIL investing or financing activities in fiscal year 2018.

**Bank facility**

We do not currently have any bank credit facilities.

**Secured loans**

We do not currently have any secured loans.

**Other material commitments**

We do not have any material commitments.

**Warrants**

There are no outstanding warrants.

**C. Research and Development, Patents and Licenses, etc.**

Our expenditure on research and development was Nil in fiscal years 2019, 2018 and 2017.

**D. Trend Information.**

Other than as disclosed elsewhere in this annual report, we are not aware of any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on our revenue, income, profitability, liquidity or capital resources or that would cause reported financial information not necessarily to be indicative of future operating results or financial condition.

**E. Off-Balance Sheet Arrangements.**

We do not have any material off-balance sheet commitments or arrangements.

**F. Tabular Disclosure of Contractual Obligations.**

We do not have any contractual commitments at June 30, 2019.

**Item 6. Directors, Senior Management and Employees****A. Directors and Senior Management.**

The following table sets forth information of our directors and executive officers as of the date of this annual report. The directors have served in their respective capacities since their election or appointment and will serve until the next annual general shareholders meeting or until a successor is duly elected.

Name	Age	Position
Dato' Nathan Mahalingam	62	Executive Chairman, Chief Executive Officer and Director
Guy Burnett	51	Chief Financial Officer, Director and Company Secretary
James Garton	43	Director and Head of Corporate Finance/Mergers and Acquisitions

**Dato' Nathan Mahalingam.** Dato' Nathan has been Chief Executive Officer (formerly having the title of Managing Director) and a Director of Mission NewEnergy since 2005. He has over 25 years of management experience in banking and finance, heavy industries and infrastructure development. He has successfully implemented numerous start up manufacturing operations in Malaysia during his tenure of service with a large Malaysian conglomerate. Between 1995 and 2000, he served as project director in the Westport Group, developers of one of Malaysia's largest privatized port and transshipment facility. Dato' Nathan has gained extensive project advisory, corporate finance, mergers and acquisitions experience while running his own boutique corporate advisory practice between 2000 and 2004. Dato' Nathan took over the role of Executive Chairman in June 2017 upon the retirement of the past Chairman.

**Guy Burnett.** Mr. Burnett has been Chief Financial Officer (formerly having the title of Finance Director) since 2008, a Director since 2009 and Company Secretary of Mission NewEnergy since September 2010. He is a Chartered Accountant and has worked as a financial professional in several large corporations. Prior to joining Mission NewEnergy, Mr. Burnett was Manager, Corporate Accounting & Tax with Western Power (an electricity networks corporation owned by the Western Australian government) from 2006 to 2008 and, before that, worked as a financial accountant for Water Corporation from 2004 to 2005 and served as a Manager with KPMG from 2005 to 2006 where he assisted clients with implementing International Financial Reporting Standards.

**James Garton.** Mr. Garton has over 15 years' experience in corporate finance, working in investment banking. Prior to his current role, James has been Head of Corporate Finance and Mergers and Acquisitions for Mission since 2008. Mr. Garton joined Mission NewEnergy from U.S. investment bank, FBR Capital Markets, where he was Vice President, Investment Banking. Prior to FBR Capital Markets, he worked in corporate finance and equity capital markets with Australian firm BBY Limited. Before BBY, Mr. Garton worked in private equity with the Australian advisory firm Investment Capital Limited.

**Family Relationships**

There are no family relationships between any directors or executive officers of Mission NewEnergy.

**Arrangements**

There are no known arrangements or understandings with any major shareholders, customers, suppliers or others pursuant to which any of our officers or directors was selected as an officer or director of Mission NewEnergy.

**B. Compensation.**

In fiscal year 2019, the aggregate remuneration we paid and that accrued to our directors and senior management was A\$0.0 million. During the year the company settled \$30,000 of accrued leave liabilities.

2019	Salary	Non-cash Benefits	Long-term Bonus \$	Share based payments \$	Post-employment Super Contribution	Total
Dato' Nathan Mahalingam	-	-	-	-	-	-
Mr. Guy Burnett	-	-	-	-	-	-
Mr. James Garton	-	-	-	-	-	-
<b>TOTAL KEY MANAGEMENT PERSONNEL</b>	-	-	-	-	-	-

During the financial year, each director was paid out \$10,000 of annual leave owed.

2018	Salary	Non-cash Benefits	Long-term Bonus \$	Share based payments \$	Post-employment Super Contribution	Total
Dato' Nathan Mahalingam	-	-	-	-	-	-
Mr. Guy Burnett	-	-	-	-	-	-
Mr. James Garton	-	-	-	-	-	-

TOTAL KEY MANAGEMENT PERSONNEL \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_ -

**Share Based Compensation Plans**

At the date of this report, the Group has no Share Based Compensation Plans.

**Performance Rights**

At the date of this annual report, the Group has no Performance Right Plans and there were no performance rights issued in fiscal years 2017, 2018 and 2019.

**Options**

At the date of this annual report, the Group has no Option Plans and there were no options issued in fiscal years 2017, 2018 and 2019.

**Retirement Benefits**

All employees employed by Mission NewEnergy and its subsidiaries belong to appropriate retirement schemes for each jurisdiction in which it operates. All such employee retirement schemes are defined contribution schemes and thus no amounts are required to be set aside by us to meet any future retirement benefit obligations.

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### **C. Board Practices.**

#### **Role of the Board of Directors**

The Board of Mission is responsible for setting the Company's strategic direction and providing effective governance over Mission's affairs in conjunction with the overall supervision of the Company's business with the view of maximising shareholder value. The Board's key responsibilities are to:

- chart the direction, strategies and financial objectives for Mission and monitor the implementation of those policies, strategies and financial objectives;
- keep updated about the Group's business and financial status;
- provide oversight and monitor compliance with regulatory requirements, ethical standards, risk management, internal compliance and control, code of conduct, legal compliance and external commitments;
- appoint, evaluate the performance of, determine the remuneration of, plan for the succession of and, where appropriate, remove the Managing Director/Group Chief Executive Officer, the Company Secretary and the Finance Director/Chief Financial Officer;
- exercise due care and diligence and sound business judgment in the performance of those functions and responsibilities; and
- ensure that the Board continues to have the mix of skills and experience necessary to conduct Mission's activities, and that appropriate directors are selected and appointed as required.

The Group has a formal process to educate new directors about the nature of the business, current issues, the corporate strategy, the culture and values of the Group, and the expectations of the Group concerning performance of the directors. In addition directors are also educated regarding meeting arrangements and director interaction with each other, senior executives and other stakeholders. Directors also have the opportunity to visit Group facilities and meet with management to gain a better understanding of business operations. Directors are given access to continuing education opportunities to update and enhance their skill and knowledge.

The Board has adopted a Board Charter, which sets out in more detail the responsibilities of the Board. The Board Charter sets out the division of responsibility between the Board and management to assist those affected by decisions to better understand the respective accountabilities and contribution to Board and management.

In accordance with Mission's Constitution, the Board delegates responsibility for the day-to-day management of Mission to the Executive Chairman/Managing Director/Group Chief Executive Officer (subject to any limits of such delegated authority as determined by the Board from time to time). Management as a whole is charged with reporting to the Board on the performance of the Company.

#### **Board structure and composition**

The Board currently is comprised of three directors, all of which are non-independent executive directors. Details of each director's skills, expertise and background are contained within the directors' report included with the company's annual financial statements lodged with the Australian Securities Exchange. The Board considers the mix of skills and the diversity of Board members when assessing the composition of the Board. The Board assesses existing and the potential director's skill to ensure they have appropriate industry expertise in the Group's operating segments. In addition, the Board has considered the current Board composition based on the existing level of operations within the group.

Independence, in this context, is defined to mean a non-executive director who is free from any interest and any business or other relationship that could, or could reasonably be perceived to, materially interfere with the directors ability to act in the best interests of Mission. The definition of independence in ASX Recommendation 2.1 is taken into account for this purpose.

Apart from the Group CEO, Mission's directors may not hold office for a continuous period in excess of three years or past the third annual general meeting following their appointment, whichever is longer, without submitting for re-election. Directors are elected or re-elected, as the case may be, by shareholders in a general meeting. Directors may offer themselves for re-election. A Director appointed by the directors (e.g., to fill a casual vacancy) will hold office only until the conclusion of the next annual general meeting of Mission but is eligible for re-election at that meeting.

Under Mission's Constitution, voting requires a simple majority of the Board. The Chairman does not hold a casting vote.

#### **Board Diversity**

The Board has a formal diversity policy which states that Mission NewEnergy Limited is committed to embedding a corporate culture that embraces diversity through:

- Recruitment on the basis of competence and performance and selection of candidates from a diverse pool of qualified candidates,
- Maintaining selection criteria that does not indirectly disadvantage people from certain groups,
- Providing equal employment opportunities through performance and flexible working practices,
- Maintaining a safe working environment and supportive culture by taking action against inappropriate workplace and business behavior that is deemed as unlawful (discrimination, harassment, bullying, vilification and victimization),
- Promoting diversity across all levels of the business,
- Undertaking diversity initiatives and measuring their success,
- Regularly surveying our work climate, and
- Establishing measurable objectives in achieving gender diversity.

Since the Company's incorporation, given its cross-jurisdictional operations in Australia and Malaysia, a diversity practice is naturally in place.

#### **Board and management effectiveness**

Responsibility for the overall direction and management of Mission, its corporate governance and the internal workings of Mission rests with the Board, notwithstanding the delegation of certain functions to the Managing Director/Group Chief Executive Officer and management generally (such delegation effected at all times in accordance with Mission's Constitution and its corporate governance policies). The Board has access, at the company's expense, to take independent professional advice after consultation with the Chairman.

An evaluation procedure in relation to the Board, individual directors and Company executives was not completed during the 2018 financial year due to the limited operating status of the Company. Traditionally, the evaluations of the Board as a whole were facilitated through the use of a questionnaire required to be completed by each Board member, the results of which were summarised, discussed with the Chairman of the Board and tabled for discussion at a Board Meeting. Similarly each individual director was required to self assess his performance and discuss the results with the Chairman. Individual directors' performance was evaluated by reference to the Director's contribution to monitoring and assessing management performance in achieving strategies and budgets approved by the Board (among other things). A similar process for review of committees was has not been undertaken during the current year due to the limited extent of operations.

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### **Internal control, risk management and financial reporting**

The Board has overall responsibility for Mission's systems of internal control. These systems are designed to ensure effective and efficient operations, including financial reporting and compliance with laws and regulations, with a view to managing the risk of failure to achieve business objectives. It must be recognized, however, that internal control systems can provide only reasonable and not absolute assurance against the risk of material loss.

The Board reviews the effectiveness of the internal control systems and risk management on an ongoing basis, and monitors risk through the Audit and Risk Management Committee (see the Audit and Risk Management Committee). The Board regularly receives information about the financial position and performance of Mission. For annual and half-yearly accounts released publicly, the Managing Director/Group Chief Executive Officer and the Finance Director/Chief Financial Officer sign-off to the Board:

- the accuracy of the accounts and that they represent a true and fair view, in all material respects, of Missions financial condition and operational results, and have been prepared in accordance with applicable accounting standards; and
- that the representations are based on a system of risk management and internal compliance and control relating to financial reporting which implements the policies adopted by the Board, and that those systems are operating efficiently and effectively in all material respects.

In addition, management has reported to the Board on the effectiveness of the Company's management of its material business risks.

### **Internal audit**

The Group does not have an Internal Auditor due to the restructure and significant downsizing of the Group since fiscal year 2012.

Our risk management policy is included in the Corporate Governance section of the Company's website.

### **Committees of the Board of Directors**

The Board has established two permanent Board committees to assist the Board in the performance of its functions:

- the Audit and Risk Management Committee; and
- the Remuneration and Nomination Committee.

Each committee has a charter that sets out its purpose and responsibilities. The committees are described further below.

The names of the members of the two committees are set out in the directors' report contained within the Company's annual financial statements.

### **Audit and Risk Management Committee**

The purpose of the Audit and Risk Management Committee is to provide assistance to the Board in its review of:

- Mission's financial reporting, internal control structure and risk management systems';
- the internal and external audit functions; and
- Mission's compliance with legal and regulatory requirements in relation to the above.

The Audit and Risk Management committee has specific responsibilities in relation to Missions' financial reporting process; the assessment of accounting, financial and internal controls; the appointment of the external auditor; the assessment of the external audit; the independence of the external auditor; and setting the scope of the external audit.

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During prior fiscal years, the Audit and Risk Management Committee comprised two independent non-executive directors and one non-independent non-executive director that have diverse and complementary backgrounds. Since the retirement of the non-executive Directors, the three executive Directors form the members of the Audit and Risk Committee.

#### **Remuneration and Nomination Committee**

The purpose of the Remuneration and Nomination Committee is to discharge the Board's responsibilities relating to the nomination and selection of directors and the compensation of the Company's executives and directors.

The key responsibilities of the Remuneration and Nomination Committee are to:

- ensure the establishment and maintenance of a formal and transparent procedure for the selection and appointment of new directors to the Board; and
- establish transparent and coherent remuneration policies and practices, which will enable Mission to attract, retain and motivate executives and Directors who will create value for shareholders and to fairly and responsibly reward executives.

During prior fiscal years, the Remuneration and Nomination Committee comprised two independent non-executive directors and one non-independent non-executive director. Since the retirement of the non-executive Directors, the three executive Directors form the members of the Nomination and Remuneration Committee.

We have a remuneration policy that sets out the terms and conditions for the Managing Director and other senior executives.

#### **Disclosure policy**

Mission is committed to promoting investor confidence and ensuring that shareholders and the market have equal access to information and are provided with timely and balanced disclosure of all material matters concerning the Company. Additionally, Mission recognizes its continuous disclosure obligations under the ASX Listing Rules and the Corporations Act. To assist with these matters, the Board has adopted a Continuous Disclosure and Shareholder Communication Policy.

The Continuous Disclosure and Shareholder Communication Policy allocates roles to the Board and management in respect of identifying material information and coordinating disclosure of that information where required by the ASX Listing Rules.

The Policy also identifies authorized company spokespersons and the processes Mission has adopted to communicate effectively with its shareholders. In addition to periodic reporting, Mission will ensure that all relevant information concerning the Company is placed on its website.

#### **Code of Conduct**

The Board has created a framework for managing the Company including internal controls, business risk management processes and appropriate ethical standards.

The Board has adopted practices for maintaining confidence in the Company's integrity including promoting integrity, trust, fairness and honesty in the way employees and directors' conduct themselves and Mission's business, avoiding conflicts of interest and not misusing company resources. A formal Code of Conduct has been adopted for all employees and directors of Mission.

#### **Securities Trading Policy**

A Securities Trading Policy has been adopted by the Board to set a standard of conduct, which demonstrates Mission's commitment to ensuring awareness of the insider trading laws, and that employees and directors' comply with those laws. The Securities Trading Policy imposes additional share trading restrictions on Directors, the Company Secretary, executives and employees involved in monthly financial accounting processes ("specified persons").

Under the Securities Trading Policy, specified persons are only permitted to buy and sell securities if they do not possess non-public price sensitive information and trading occurs outside of specified restricted periods. These periods are the periods commencing on the first day of the month before the end of the half-year or full year period and ending on the next business day after the announcement of the results for that period. In addition, before a specified person can deal in Mission's securities they must obtain clearance from the appropriate officer, confirming that there is no reason why they cannot trade.

#### **Ownership of Equity settled Options and Performance rights**

There are no options or performance rights at the date of this report.

#### **D. Employees.**

As of June 30, 2019, we had three employees. The following table provides a breakdown of our employees by main category of activity and geographic location:

	<u>USA</u>	<u>Australia</u>	<u>Malaysia</u>
Finance, legal and other administrative functions	0	2	1
Historic Employees			

For the fiscal year ended June 30,

	<u>USA</u>	<u>Australia</u>	<u>Malaysia</u>	<u>India</u>
2016	-	2	4	-
2017	-	2	1	-
2018	-	2	1	-
2019	-	2	1	-

We believe that our relations with employees are good and we have not experienced any significant labor stoppages or disputes. Our employees are not represented by labor unions or covered by a collective bargaining agreement.

We typically enter into a standard confidentiality and non-competition agreement with our management and research and development personnel. Each of these contracts includes a covenant that prohibits the relevant personnel from engaging in any activities that compete with our business during his or her employment with us and for two years after their employment with us.

#### Insurance

We have insurance policies covering all normal aspects of our business in line with industry practices and the current state of operations.

We believe that our overall insurance coverage is consistent with the market practice or the jurisdiction of operation. We also maintain appropriate Directors and Officers Liability Insurance.

#### E. Share Ownership.

The following table presents certain information regarding the beneficial ownership of our ordinary shares based on total issued ordinary shares of 40,870,275 as of October 7, 2019 by:

- each person known by us through substantial shareholder notices filed with the Australian Securities Exchange and SEC to be the beneficial owner of more than 5% of our ordinary shares;
- each of our directors in office during the 2019 fiscal year;
- each of our named executive officers; and
- all of our current directors and executive officers as a group.

	<b>Number ofShares</b>	<b>% of issued ordinary shares</b>
<b>Principal Shareholders</b>		
Pejuang Emas Sdn Bhd	5,000,000	12.23%
Kajaintharan Sithambaran	5,000,000	12.23%
Mohamed Nizam Abdul Razak	2,500,000	6.12%
Mohd Azlan Bin Mohammed	2,500,000	6.12%
<b>Directors and Executive Officers:</b>		
Dato' Nathan Mahalingam <sup>(1)</sup>	5,612,956	13.73%
James Garton	5,112,051	12.51%
Guy Burnett	5,112,001	12.51%
All directors and executive officers as a group		

(1)Includes 492,957 shares held by Mission Equities Sdn Bhd., a company which Dato' Nathan Mahalingam, Mission NewEnergy's Chief Executive Officer, owns.

Beneficial ownership is determined according to the rules of the SEC and generally means that a person has beneficial ownership of a security if he or she possesses sole or shared voting or investment power of that security, and includes options that are exercisable within 60 days. Information with respect to beneficial ownership has been furnished to us by each director, executive officer or 5% or more shareholder, as the case may be.

Unless otherwise indicated, to our knowledge, each shareholder possesses sole voting and investment power over the ordinary shares listed, subject to community property laws where applicable. None of our shareholders has different voting rights from other shareholders after the closing of this offer.

To the best of our knowledge, there have not been any significant changes in the ownership of our ordinary shares by major shareholders over the past three years, except the beneficial ownership of:

- Muraldir Menon sold shares to Pejuang Emas Sdn Bhd registered with the ASX on July 6, 2018
- Karisma Integrasi Sdn Bhd sold 2,500,000 shares to Mohamed Nizam Abdul Razak and Mohd Azlan Bin Mohammed each which were registered with the ASX on July 6, 2018
- Nathan Mahalingam, James Garton and Guy Burnett were each issued 5,000,000 shares on February 19, 2015.

As of August 15, 2019, we had thirty seven holders of record in the United States with a combined holding of 9,045,684 shares, representing 22.13% of our total outstanding shares as of that date.

## **Item 7. Major Shareholders and Related Party Transactions**

### **A. Major Shareholders and Related Party Transactions.**

See “Item 6.E—Directors, Senior Management and Employees—Share Ownership.”

### **B. Related Party Transactions.**

Other than as disclosed below, from July 1, 2018 through to June 30, 2019, we did not enter into any transactions or loans between us and any (a) enterprises that directly or indirectly through one or more intermediaries, control or are controlled by, or are under common control with us; (b) associates; (c) individuals owning, directly or indirectly, an interest in our voting power that gives them significant influence over us, and close members of any such individual’s family; (d) key management personnel and close members of such individuals’ families; or (e) enterprises in which a substantial interest in the voting power is owned, directly or indirectly by any person described in (c) or (d) or over which such person is able to exercise significant influence. Refer to note 23 of the financial statements included at the end of this report for details of any related party transactions.

### **Loans**

From time to time, we have made loans to or received loans from our wholly owned subsidiaries, including M2 Capital Sdn Bhd and Mission Biofuels Sdn Bhd. Loans are repaid where possible and are given on interest free terms. These inter-company loans are eliminated on consolidation.

### **Management rights with subsidiaries**

From time to time, we have been involved in transactions with wholly owned and controlled subsidiaries. Such transactions between related parties are on commercial terms and conditions no more favorable than those available to other parties.

### **Rental costs**

During the period we have paid a company controlled by Dato, Swaminathan Mahalingam \$8,142 office rental fee in Malaysia.

### **C. Interests of Experts and Counsel.**

Not applicable.

## **Item 8. Financial Information**

### **A. Consolidated Statements and Other Financial Information.**

Our consolidated financial statements are set out in Item 18 of this annual report.

### **Legal Proceedings**

We are not involved in any significant legal proceedings.

### **Dividend Distributions**

We have never declared or paid any cash dividends on our ordinary shares and we do not anticipate paying any cash dividends in the foreseeable future. Our Board’s current intention is to reinvest any income in the continued development and operation of our business.

Except as permitted by the Corporations Act, under our Constitution dividends may only be paid out of our profits.

Payment of cash dividends, if any, in the future will be at the discretion of our Board or, if our directors do not exercise their power to issue dividends, our shareholders in a general meeting may exercise the powers.

Even if our Board decides to pay dividends, the form, frequency and amount will depend upon our future operations and earnings, capital requirements and surplus, general financial conditions, contractual restrictions and other factors that the Board may deem relevant.

### **B. Significant Changes.**

Except as disclosed elsewhere and below in this annual report, we have not experienced any significant changes since the date of our audited consolidated financial statements included in this annual report.

## **Item 9. The Offer and Listing**

### **A. Offer and Listing Details.**

Our shares are listed on the ASX (symbol: “MBT”) (currently suspended from trading) and are traded on the OTC Markets Pink Sheets (symbol: MNELF). Our ordinary shares were suspended from trading on the ASX on 25 November 2016.

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**B. Plan of Distribution.**

Not applicable.

**C. Markets.**

See “Item 9.A—The Offer and Listing—Offer and Listing Details.”

**D. Selling Shareholders.**

Not applicable.

**E. Dilution.**

Not applicable.

**F. Expenses of the Issue.**

Not applicable.

**Item 10. Additional Information**

**A. Share Capital.**

Not applicable.

**B. Memorandum and Articles of Association.**

**Our Constitution**

We are a public company limited by shares registered under the Corporations Act by the Australian Securities and Investments Commission, or ASIC. Our constituent document is a Constitution, which is similar in nature to the by-laws of a company incorporated under the laws of a U.S. state. Our Constitution does not provide for or prescribe any specific objectives or purposes of Mission NewEnergy. Our Constitution is subject to the terms of the ASX Listing Rules and the Corporations Act. Our Constitution may be amended or repealed and replaced by special resolution of shareholders, which is a resolution passed by at least 75% of the votes cast by shareholders entitled to vote on the resolution.

Under Australian law, a company has the legal capacity and powers of an individual both inside and outside Australia. The material provisions of our Constitution are summarized below. This summary is not intended to be complete, nor to constitute a definitive statement of the rights and liabilities of our shareholders and is qualified in its entirety by reference to the Constitution, which is available on request.

**Directors**

***Interested Directors***

Except where permitted by the Corporations Act, a director may not vote in respect of any contract or arrangement in which the director has, directly or indirectly, any material interest according to our Constitution. Such director must not be counted in a quorum, must not vote on the matter and must not be present at the meeting while the matter is being considered.

Unless a relevant exception applies, the Corporations Act requires directors of Mission NewEnergy to provide disclosure of certain interests and prohibits directors of companies listed on the ASX from voting on matters in which they have a material personal interest and from being present at the meeting while the matter is being considered. In addition, the Corporations Act and the ASX Listing Rules require shareholder approval of any provision of related party benefits to our directors.

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### ***Directors' Compensation***

The Directors agreed to take no fees or salary with effect 30 November 2016.

### ***Borrowing Powers Exercisable by Directors***

Pursuant to our Constitution, the management and control of our business affairs are vested in our Board. The Board has the power to raise or borrow money. The Board may also charge any of our property or business or any uncalled capital and may issue debentures or give any other security for any of our debts, liabilities or obligations or of any other person, in each case, in the manner and on terms it deems fit.

### ***Retirement of directors***

Pursuant to our Constitution, one third of directors other than the director who is the Chief Executive Officer, must retire from office at every annual general meeting. If the number of directors is not a multiple of three then the number nearest to but not less than one third must retire from office. The directors who retire in this manner are required to be the directors or director longest in office since last being elected. A director, other than the director who is the Chief Executive Officer, must retire from office at the conclusion of the third annual general meeting after which the director was elected.

### ***Share Qualifications***

Our Constitution provides that we may fix a share qualification for our directors in general meeting. However, there are currently no requirements for directors to own our shares in order to qualify as directors.

### ***Rights and Restrictions on Classes of Shares***

Subject to the Corporations Act and the ASX Listing Rules, rights attaching to our shares are detailed in our Constitution. Our Constitution provides that any of our shares may be issued with preferred, deferred or other special rights, whether in relation to dividends, voting, return of share capital, payment of calls or otherwise as the Board may determine from time to time. Except as provided by contract or by our Constitution to the contrary, all unissued shares are under the control of the Board which may grant options on the shares, allot or otherwise dispose of the shares on the terms and conditions and for the consideration it deems fit. Currently our outstanding share capital consists of only one class of ordinary shares.

### ***Dividend Rights***

The Board may from time to time determine to pay dividends to shareholders. All unclaimed dividends may be invested or otherwise made use of by the Board for our benefit until claimed or otherwise disposed of in accordance with our Constitution.

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### ***Voting Rights***

Under our Constitution, each shareholder has one vote determined by a show of hands at a meeting of the shareholders. On a poll vote each shareholder shall have one vote for each fully paid share and a fractional vote for each share which is not fully paid, such fraction being equivalent to the proportion of the amount which has been paid to such date on that share. Under Australian law, shareholders of a public company are not permitted to approve corporate matters by written consent. Our Constitution does not provide for cumulative voting.

### ***Right to Share in our Profits***

Subject to the Corporations Act and pursuant to our Constitution, our shareholders are entitled to participate in our profits only by payment of dividends. The Board may from time to time determine to pay dividends to the shareholders, however no dividend is payable except out of our profits. A declaration by the Board as to the amount of our profits is conclusive.

### ***Rights to Share in the Surplus in the Event of Liquidation***

Our Constitution provides for the right of shareholders to participate in a surplus in the event of our liquidation. In certain circumstances, any division may be otherwise than in accordance with the legal rights of the contributories, and in particular, any class may be given preferential or special rights or may be excluded altogether or in part from participation in a surplus in the event of liquidation.

### ***Redemption Provisions***

There are no redemption provisions in our Constitution in relation to ordinary shares. Under our Constitution and subject to the Corporations Act, any preference shares may be issued on the terms that they are, or may at our option be, liable to be redeemed.

### ***Sinking Fund Provisions***

There are no sinking fund provisions in our Constitution in relation to ordinary shares.

### ***Liability for Further Capital Calls***

According to our Constitution, the Board may make any calls from time to time upon shareholders in respect of all monies unpaid on partly-paid shares, subject to the terms upon which any of the partly-paid shares have been issued. Each shareholder is liable to pay the amount of each call in the manner, at the time, and at the place specified by the Board. Calls may be made payable by installment.

### ***Provisions Discriminating Against Holders of a Substantial Number of Shares***

There are no provisions under our Constitution discriminating against any existing or prospective holders of a substantial number of our shares.

### ***Variation of Share Rights***

Our Constitution provides that, unless otherwise provided by the terms of issue of the shares of such class, the rights attaching to any class of shares may, subject to the ASX Listing Rules, be varied with the consent in writing of members with at least 75% of the votes in the class or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of such class. These conditions are not more significant than that required by the Corporations Act.

### ***General Meetings of Shareholders***

General meetings of shareholders may be called by the Board. Except as permitted under the Corporations Act, shareholders may not convene a meeting. Under the Corporations Act, shareholders with at least 5% of the votes which may be cast at a general meeting may call and arrange to hold a general meeting. The Corporations Act requires the directors to call and arrange to hold a general meeting on the request of shareholders with at least 5% of the votes that may be cast at a general meeting or at least 100 shareholders who are entitled to vote at the general meeting. Twenty-eight days notice of the proposed meeting of our shareholders is required under the Corporations Act.

According to our Constitution, the chairman of the general meeting may refuse admission to or exclude from the meeting, any person who is in possession of a picture recording or sound recording device, in possession of a placard or banner, in possession of an object considered by the chairman to be dangerous, offensive or liable to cause disruption, any person who refuses to produce or permit examination of any object, any person who behaves or threatens to behave in a dangerous, offensive or destructive manner, or any person who is not a director or one of our auditors, one of our shareholders or a proxy, attorney or representative of one of our shareholders.

### ***Foreign Ownership Regulation***

There are no limitations on the rights to own securities imposed by our Constitution. However, acquisitions and proposed acquisitions of shares in Australian companies may be subject to review and approval by the Australian Federal Treasurer under the Foreign Acquisitions and Takeovers Act 1975 (Commonwealth of Australia). Generally this Act applies to acquisitions or proposed acquisitions:

- by a foreign person, as defined in the Foreign Acquisitions and Takeovers Act, or associated foreign persons which would result in such persons having an interest in 15% or more of the issued shares of, or control of 15% or more of the voting power in, an Australian company; and
- by non-associated foreign persons which would result in such foreign person having an interest in 40% or more of the issued shares of, or control of 40% or more of the voting power in, an Australian company.

The Australian Federal Treasurer may prevent a proposed acquisition in the above categories or impose conditions on such acquisition if the Treasurer is satisfied that the acquisition would be contrary to the national interest. If a foreign person acquires shares or an interest in shares in an Australian company in contravention of the Act, the Australian Federal Treasurer may order the divestiture of such person's shares or interest in shares in the company. The Australian Federal Treasurer may order divestiture pursuant to the Act if he determines that the acquisition has resulted in that foreign person, either alone or together with other non-associated or associated foreign persons, controlling the company and that such control is contrary to the national interest.

### **Ownership Threshold**

There are no provisions in our Constitution that require a shareholder to disclose ownership above a certain threshold. The Corporations Act, however, requires a substantial shareholder to notify us and the Australian Securities Exchange once a 5% interest in our shares is obtained. Further, once a shareholder owns a 5% interest in us, such shareholder must notify us and the Australian Securities Exchange of any increase or decrease of 1% or more in its holding of our shares. Such major shareholders are also required to file a notice with the SEC on Schedule 13D or Schedule 13G.

### **Issues of shares and Change in Capital**

Subject to our Constitution, the Corporations Act, the ASX Listing Rules and any other applicable law, we may at any time issue shares and grant options or warrants on any terms, with preferred, deferred or other special rights and restrictions and for the consideration and other terms that the directors determine. Our power to issue shares includes the power to issue bonus shares (for which no consideration is payable to Mission NewEnergy), preference shares and partly paid shares.

Subject to the requirements of our Constitution, the Corporations Act, the ASX Listing Rules and any other applicable law, including relevant shareholder approvals, we may consolidate or divide our share capital into a larger or smaller number by resolution, reduce our share capital (provided that the reduction is fair and reasonable to our shareholders as a whole, and does not materially prejudice our ability to pay creditors) or buy-back our shares whether under an equal access buy-back or on a selective basis.

### **Change of Control**

Takeovers of listed Australian public companies, such as Mission NewEnergy, are regulated by, amongst other things, the Corporations Act which prohibits the acquisition of a relevant interest in issued voting shares in a listed company if the acquisition will lead to that person's or someone else's voting power in the company increasing from 20% or below to more than 20% or increasing from a starting point that is above 20% and below 90%, subject to a range of exceptions.

Generally, and without limitation, a person will have a relevant interest in securities if they:

- are the holder of the securities;
- have power to exercise, or control the exercise of, a right to vote attached to the securities; or
- have the power to dispose of, or control the exercise of a power to dispose of, the securities (including any indirect or direct power or control).

If at a particular time a person has a relevant interest in issued securities and the person:

- has entered or enters into an agreement with another person with respect to the securities;
- has given or gives another person an enforceable right, or has been or is given an enforceable right by another person, in relation to the securities; or
- has granted or grants an option to, or has been or is granted an option by, another person with respect to the securities, and the other person would have a relevant interest in the securities if the agreement were performed, the right enforced or the option exercised, the other person is taken to already have a relevant interest in the securities.

There are a number of exceptions to the above prohibition on acquiring a relevant interest in issued voting shares above 20%. In general terms, some of the more significant exceptions include:

- when the acquisition results from the acceptance of an offer under a formal takeover bid;
- when the acquisition is conducted on market by or on behalf of the bidder under a takeover bid and the acquisition occurs during the bid period;
- when shareholders of the company approve the takeover by resolution passed at general meeting;
- an acquisition by a person if, throughout the 6 months before the acquisition, that person, or any other person, has had voting power in the company of at least 19% and as a result of the acquisition, none of the relevant persons would have voting power in the company more than 3 percentage points higher than they had 6 months before the acquisition;
- as a result of a rights issue;
- as a result of dividend reinvestment schemes;
- as a result of underwriting arrangements;
- through operation of law;
- an acquisition which arises through the acquisition of a relevant interest in another listed company;
- arising from an auction of forfeited shares; or
- arising through a compromise, arrangement, liquidation or buy-back.

Breaches of the takeovers provisions of the Corporations Act are criminal offences. ASIC and the Australian Takeover Panel have a wide range of powers relating to breaches of takeover provisions including the ability to make orders canceling contracts, freezing transfers of, and rights attached to, securities, and forcing a party to dispose of securities. There are certain defenses to breaches of the takeovers provisions provided in the Corporations Act.

### **Proportional Takeovers**

Our Constitution indicates that where offers to purchase our shares have been made under a proportional takeover scheme, we are prohibited from registering, other than where a transfer is effected in accordance with the takeover provisions (if any) under the ASTC Settlement Rules, a transfer which would give effect to the contract resulting from the acceptance of such an offer unless and until a resolution to approve the proportional takeover scheme is approved at a meeting by the persons entitled to vote on such resolution. The offeror or an associate of the offeror is not entitled to vote on such resolution. A person, other than an offeror or associate of the offeror, who, as at the end of the day in which the first offer under the proportional takeover scheme was made, held shares in that class of shares, is entitled to one vote for each of the shares held in that class.

### **Access to and Inspection of Documents**

Inspection of our records is governed by the Corporations Act. Any member of the public has the right to inspect or obtain copies of our registers on the payment of a prescribed fee. Shareholders are not required to pay a fee for inspection of our registers or minute books of the meetings of shareholders. Other corporate records including minutes of directors meetings, financial records and other documents are not open for inspection by shareholders. Where a shareholder is acting in good faith and an inspection is deemed to be made for a proper purpose, a shareholder may apply to the court to make an order for inspection of our books.

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**C. Material Contracts.**

We have not entered into any material contracts other than in the ordinary course of business and other than those described in “Item 4—Information on the Company” or elsewhere in this annual report on Form 20-F.

**D. Exchange Controls.**

Under existing Australian legislation, the Reserve Bank of Australia does not prohibit the import and export of funds, and generally no governmental permission is required for us to move funds in and out of Australia. However, for the movement of funds to and from “tax havens,” as specified by current regulations, a tax clearance certificate must be obtained. The United States is not a declared tax haven. Accordingly, at the present time, remittances of any dividends, interest or other payments by us to non-resident holders of our securities in the United States are not restricted by exchange controls.

**E. Taxation.**

*The following is a summary of material U.S. federal and Australian income tax considerations to U.S. holders, as defined below, of the acquisition, ownership and disposition of ordinary shares. This discussion is based on the laws in force as at the date of this annual report, and is subject to changes in the relevant income tax law, including changes that could have retroactive effect. The following summary does not take into account or discuss the tax laws of any country or other taxing jurisdiction other than the United States and Australia. Holders are advised to consult their tax advisors concerning the overall tax consequences of the acquisition, ownership and disposition of ordinary shares in their particular circumstances. This discussion is not intended, and should not be construed, as legal or professional tax advice.*

*This summary does not describe U.S. federal estate and gift tax considerations, or any state and local tax considerations within the United States, and is not a comprehensive description of all U.S. federal or Australian income tax considerations that may be relevant to a decision to acquire or dispose of ordinary shares. Furthermore, this summary does not address U.S. federal or Australian income tax considerations relevant to holders subject to taxing jurisdictions other than or in addition to the United States and Australia, and does not address all possible categories of holders, some of which may be subject to special tax rules.*

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## U.S. Federal Income Tax Considerations

In this section, we discuss material U.S. federal income tax considerations applicable to an investment in ordinary shares by a U.S. holder, as defined below, that will hold the ordinary shares as capital assets within the meaning of Section 1221 of the Code. We do not discuss the tax consequences to any particular holder nor any tax considerations that may apply to holders subject to special tax rules, such as banks, insurance companies, individual retirement and other tax-deferred accounts, regulated investment companies, individuals who are former U.S. citizens or former long-term U.S. residents, dealers in securities or currencies, tax-exempt entities, persons subject to the alternative minimum tax, persons that hold ordinary shares as a position in a straddle or as part of a hedging, constructive sale or conversion transaction for U.S. federal income tax purposes, persons that have a functional currency other than the U.S. dollar, persons that own (directly, indirectly or constructively) 10% or more of our equity or persons that are not U.S. holders.

In this section, a “U.S. holder” means a beneficial owner of ordinary shares that is, for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States for U.S. federal income tax purposes;
- a corporation, or other entity treated as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States or any state thereof or the District of Columbia;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust (i) the administration of which is subject to the primary supervision of a court in the United States and for which one or more U.S. persons have the authority to control all substantial decisions or (ii) that has an election in effect under applicable income tax regulations to be treated as a U.S. person.

As used in this section, a “non-U.S. holder” is a beneficial owner of ordinary shares that is not a U.S. holder or an entity or arrangement treated as a partnership for U.S. federal income tax purposes.

If an entity or arrangement treated as a partnership for U.S. federal income tax purposes holds ordinary shares, the U.S. federal income tax treatment of a partner generally will depend on the status of the partner and the activities of the partnership. Partners of partnerships that will hold ordinary shares should consult their tax advisors.

***You are urged to consult your own tax advisor with respect to the U.S. federal, as well as state, local and non-U.S., tax consequences to you of acquiring, owning and disposing of ordinary shares in light of your particular circumstances, including the possible effects of changes in U.S. federal and other tax laws.***

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### ***Dividends***

Subject to the passive foreign investment company rules, discussed below, U.S. holders will include as dividend income the U.S. dollar value of the gross amount of any distributions of cash or property (without deduction for any withholding tax), other than certain pro rata distributions of ordinary shares, with respect to ordinary shares to the extent the distributions are made from our current or accumulated earnings and profits, as determined for U.S. federal income tax purposes. A U.S. holder will include the dividend income at the time of receipt. To the extent, if any, that the amount of any distribution by us exceeds our current and accumulated earnings and profits, as so determined, the excess will be treated first as a tax-free return of the U.S. holder's tax basis in the ordinary shares and thereafter as capital gain. Notwithstanding the foregoing, we do not intend to maintain calculations of earnings and profits, as determined for U.S. federal income tax purposes. Consequently, any distributions generally will be reported as dividend income for U.S. information reporting purposes. See "Backup Withholding Tax and Information Reporting" below. Dividends paid by us will not be eligible for the dividends-received deduction generally allowed to U.S. corporate shareholders.

Subject to the passive foreign investment company rules, certain dividends received by an individual U.S. holder (as well as certain trusts and estates) from a "qualified foreign corporation" are eligible for a preferential U.S. federal income tax rate (20%), subject to certain minimum holding period requirements and other limitations. A foreign corporation may be a "qualified foreign corporation" if (it is eligible for the benefits of a comprehensive income tax treaty with the United States which the U.S. Secretary of Treasury determines is satisfactory for this purpose and which includes an exchange of information program. We expect to be considered a qualified foreign corporation with respect to our ordinary shares because we believe we are eligible for the benefits under the Double Taxation Convention between Australia and the United States. Accordingly, dividends we pay generally should be eligible for the reduced income tax rate. However, the determination of whether a dividend qualifies for the preferential tax rates must be made at the time the dividend is paid. U.S. holders should consult their own tax advisers.

Includible distributions paid in Australian dollars, including any Australian withholding taxes, will be included in the gross income of a U.S. holder in a U.S. dollar amount calculated by reference to the exchange rate in effect on the date of actual or constructive receipt, regardless of whether the Australian dollars are converted into U.S. dollars at that time. If Australian dollars are converted into U.S. dollars on the date of actual or constructive receipt, the tax basis of the U.S. holder in those Australian dollars will be equal to their U.S. dollar value on that date and, as a result, a U.S. holder generally should not be required to recognize any foreign exchange gain or loss.

If Australian dollars so received are not converted into U.S. dollars on the date of receipt, the U.S. holder will have a basis in the Australian dollars equal to their U.S. dollar value on the date of receipt. Any gain or loss on a subsequent conversion or other disposition of the Australian dollars generally will be treated as ordinary income or loss to such U.S. holder and generally such gain or loss will be income or loss from sources within the United States for foreign tax credit limitation purposes.

Dividends received by a U.S. holder with respect to ordinary shares will be treated as foreign source income, which may be relevant in calculating the holder's foreign tax credit limitation. The limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. For these purposes, dividends will be categorized as "passive" or "general" income depending on a U.S. holder's circumstance.

Subject to certain complex limitations, a U.S. holder generally will be entitled, at its option, to claim either a credit against its U.S. federal income tax liability or a deduction in computing its U.S. federal taxable income in respect of any Australian taxes withheld by us. If a U.S. holder elects to claim a deduction, rather than a foreign tax credit, for Australian taxes withheld by us for a particular taxable year, the election will apply to all foreign taxes paid or accrued by or on behalf of the U.S. holder in the particular taxable year.

The availability of the foreign tax credit and the application of the limitations on its availability are fact specific. You are urged to consult your own tax advisor as to the consequences of Australian withholding taxes and the availability of a foreign tax credit or deduction. See "Australian Tax Considerations — Taxation of Dividends."

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### ***Sale or Exchange of Ordinary Shares***

Subject to the passive foreign investment company rules, discussed below, a U.S. holder generally will, for U.S. federal income tax purposes, recognize capital gain or loss on a sale, exchange or other disposition of ordinary shares equal to the difference between the amount realized on the disposition and the U.S. holder's tax basis in the ordinary shares. This gain or loss recognized on a sale, exchange or other disposition of ordinary shares will generally be long-term capital gain or loss if the U.S. holder has held the ordinary shares for more than one year. Generally, for U.S. holders who are individuals (as well as certain trusts and estates), long-term capital gains are subject to U.S. federal income tax at preferential rates. For foreign tax credit limitation purposes, gain or loss recognized upon a disposition generally will be treated as from sources within the United States. The deductibility of capital losses is subject to limitations for U.S. federal income tax purposes.

You should consult your own tax advisor regarding the availability of a foreign tax credit or deduction in respect of any Australian tax imposed on a sale or other disposition of ordinary shares. See "Australian Tax Considerations — Tax on Sales or other Dispositions of Shares."

### ***Passive Foreign Investment Company Considerations***

The Code provides special, generally adverse, rules regarding certain distributions received by U.S. holders with respect to, and sales, exchanges and other dispositions, including pledges, of shares of stock of, a passive foreign investment company, or PFIC. A foreign corporation will be treated as a PFIC for any taxable year if at least 75% of its gross income for the taxable year is passive income or at least 50% of its gross assets during the taxable year, based on a quarterly average and generally by value, produce or are held for the production of passive income. Passive income for this purpose generally includes, among other things, dividends, interest, rents, royalties, gains from commodities and securities transactions and gains from assets that produce passive income. In determining whether a foreign corporation is a PFIC, a pro-rata portion of the income and assets of each corporation in which it owns, directly or indirectly, at least a 25% interest (by value) is taken into account.

The determination of whether or not we are a PFIC is a factual determination that must be determined annually at the close of each taxable year. Based on our business results for the last fiscal year and composition of our assets, we believe that we may be a PFIC for U.S. federal income tax purposes for the taxable year ended June 30, 2015. Similarly, based on our business projections and the anticipated composition of our assets for the current and future years, we may be a PFIC for the taxable year ended June 30, 2016. It is also possible that we may become a PFIC in any future taxable year.

If we are a PFIC for any taxable year during which a U.S. holder holds ordinary shares, any "excess distribution" that the holder receives and any gain realized from a sale or other disposition (including a pledge) of such ordinary shares will be subject to special tax rules, unless the holder makes a mark-to-market election or qualified electing fund election as discussed below. Any distribution in a taxable year that is greater than 125% of the average annual distribution received by a U.S. holder during the shorter of the three preceding taxable years or such holder's holding period for the ordinary shares will be treated as an excess distribution. Under these special tax rules:

- the excess distribution or gain will be allocated ratably over the U.S. holder's holding period for the ordinary shares;
- the amount allocated to the current taxable year, and any taxable year prior to the first taxable year in which we were a PFIC, will be treated as ordinary income; and
- the amount allocated to each other year will be subject to income tax at the highest rate in effect for that year and the interest charge generally applicable to underpayments of tax will be imposed on the resulting tax attributable to each such year.

The tax liability for amounts allocated to years prior to the year of disposition or excess distribution cannot be offset by any net operating loss, and gains (but not losses) realized on the transfer of the ordinary shares cannot be treated as capital gains, even if the ordinary shares are held as capital assets. In addition, non-corporate U.S. holders will not be eligible for reduced rates of taxation on any dividends received from us if we are a PFIC in the taxable year in which such dividends are paid or in the preceding taxable year.

If we are a PFIC for any taxable year during which any of our non-United States subsidiaries is also a PFIC, a U.S. holder of ordinary shares during such year would be treated as owning a proportionate amount (by value) of the shares of the lower-tier PFIC for purposes of the application of these rules to such subsidiary. You should consult your tax advisors regarding the tax consequences if the PFIC rules apply to any of our subsidiaries.

Unless otherwise provided by the U.S. Treasury, each U.S. shareholder of a PFIC is required to file a Form 8621 and such other form as the U.S. Treasury may require. If we are or become a PFIC, you should consult your tax advisors regarding any reporting requirements that may apply to you as a result of our status as a PFIC.

A U.S. holder may avoid some of the adverse tax consequences of owning shares in a PFIC by making a "qualified electing fund" election. The availability of this election with respect to our ordinary shares requires that we provide information to shareholders making the election. We do not intend to provide you with the information you would need to make or maintain a qualified electing fund election and you will, therefore, not be able to make such an election with respect to your ordinary shares.

Alternatively, a U.S. holder owning marketable stock in a PFIC may make a mark-to-market election to elect out of the tax treatment discussed above. If a valid mark-to-market election for the ordinary shares is made, the electing U.S. holder will include in income each year an amount equal to the excess, if any, of the fair market value of the ordinary shares as of the close of the holder's taxable year over the adjusted basis in such ordinary shares. The U.S. holder is allowed a deduction for the excess, if any, of the adjusted basis of the ordinary shares over their fair market value as of the close of the holder's taxable year. Deductions are allowable, however, only to the extent of any net mark-to-market gains on the ordinary shares included in the U.S. holder's income for prior taxable years. Amounts included in the U.S. holder's income under a mark-to-market election, as well as gain on the actual sale or other disposition of the ordinary shares, are treated as ordinary income. Ordinary loss treatment also applies to the deductible portion of any mark-to-market loss on the ordinary shares, as well as to any loss realized on the actual sale or disposition of the ordinary shares, to the extent the amount of such loss does not exceed the net mark-to-market gains previously included for such ordinary shares. The tax basis in the ordinary shares will be adjusted to reflect any such income or loss amounts. A mark-to-market election will be effective for the taxable year for which the election is made and all subsequent taxable years unless the ordinary shares are no longer regularly traded on an applicable exchange or the Internal Revenue Service ("IRS") consents to the revocation of the election.

The mark-to-market election is available only for stock which is regularly traded on (i) a national securities exchange that is registered with the U.S. Securities and Exchange Commission, (ii) NASDAQ, or (iii) an exchange or market that the U.S. Secretary of the Treasury determines has rules sufficient to ensure that the market price represents a legitimate and sound fair market value. Our ordinary shares are listed on the ASX and, consequently, we expect that, assuming the ordinary shares are so listed and are regularly traded, the mark-to-market election would be available to you were we to be or become a PFIC.

U.S. holders are urged to contact their own tax advisors regarding the determination of whether we are a PFIC and the tax consequences of such status.

#### ***Net Investment Income Tax***

Certain U.S. Holders who are individuals, estates, or trusts must pay a 3.8% tax on, among other things, dividends and capital gains from the sale or other disposition of shares of common stock.

#### ***Backup Withholding Tax and Information Reporting Requirements***

U.S. holders that are “exempt recipients” (such as corporations) generally will not be subject to U.S. backup withholding tax and related information reporting requirements on payments of dividends on, and the proceeds from the disposition of, ordinary shares unless, when required, they fail to demonstrate their exempt status. Other U.S. holders (including individuals) generally will be subject to U.S. backup withholding tax at the applicable statutory rate, currently 28%, in respect of any payments of dividends on, and the proceeds from the disposition of, ordinary shares if they fail to furnish their correct taxpayer identification number or otherwise fail to comply with applicable backup withholding requirements. Information reporting requirements generally will apply to payments of dividends on, and the proceeds from the disposition of, ordinary shares to a U.S. holder that is not an exempt recipient. U.S. holders who are required to establish their exempt status generally must provide IRS Form W-9 (Request for Taxpayer Identification Number and Certification).

Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against a U.S. holder’s U.S. federal income tax liability. A U.S. holder may obtain a refund of any amounts withheld under the backup withholding rules by filing the appropriate claim for refund with the Internal Revenue Service in a timely manner and furnishing any required information.

U.S. holders are urged to contact their own tax advisors as to their qualification for an exemption from backup withholding tax and the procedure for obtaining this exemption.

Certain U.S. Holders who are individuals may be required to report information relating to an interest in our ordinary shares, subject to certain exceptions. U.S. Holders are urged to consult their tax advisers regarding their reporting obligation in connection with their ownership and disposition of our ordinary shares.

***The discussion above is not intended to constitute a complete analysis of all tax considerations applicable to an investment in ordinary shares. You should consult with your own tax advisor concerning the tax consequences to you in your particular situation.***

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## **Australian Tax Considerations**

In this section, we discuss the material Australian income tax considerations related to the acquisition, ownership and disposal by the absolute beneficial owners of the ordinary shares. This discussion does not address all aspects of Australian income tax law which may be important to particular investors in light of their individual investment circumstances, such as shares held by investors subject to special tax rules (for example, financial institutions, insurance companies or tax exempt organizations). In addition, this summary does not discuss any foreign or state tax considerations, other than transfer duty. Prospective investors are urged to consult their tax advisors regarding the Australian and foreign income and other tax considerations of the purchase, ownership and disposition of the shares. This summary is based upon the premise that the holder is not an Australian tax resident.

### ***Taxation of Dividends***

Australia operates a dividend imputation system under which dividends may be declared to be 'franked' to the extent of tax paid on company profits. Fully franked dividends are not subject to dividend withholding tax. Dividends payable to non-Australian resident shareholders that are not operating from an Australian permanent establishment (Foreign Shareholders) will be subject to dividend withholding tax, to the extent the dividends are not foreign sourced and declared to be conduit foreign income (CFI) and are unfranked. Dividend withholding tax will be imposed at 30%, unless a shareholder is a resident of a country with which Australia has a double taxation agreement and qualifies for the benefits of the treaty. Under the provisions of the current Double Taxation Convention between Australia and the United States, the Australian tax withheld on unfranked dividends that are not CFI paid by us to which a resident of the United States is beneficially entitled is limited to 15%.

If a company that is a non-Australian resident shareholder owns a 10% or more interest, the Australian tax withheld on dividends paid by us to which a resident of the United States is beneficially entitled is limited to 5%. In limited circumstances the rate of withholding can be reduced to nil.

### ***Tax on Sales or other Dispositions of Shares — Capital gains tax***

Foreign Shareholders will not be subject to Australian capital gains tax on the gain made on a sale or other disposal of our shares, unless they, together with associates, hold 10% or more of our issued capital, at the time of disposal or for 12 months of the last 2 years.

Foreign Shareholder who, together with associates, owns a 10% or more interest would be subject to Australian capital gains tax if more than 50% of our direct or indirect assets determined by reference to market value, consists of Australian land, leasehold interests or Australian mining, quarrying or prospecting rights. Double Taxation Convention between the United States and Australia is unlikely to limit the amount of this taxable gain. Australian capital gains tax applies to net capital gains at a taxpayer's marginal tax rate but for certain shareholders a discount of the capital gain may apply if the shares have been held for 12 months or more. For individuals, this discount is 50%, which may not be available for non-resident shareholders. Net capital gains are calculated after reduction for capital losses, which may only be offset against capital gains. Non-resident shareholders are urged to obtain tax advice as required.

### ***Tax on Sales or other Dispositions of Shares — Shareholders Holding Shares on Revenue Account***

Some Foreign shareholders may hold shares on revenue rather than on capital account, for example, share traders. These shareholders may have the gains made on the sale or other disposal of the shares included in their assessable income under the ordinary income provisions of the income tax law, if the gains are sourced in Australia.

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Non-Australian resident shareholders assessable under these ordinary income provisions in respect of gains made on shares held on revenue account would be assessed for such gains at the Australian tax rates for non-Australian residents, which start at a marginal rate of 32.5%. Some relief from Australian income tax may be available to such non-Australian resident shareholders under the Double Taxation Convention between the United States and Australia.

To the extent an amount would be included in a non-Australian resident shareholder's assessable income under both the capital gains tax provisions and the ordinary income provisions, the capital gain amount would generally be reduced, so that the shareholder would not be subject to double tax on any part of the income gain or capital gain.

#### ***Dual Residency***

If a shareholder were a resident of both Australia and the United States under those countries' domestic taxation laws, that shareholder may be subject to tax as an Australian resident. If, however, the shareholder is determined to be a U.S. resident for the purposes of the Double Taxation Convention between the United States and Australia, the Australian tax would be subject to limitation by the Double Taxation Convention. Shareholders should obtain specialist taxation advice in these circumstances.

#### ***Transfer Duty***

No transfer duty is payable by Australian residents or foreign residents on the trading of shares that are quoted on the ASX or OTC.

#### ***Australian Death Duty***

Australia does not have estate or death duties. As a general rate, no capital gains tax liability is realized upon the inheritance of a deceased person's shares. The disposal of inherited shares by beneficiaries, may, however, give rise to a capital gains tax liability if the gain falls within the scope of Australia's jurisdiction to tax (as discussed above).

#### ***Goods and Services Tax***

The issue or transfer of shares will not incur Australian goods and services tax.

#### **F. Dividends and Paying Agents.**

Not applicable.

#### **G. Statement by Experts.**

Not applicable.

#### **H. Documents on Display.**

We are subject to the periodic reporting and other informational requirements of the Exchange Act as applicable to foreign private issuers. Under the Exchange Act, we are required to file reports, including annual reports on Form 20-F, and other information with the SEC. All information filed with the SEC is available through the SEC's Electronic Data Gathering, Analysis and Retrieval system (EDGAR), which may be accessed through the SEC's website at [www.sec.gov](http://www.sec.gov). Information filed with the SEC may also be inspected and copied at the public reference room maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549. You can request copies of these documents upon payment of a duplicating fee, by writing to the SEC. Please visit the SEC's website at [www.sec.gov](http://www.sec.gov) for further information on the SEC's public reference room.

As a foreign private issuer, we are exempt under the Exchange Act from, among other things, the rules prescribing the furnishing and content of proxy statements, and our executive officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act.

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## **I. Subsidiary Information**

Not applicable.

### **Item 11. Quantitative and Qualitative Disclosures About Market Risk**

Our business activities are exposed to a variety of market risks, including credit risk, foreign currency risk, interest rate risk and commodity risk.

#### ***Credit Risk***

There is no credit risk for receivables at June 30, 2019 in the refining operations.

#### ***Foreign Exchange Risk***

The Group operates internationally through a number of subsidiaries and is thus exposed to fluctuations in foreign currencies, arising from the foreign currencies held in its bank accounts and the translation of results from investments in foreign operations. The foreign exchange exposures are primarily to the Malaysian Ringgit and the US dollar.

Foreign currency risks arising from expected expenditure in foreign currencies are managed by holding cash in that currency. Foreign currency translation risk is not hedged, with translation differences being reflected in the foreign currency translation reserve.

##### *Group sensitivity*

At June 30, 2019, if foreign currencies had changed by +/- 10%, with all other variables held constant, the following financial impacts would have been recorded by the Group:

Effect on cash and cash equivalent – A\$5,748 lower / A\$7,026 higher (2018: A\$ 11,238 lower / A\$9,194 higher)

Profit and Loss would have been – A\$5,748 lower / A\$7,026 higher (2018: A\$ 11,238 lower / A\$9,194 higher)

##### *Hedging of Foreign Currency Risk*

At financial report date the Group had no forward exchange contracts in place.

#### ***Interest Rate Risk***

Interest rate risk has historically been managed with a mixture of fixed and floating rate deposits, fixed rate convertible note debt and floating rate debt. For further details on interest rate risk refer to the table below under liquidity risk. The group has no debt at June 30, 2019.

##### *Group sensitivity*

At 30 June 2019, if interest rates had changed by +/- 25 basis points, with all other variables held constant, the following financial impacts would have been recorded by the Group;

- Effect on post tax profit – A\$ Nil lower/higher (2018: A\$ Nil lower/higher)
- Equity would have been – A\$ Nil lower/higher (2018: A\$ Nil lower/higher)

#### ***Commodity Risk***

As there was no inventory held as at June 30, 2019, the Group has no exposure to market prices of input costs into the production of biodiesel.

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**Item 12. Description of Securities Other than Equity Securities**

**A. Debt Securities.**

Not applicable.

**B. Warrants and Rights.**

Not applicable.

**C. Other Securities.**

Not applicable.

**D. American Depositary Shares.**

Not applicable.

**PART II**

**Item 13. Defaults, Dividend Arrearages and Delinquencies**

None.

**Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds**

**A.-D. Material Modifications to the Rights of Security Holders.**

None.

**E. Use of Proceeds.**

The following "Use of Proceeds" information relates to our initial U.S. public offering of 2,785,000 ordinary shares at a public offering price of US\$9.00 per share, thereby raising gross proceeds of approximately US\$25.1 million. The registration statement on Form F-1 (File No. 333-170471) for our initial public offering was declared effective by the SEC on April 19, 2011. On April 26, 2011, we completed our public offering after 2,785,000 ordinary shares were sold. Chardan Capital Markets, LLC, Rodman & Renshaw, LLC, Maxim Group LLC and Northland Capital Markets were the underwriters for our initial public offering. We received net proceeds (after deducting underwriting discounts and commissions and other expenses related to the offering) of approximately \$US22,228,504. None of the above expenses included direct or indirect payments to directors or officers of our company or their associates, persons owning 10% or more of our equity securities or our affiliates. The underwriters did not exercise their overallotment option.

From April 19, 2011, effective date of our registration statement on Form F-1 for the offering, to June 30, 2011, we used approximately US\$0.8 million proceeds for the expansion of our feedstock operations, including but not limited to Jatropha acreage expansion, approximately US\$2.1 million for general corporate and convertible note coupon purposes, and as of June 30, 2011, we had approximately \$16.7 million left from the net proceeds of the offering. Approximately US\$8.8 million of the cash at June 30, 2011 was held in the refining segment to meet working capital needs. In 2012 the Group used A\$4.9m for operations, A\$4.0 million for capital expenditure and advances to related entities and A\$5.5 million for debt redemption. We had A\$1.5 million in cash on hand at June 30, 2012. In 2013 the Group used A\$3.7m for operations, released A\$2.3 million from sale of capital items and raised a net A\$1.4 million from debt facilities. We had A\$1.4 million in cash on hand at June 30, 2013. During fiscal 2014 the Group utilized a US\$5 million funding facility to meet operating costs until the two refineries were sold, at which stage the working capital facility was settled, convertible note debt paid down and the balance retained for ongoing working capital and investment uses.

None of the net proceeds from our initial public offering were paid directly or indirectly to directors or officers of our company or their associates, persons owning 10% or more of our equity securities or our affiliates.

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## **Item 15. Controls and Procedures**

### **A. Disclosure Controls and Procedures.**

Under the supervision and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) under the Exchange Act), as of June 30, 2015. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of such date. Our disclosure controls and procedures are designed to ensure that information required to be disclosed by us in the reports that we file under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely discussions regarding required disclosure.

### **B. Management's Annual Report on Internal Control over Financial Reporting and Attestation Report of the Registered Public Accounting Firm.**

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). The Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with applicable generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

The Company's management has evaluated the effectiveness of the Company's internal control over financial reporting as of June 30, 2019 based upon criteria established in Internal Control Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on the assessment, the Company's management, including its Chief Executive Officer and Chief Financial Officer, concluded that, as of June 30, 2019, the Company's internal control over financial reporting was effective.

#### **Changes in Internal Control over Financial Reporting.**

There was no change in internal control over financial reporting during the year ended June 30, 2019 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

## **Item 16. [Reserved]**

### **Item 16A. Audit Committee Financial Expert**

The Board determined that Mr. James Garton is qualified as an Audit Committee Financial Expert and all members are independent as determined by the NASDAQ listing rules.

### **Item 16B. Code of Ethics**

Our board of directors adopted a Code of Conduct for Directors and Key Officers that applies to our directors, officers and employees. We have posted a copy of our code of business conduct and ethics on our investor relations website at <http://missionnewenergy.com>.

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**Item 16C. Principal Accountant Fees and Services**

*Audit Fees.* The aggregate fees billed for professional services rendered by the Company's principal accountant for the audit of the Company's annual financial statements for the fiscal years ended June 30, 2019 and 2018 were A\$27,359 and A\$26,816, respectively.

*All other Fees.* A\$0 and for the fiscal year ending 2019 and A\$0 in fiscal year 2018.

*Tax Fees.* The Company incurred fees totaling A\$0 during the fiscal year ended June 30, 2019 and 2018.

*Audit-Related Fees.* A\$0 and for the fiscal years ending 2019 and 2018.

All fees incurred by the Company in relation to audit and permissible non-audit services are approved by the Audit and Risk Management Committee prior to the expenditure being incurred.

**Item 16D. Exemptions from the Listing Standards for Audit Committees**

Not applicable.

**Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers**

Not applicable.

**Item 16F. Change in Registrant's Certifying Accountant**

Not applicable.

**Item 16G. Corporate Governance**

Not applicable.

**Item 16H. Mine Safety Disclosures**

Not applicable.

**PART III**

**Item 17. Financial Statements**

See Item 18.

**Item 18. Financial Statements**

The consolidated financial statements for Mission NewEnergy Limited and its subsidiaries are included at the end of this annual report.

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**Item 19. Exhibits**

<b>EXHIBIT NUMBER</b>	<b>Description of Exhibit</b>
1.1	Constitution of Mission NewEnergy (incorporated by reference to Exhibit 3.1 of our registration statement on Form F-1 (File No. 333-170471), as amended, initially filed with the SEC on November 8, 2010).
4.1	Form of Access, Indemnity and Insurance Deed for Directors and Ex-Directors (incorporated by reference to Exhibit 10.6 of our registration statement on Form F-1 (File No. 333-170471), as amended, initially filed with the SEC on November 8, 2010).
4.2	Employment agreement (as renewed) with Dato' Nathan Mahalingam (incorporated by reference to Exhibit 10.7 of our registration statement on Form F-1 (File No. 333-170471), as amended, initially filed with the SEC on November 8, 2010).
4.3	Employment agreement with Guy Burnett (incorporated by reference to Exhibit 10.8 of our registration statement on Form F-1 (File No. 333-170471), as amended, initially filed with the SEC on November 8, 2010).
4.4	Employment agreement with James Garton (incorporated by reference to Exhibit 10.9 of our registration statement on Form F-1 (File No. 333-170471), as amended, initially filed with the SEC on November 8, 2010).
8.1	* List of Subsidiaries.
12.1	* Certification of Chief Executive Officer pursuant to Rule 13(a)-14(a) of the Securities Exchange Act of 1934, as amended.
12.2	* Certification of Chief Financial Officer pursuant to Rule 13(a)-14(a) of the Securities Exchange Act of 1934, as amended.
13.1	* Certification of Chief Executive Officer and Chief Financial Officer pursuant to Rule 13(a)-14 (b) of the Securities Exchange Act of 1934, as amended, and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, as amended.

\*Filed herewith.

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**SIGNATURES**

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

**Mission NewEnergy Limited**

Date: November 15,  
2019

By: /s/ Guy  
Burnett  
Name: Guy Burnett  
Title: Chief Financial Officer and Company Secretary

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Tel: +8 6382 4600  
Fax: +8 6382 4601  
[www.bdo.com.au](http://www.bdo.com.au)

38 Station Street  
Subiaco, WA 6008  
PO Box 700 West Perth WA 6872  
Australia

Stockholders and Board of Directors

Mission NewEnergy Limited  
SUBIACO WA 6008

### **Opinion on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial position of Mission NewEnergy Limited (the “Company”) and subsidiaries as of June 30, 2019 and 2018, the related consolidated statements of profit or loss, comprehensive income, changes in equity, and cash flows for each of the three years in the period ended June 30, 2019, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company and subsidiaries at June 30, 2019 and 2018, and the results of their operations and their cash flows for each of the three years in the period ended June 30, 2019, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

#### ***Emphasis of Matter Regarding Going Concern***

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As described in Note 2 to the consolidated financial statements, the Company has suffered recurring losses from operations that raise substantial doubt about its ability to continue as a going concern. Management’s plans in regard to these matters are also described in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

#### **Basis for Opinion**

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

BDO Audit (WA) Pty Ltd ABN 79 112 284 787 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (WA) Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms.

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Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

**BDO Audit (WA) Pty Ltd**



**Wayne Basford**

Director

We have served as the Company's auditor since 2013

Perth, 15 November 2019

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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS****FOR THE YEAR ENDED 30 JUNE 2019**

	Note	2019	2018	2017
		\$	\$	\$
Other income	6	165,152	1,524	7,777
<b>Total revenue and other income</b>		<b>165,152</b>	<b>1,524</b>	<b>7,777</b>
Director and Employee benefits expense	7	a -	-	(467,220)
Net foreign exchange (losses)/gains		(7,333)	(4,095)	(10,874)
Consultants' expenses		(4,175)	(6,663)	(13,017)
Regulatory expenses		(54,741)	(56,029)	(40,228)
Travel expenses		-	(1,990)	(66,488)
Rental expenses		(9,756)	(9,288)	(11,986)
Other expenses	7	b (77,240)	(121,090)	(298,617)
Depreciation and amortisation expenses		-	(1,898)	(487)
Finance Costs		-	(2,450)	-
Impairment of investment in associate				(3,608,038)
<b>Profit/(Loss) before income tax</b>		<b>11,907</b>	<b>(201,979)</b>	<b>(4,509,178)</b>
Income tax expense	8	-	(135)	(3,252)
<b>Net Profit/(Loss) before associate accounted loss</b>		<b>11,907</b>	<b>(202,114)</b>	<b>(4,512,430)</b>
Share of net profit/(loss) of associate accounted for using the equity method	15	-	-	(38,174)
<b>Profit/(Loss) for the year after tax</b>		<b>11,907</b>	<b>(202,114)</b>	<b>(4,550,604)</b>
Profit/(Loss) attributable to:				
Owners of Mission NewEnergy Ltd		11,907	(202,114)	(4,550,604)
Non-controlling interests		-	-	-
		<b>11,907</b>	<b>(202,114)</b>	<b>(4,550,604)</b>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 30 JUNE 2019  
Contd.

Earnings per share from continuing operations  
attributable to the ordinary equity holders of the parent:

Basic earnings/(loss) per share (dollars)	9	0.0003	(0.005)	(0.11)
Diluted earnings/(loss) per share (dollars)				
	9	0.0003	(0.005)	(0.11)
Earnings per share from profits attributable to the ordinary equity holders of the parent:				
Basic earnings/(loss) per share (dollars)	9	0.0003	(0.005)	(0.11)
Diluted earnings/(loss) per share (dollars)	9	0.0003	(0.005)	(0.11)

The above Consolidated Statement of Profit or Loss should be read in conjunction with the accompanying notes.

---

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME****FOR THE YEAR ENDED 30 JUNE 2019**

	<b>2019</b>	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Profit/(Loss) for the year</b>	<b>11,907</b>	<b>(202,114)</b>	<b>(4,550,604)</b>
<b>Other comprehensive income</b>			
Items that may be realised through profit or loss:			
Exchange differences on translating foreign operations	(51)	2,672	(20,146)
<b>Other comprehensive (loss)/income for the period net of tax</b>	<b>(51)</b>	<b>2,672</b>	<b>(20,146)</b>
<b>Total comprehensive profit/(loss) for the year</b>	<b>11,856</b>	<b>(199,442)</b>	<b>(4,570,750)</b>
Attributable to non-controlling equity interests	-	-	-
<b>Attributable to owners of the parent</b>	<b>11,856</b>	<b>(199,442)</b>	<b>(4,570,750)</b>
Comprehensive profit/(loss) from Continuing Operations	11,856	(199,442)	(4,570,750)

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

---

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT 30 JUNE 2019**

	Note	2019	2018
		\$	\$
<b>Current Assets</b>			
Cash and cash equivalents	10	173,343	195,601
Other assets		6,757	4,078
<b>Total current assets</b>		<u>180,100</u>	<u>199,679</u>
<b>Non-Current Assets</b>			
Total non-current assets		-	-
<b>Total Assets</b>		<u>180,100</u>	<u>199,679</u>
<b>Current Liabilities</b>			
Trade and other payables	11	19,285	20,720
Short-term provisions	12	153,885	183,885
<b>Total current liabilities</b>		<u>173,170</u>	<u>204,605</u>
<b>Net Assets/(Liabilities)</b>		<u>6,930</u>	<u>(4,926)</u>
<b>Equity</b>			
Issued capital	13	523,197	523,197
Reserves		1,037,274	1,187,325
Accumulated losses		(1,553,541)	(1,715,448)
<b>Total Equity / (Deficit)</b>		<u>6,930</u>	<u>(4,926)</u>

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2019**

	Ordinary Share Capital \$	Retained Earnings/ (losses) \$	Share Based Payments Reserve \$	Foreign Currency Translation Reserve \$	Total \$
<b>Balance as at 30 June 2017</b>	<b>523,197</b>	<b>(1,513,334)</b>	<b>150,000</b>	<b>1,034,653</b>	<b>194,516</b>
Loss after income tax expense for the year	-	(202,114)	-	-	(202,114)
Other Comprehensive profit for the period	-	-	-	2,672	2,672
<b>Total Comprehensive Income/(Loss)</b>	<b>-</b>	<b>(202,114)</b>	<b>-</b>	<b>2,672</b>	<b>(199,442)</b>
<b>Transactions with owners in their capacity as owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance as at 30 June 2018</b>	<b>523,197</b>	<b>(1,715,448)</b>	<b>150,000</b>	<b>1,037,325</b>	<b>(4,926)</b>
Profit after income tax expense for the year	-	11,907	-	-	11,907
Other Comprehensive loss for the period	-	-	-	(51)	(51)
<b>Total Comprehensive Income/(Loss)</b>	<b>-</b>	<b>11,907</b>	<b>-</b>	<b>(51)</b>	<b>11,856</b>
<b>Transactions with owners in their capacity as owners</b>	<b>-</b>	<b>150,000</b>	<b>(150,000)</b>	<b>-</b>	<b>-</b>
<b>Balance as at 30 June 2019</b>	<b>523,197</b>	<b>(1,553,541)</b>	<b>-</b>	<b>1,037,274</b>	<b>6,930</b>

‘The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

**CONSOLIDATED STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED 30 JUNE 2019**

	Note	2019 \$	2018 \$	2017 \$
<b>Cash Flows From Operating Activities</b>				
Payments to suppliers and employees		(180,432)	(191,255)	(983,190)
Interest received	6	152	1,524	7,718
Income tax paid		<u>(35)</u>	<u>(128)</u>	<u>(3,252)</u>
Net cash (used in) operating activities before non-recurring RTO Fee		(180,315)	(189,859)	(978,724)
RTO exclusivity fees		<u>165,000</u>	<u>-</u>	<u>-</u>
Net cash (used in) operating activities	14	<u>(15,315)</u>	<u>(189,859)</u>	<u>(978,724)</u>
<b>Cash Flows From Investing Activities</b>				
Retention released		-	-	1,056,870
Payable associated with retention released		<u>-</u>	<u>-</u>	<u>(1,056,870)</u>
Net cash provided from investing activities		<u>-</u>	<u>-</u>	<u>-</u>
<b>Cash Flows From Financing Activities</b>				
Net cash (used) by financing activities		<u>-</u>	<u>-</u>	<u>-</u>
<b>Net (Decrease) In Cash And Cash Equivalents</b>				
		(15,315)	(189,859)	(978,724)
Cash and cash equivalents at beginning of the financial year		195,601	387,840	1,400,538
Effects of exchange rate fluctuations of cash held in foreign currencies		<u>(6,943)</u>	<u>(2,380)</u>	<u>(33,974)</u>
<b>Cash And Cash Equivalents At End Of Financial Year</b>	10	<u><u>173,343</u></u>	<u><u>195,601</u></u>	<u><u>387,840</u></u>

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### HOW NUMBERS ARE CALCULATED

This section provides additional information about those individual line items in the financial statements that the Directors consider most relevant in the context of the operations of the entity, including:

- (a) information and accounting policies that are relevant for an understanding of the items recognised in the financial statements. Accounting policies specific to an item of disclosure are included with that disclosure in these Financial Statements,
- (b) analysis and sub-totals, including segment information,
- (c) information about estimates and judgements made in relation to particular items.

#### **1. Nature of operations and general information**

Mission NewEnergy Limited is a company domiciled in Australia (ACN: 117 065 719) and:

- listed on the ASX (MBT). Currently the shares on the ASX are in voluntary suspension;
- continues to seek an alternative business opportunity;
- that has a 20% interest in an Associate owning a 250,000 tpa (approx. 75 million gallon p.a.) biodiesel refinery, located in Malaysia. The 20% interest investment is carried at NIL value as the project has stalled due to an inability of the biodiesel refinery operating entity to secure ongoing offtake sales contracts. FGVGE borrowed money from FGV Capital Sdn Bhd in 2015 as part proceeds to acquire the refinery. FGV Capital Sdn Bhd have terminated the loan facility on 24 June 2019, which is now immediately due and payable

#### **2. Basis of preparation**

##### **Statement of compliance**

The financial report is a general purpose financial report which has been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the International Accounting Standards Board (IASB). Mission NewEnergy Limited is a for-profit entity for the purpose of preparing the financial statements.

These accounting policies have been consistently applied by each entity in the Group and are consistent with those of the previous year.

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### **Basis of measurement**

The financial report has been prepared on an accruals basis and is based on historical costs. All amounts shown are in Australian dollars (\$) unless otherwise stated.

### ***Significant matters***

#### **Going concern**

The Group incurred a net operating profit for the year ended 30 June 2019 of \$11,907 (2018: \$202,114 loss) and incurred net cash outflows from operating activities before non-recurring RTO fee of \$180,315 (2018: \$189,859 used). At 30 June 2019 the Group had net a working capital surplus of \$6,930 (2018 : \$4,926 deficit). At 31 October 2019 the Group had a cash balance of \$93,332 and payable liabilities of around \$9,050 (excluding leave liability of \$153,885, which the employees have agreed not to pay down unless the Group has sufficient cash resources to pay). The Group currently has no source of income and the cash balance is not expected to be exhausted within 12 months based on the 2019/20 forecast profile prepared by management. The Company has been in trading suspension since 25 November 2016 and will likely be removed from the official ASX list on 25 November 2019 if a project or business activity is not in place by this date.

The ability of the Group to continue as a going concern is dependent on identification and completion of a suitable alternate business opportunity.

These conditions indicate a material uncertainty that cast a significant doubt about the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Management believe there are sufficient funds to meet the Group's working capital requirements as at the date of this report, and that there are reasonable grounds to believe that the Group will continue as a going concern as a result of a combination of the following reasons:

- the Group has received confirmation from its employees and Directors that they have forgone all salary entitlements since 1 December 2016 and will not call on their annual leave entitlements until the Group has a clear ability to pay; and
- management expects the cash to be able to fund the organisation until a suitable alternate business opportunity is identified and completed.

Should the Group not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial report does not include any adjustment relating to the recoverability and classification of recorded assets or liabilities that might be necessary should the entity note continue as a going concern.

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### **Carrying value of investment in associate**

The Group owns 100% of M2 Capital Sdn Bhd, a Malaysian subsidiary, which owns a 20% stake in FGV Green Energy Sdn Bhd (FGVGE), a refinery joint venture company (see note 15). This project has stalled and the asset is mothballed. FGVGE borrowed money from FGV Capital Sdn Bhd in 2015 as part proceeds to acquire the refinery. FGV Capital Sdn Bhd have terminated the loan facility on 24 June 2019, which is now immediately due and payable. The Board of FGVGE have met and declared an inability to repay this loan and FGVGE has impaired the carrying value of the asset during the financial year. Under the terms of the loan agreement, FGV Capital have full security over the refinery asset in the event of a default.

MBT and its subsidiaries have no obligation, financial or otherwise, to meet any capital shortfall requirements of FGVGE.

The Group's investment in associate which is fully impaired (2018: fully impaired), please refer to note 15 and 16 for further information.

### ***Goods and Services Tax (GST)***

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST

### **Functional and Presentation currency**

The consolidated financial statements are presented in Australian Dollars. The functional currencies of the operating units are as follows:

- Malaysian investments (20% investment in Associate) - Malaysian Ringgit
- Other – Australian Dollar.

The Board of Directors approved this financial report on 4 November 2019.

### **3. New, revised or amending Accounting Standards and Interpretations adopted**

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the IASB that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have a material impact on the financial performance or position of the consolidated entity.

The changes in Accounting policies and impact on the financial statements were:

- IFRS 9 was adopted without restating comparative.
- IFRS 15 had no impact because the Group had no revenue.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

### **4. New Accounting Standards and Interpretations not yet mandatory or early adopted**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for period ended 30 June 2019. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

#### *IFRS16 Leases*

IFRS 16 eliminates the operating and finance lease classifications for lessees currently accounted for under IAS 17 Leases. It instead requires an entity to bring most leases onto its statement of financial position in a similar way to how existing finance leases are treated under IAS 17. An entity will be required to recognise a lease liability and a right of use asset in its statement of financial position for most leases.

There are some optional exemptions for leases with a period of 12 months or less and for low value leases. The adoption of the leases standard did not have material impact because the group has no operating lease agreement in place.

It is not expected that there will be any material impact on the financial statements when these amendments are adopted.

## 5. Segment reporting

Segment Report – 2019	Malaysia	Australia	Total
	2019 \$	2019 \$	2019 \$
<b>Revenue</b>			
Other income	-	165,152	165,152
<b>Total segment revenue</b>	-	-	-
Depreciation and amortisation	-	-	-
Finance costs	-	-	-
Impairment of investment in associate	-	-	-
Other expenses	(9,890)	(143,355)	(153,245)
Segment result before tax	(9,890)	21,797	11,907
Income tax expense	-	-	-
<b>Net profit for the year</b>	-	-	11,907
<b>Non-current Segment assets</b>			
Total Segment assets	10,899	169,201	180,100
Segment liabilities	(11,335)	(161,835)	(173,170)

Segment Report – 2018	Malaysia	Australia	Total
	2018 \$	2018 \$	2018 \$
<b>Revenue</b>			
Interest received	-	1,524	1,524
<b>Total segment revenue</b>	-	1,524	1,524
Depreciation and amortisation	(1,898)	-	(1,898)
Finance costs	-	(2,450)	(2,450)
Impairment of investment in associate	-	-	-
Other expenses	(31,490)	(167,665)	(199,155)
Segment result before tax	(33,388)	(168,591)	(201,979)
Income tax expense	(135)	-	(135)
<b>Net (loss) for the year</b>	-	-	(202,114)
<b>Non-current Segment assets</b>			
Total Segment assets	9,844	189,835	199,679
Segment liabilities	(340)	(204,265)	(204,605)

*Accounting Policies: Segment reporting*

The Group Chief Executive Officer is the Chief operating decision maker. The reportable segments presented are in line with the segmental information reported during the financial year to the Group Chief Executive Officer.

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of cash, receivables, inventories, intangibles and property, plant and equipment, net of allowances and accumulated depreciation and amortisation. Segment liabilities consist principally of payables, employee benefits, accrued expenses and borrowings. Segment assets and liabilities do not include deferred income taxes. Segments exclude discontinued operations.

*Intersegment Transfers:* There are no intersegment transfers.

*Business and Geographical Segments:* The Group had one key business segment, being biodiesel, which is located in Malaysia.

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**6. Other income**

	<b>2019</b>	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Proceeds from RTO activities	165,000	-	-
Interest income	152	1,524	7,777
	<u>165,152</u>	<u>1,524</u>	<u>7,777</u>

**7. Expenses**

	<b>2019</b>	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
7a) Director and Employee benefits expense			
Wages and Salaries	-	-	450,318
Contribution to defined contribution plans	-	-	16,902
	<u>-</u>	<u>-</u>	<u>467,220</u>
7b) Other expenses:			
Audit fees	27,359	26,816	46,748
Computer maintenance & consumables	362	-	592
Communication expenses	5,984	7,976	14,725
Insurance costs	25,732	58,192	78,004
Legal fees	4,083	14,787	52,508
Due diligence costs	-	-	73,145
Other administrative costs	13,720	13,319	32,895
Total	<u>77,240</u>	<u>121,090</u>	<u>298,617</u>

**8. Income Tax**

	2019 \$	2018 \$	2017 \$
a. The components of tax expense comprise			
Current tax	-	(135)	(3,252)
Deferred tax	-	-	-
	<u>-</u>	<u>(135)</u>	<u>(3,252)</u>
b. The prima facie tax on the profit/(loss) from ordinary activities before income tax is reconciled to the income tax as follows:			
Accounting profit/(loss) before tax	<u>11,907</u>	<u>(201,979)</u>	<u>(4,509,178)</u>
Prima facie tax (benefit on profit/(loss) from ordinary activities before income tax at 27.5%)	3,275	(55,544)	(1,352,753)
Adjusted for:			
Tax effect of:			
<ul style="list-style-type: none"> <li>• losses not brought to account</li> <li>• utilisation of available tax losses</li> </ul>	-	55,409	1,349,501
	<u>(3,275)</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>(135)</u>	<u>(3,252)</u>
Add:			
Over provision for income tax in prior year	<u>-</u>	<u>-</u>	<u>-</u>
Income tax attributable to entity	<u>-</u>	<u>(135)</u>	<u>(3,252)</u>
The applicable weighted average effective current tax rate is as follows:			
	0	% 0	% 0

Deferred tax assets on temporary differences and losses are not recognised because it is not probable that future taxable profit will be available against which the unused tax losses can be used and may be subject to continuity of ownership and business test.

At both period ends the Group has not recognised any current or deferred tax liabilities or assets.

Deferred tax assets on losses to a value of \$2.9 million (2018: \$2.9 million) to date are not brought to account due to not being probable of being recovered. In addition, deferred tax assets for deductible temporary differences of A\$2.9 million (2018: A\$3.1 million).

**Accounting Policy: Income Tax**

The charge for current income tax expense is based on the profit/(loss) for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the reporting date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the Statement of profit or loss, except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

**9. Earnings per share**

## a. Reconciliation of earnings to profit or loss

Earnings used in calculation of both ordinary and dilutive EPS	11,907	(202,114)	(4,550,604)
b. Earnings used in calculation of both ordinary and dilutive EPS for ongoing operations	11,907	(202,114)	(4,550,604)
c. Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	40,870,275	40,870,275	40,870,275
Effect of:			
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	40,870,275	40,870,275	40,870,275

*Accounting policy: Earnings per share*

Basic earnings per share are calculated by dividing the profit attributable to owners of the company, excluding costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after tax effect of interest and other financing costs associated with the dilutive potential ordinary shares, and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

**10. Cash and cash equivalents**

	<b>2019</b>	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Cash at bank and in hand	169,795	102,705	147,673
Short-term bank deposits	3,548	92,896	240,167
	<u><b>173,343</b></u>	<u><b>195,601</b></u>	<u><b>387,840</b></u>

See note 17, Financial Instruments, for information on risk exposures for cash and cash equivalents.

*Accounting policy: Cash and Cash Equivalents*

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 3 months or less.

**11. Trade and Other Payables**

<b>CURRENT</b>	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Unsecured liabilities:		
Trade payables	4,732	9,730
Sundry payables and accrued expenses	14,553	10,990
	<u>19,285</u>	<u>20,720</u>

**12. Provisions****CURRENT**

Provision for leave	153,885	183,885
	<u>153,885</u>	<u>183,885</u>

The group has received confirmation from its employees and Directors that they will not call on their annual leave entitlements until the group has a clear ability to pay. During the year the company settled \$30,000 of accrued leave liabilities.

**13. Issued Capital****Fully paid ordinary shares (Issued and authorised)**

	<b>2019</b>	<b>2019</b>	<b>2018</b>	<b>2018</b>
	<b>Number</b>	<b>\$</b>	<b>Number</b>	<b>\$</b>
At the beginning of reporting period	40,870,275	523,197	40,870,275	523,197
Ordinary shares issued	-	-	-	-
<b>At reporting date</b>	<u>40,870,275</u>	<u>523,197</u>	<u>40,870,275</u>	<u>523,197</u>

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At shareholder meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands. There were no warrants, performance rights or options in existence at reporting date.

*Accounting policy: Contributed equity*

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

**14. Cash Flow Information**

	<b>2019</b>	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Reconciliation of Cash Flow from Operations with Profit/(Loss) after Income Tax</b>			
Profit/(Loss) after income tax	11,907	(202,114)	(4,550,604)
<b>Non cash flows in profit / (loss)</b>			
Depreciation of plant and equipment – continued operations	-	1,898	487
Share of net loss/(profit) of associate	-	-	38,174
Provision for employee benefits	-	-	(2,826)
Other non cash adjustments	-	-	4,436
Current tax liabilities	(35)	-	-
Impairment of associate	(318)	-	3,608,038
<b>Net cash (used in) operating activities before change in assets and liabilities</b>	<b><u>11,554</u></b>	<b><u>(200,216)</u></b>	<b><u>(902,295)</u></b>
<b>Change in assets and liabilities</b>			
Decrease in receivables	-	-	1,091
(Increase) / decrease in other assets	(2,557)	6,471	(4,691)
(Increase) in creditors and accruals	(1,427)	(377)	(87,870)
Decrease in provisions	(30,000)	-	-
Foreign Currency Adjustments	7,115	4,263	15,041
	<u>(26,869)</u>	<u>10,357</u>	<u>(76,429)</u>
<b>Cash (used in) operations</b>	<b><u>(15,315)</u></b>	<b><u>(189,859)</u></b>	<b><u>(978,724)</u></b>

There were no non-cash investing activities during the reported periods.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

**GROUP STRUCTURE**

This section provides information which will help users understand how the group structure affects the financial position and performance of the group as a whole. In particular, there is information about:

- changes to the structure that occurred during the year as a result of business combinations and the disposal of a discontinued operation
- transactions with non-controlling interests and interests in joint ventures.

A list of subsidiaries is provided in note 15. This note also discloses details about the group's equity accounted investments.

**15. Investments in subsidiaries, unconsolidated entities and associates****(a) Subsidiaries**

The Group's subsidiaries at 30 June 2019 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

	Country of Incorporation	Percentage Owned (%)		Ownership interest held by non-controlling interests		Principal activities
		2019	2018	2019	2018	
<b>A. Controlled Entities Consolidated</b>						
<b>Parent Entity:</b>						
Mission NewEnergy Limited	Australia					
<b>Subsidiaries of Mission NewEnergy Limited:</b>						
Mission Biofuels Sdn Bhd	Malaysia	100	100	-	-	Administrative entity Holds 20% of FGV Green Energy SB
M2 Capital Sdn Bhd	Malaysia	100	100	-	-	
<b>B. Associates</b>						
Felda Green Energy Sdn Bhd	Malaysia	20	20	80	80	Biodiesel refining

Set out below is the associate of the group as at 30 June 2019. The entity listed below has share capital consisting solely of ordinary shares, which are held directly by the group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of entity	Country of Incorporation	Percentage Owned (%)		Nature of relationship	Measurement method	Carrying amount (\$)	
		2019	2018			2019	2018
FGV Green Energy Sdn Bhd	Malaysia	20	20	Associate	Equity method	-	-

Summarised statement of comprehensive income	FGV Green Energy Sdn Bhd	
	2019	2018
(Loss) from operations	(35,914,990)	(194,886)
The Groups share of (Loss)/profit from operations	-	-

Summarised statement of financial position	FGV Green Energy Sdn Bhd	
	2019	2018
Cash and cash equivalents	11,374	16,496
Other current assets	52,490	85,209
Non-current assets – written to NIL during the financial year	-	37,852,240
Current liabilities	(24,340,686)	(21,967,251)
Non-current financial liabilities	-	-
Net (Liabilities)/Assets	(24,276,822)	15,986,694

**Accounting policy: Principles of Consolidation**

The consolidated financial statements comprise the financial statements of Mission NewEnergy Limited and its subsidiaries, as defined in Accounting Standard IFRS 127 'Consolidated and Separate Financial Statements'. These include Mission Biofuels Sdn Bhd and M2 Capital Sdn Bhd. A list of

controlled and associate entities with details of acquisitions and disposals is contained in this note. All controlled entities have a 30 June financial year-end. The Associate company has a 31 December year end.

All inter-company balances and transactions between entities in the Consolidated Group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies applied by the parent entity.

Where controlled entities have entered or left the Consolidated Group during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

Non-controlling interests in the equity and results of the entities that are controlled are shown as a separate item in the consolidated financial report.

#### *Foreign Currency Transactions and Balances*

##### Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates.

The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

##### Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the Statement of profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the Statement of Profit or Loss.

##### Group companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period where this is not materially different from the rate at the date of the transaction; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the Statement of Profit or Loss in the period in which the operation is disposed.

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**RISK**

This section of the notes discusses the groups exposure to various risks and shows how these could affect the Groups financial position and performance.

**16. Critical Accounting Estimates and Judgments**

The preparation of annual financial reports requires the Board to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. The Board evaluates estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group. Actual results may differ from these estimates.

Except as described below, in preparing this consolidated financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the consolidated financial report as at end for the year ended 30 June 2019. During the twelve months ended 30 June 2019 management reviewed its estimates in respect of:

**Impairment of assets**

The Group assesses impairment of assets at each reporting date by evaluating conditions specific to the Group that may lead to impairment. Where an impairment trigger exists, the recoverable amount of the asset is determined.

**Investments in subsidiaries**

Investments held by the parent entity, Mission NewEnergy Limited, are reviewed for impairment if there is any indication that the carrying amount may not be recoverable. The recoverable amount is assessed by reference to the higher of 'value in use' (being the net present value of expected future cash flows of the relevant cash generating unit) and 'fair value less costs to sell'.

In line with the impairment of the carrying value of assets in the subsidiaries, the parent entity has impaired the value of all subsidiaries to zero. This accounting adjustment has no impact on the cash flows or the Consolidated Financial Statements of the Group. Refer to note 24: Parent Information for further details.

**Investments in associates/Non-Current Assets held for sale**

The Group owns 100% of M2 Capital Sdn Bhd, a Malaysian subsidiary, which owns a 20% stake in FGV Green Energy Sdn Bhd (FGVGE), a refinery joint venture company. Investments in associates held by the parent entity, Mission NewEnergy Limited, are reviewed for impairment if there is any indication that the carrying amount may not be recoverable.

In assessing the carrying value of the investment, the following factors were considered by the Directors:

- o Mission does not hold a refining asset, however it holds a 20% share in the refining JV,
- o This refining JV is not a listed publicly traded entity with a readily determinable share price, nor is there a ready market to sell the 20% holding,
- o Mission does not have the voting or management rights to force any actions on the JV company, (be that to commence refurbishment, sell the asset as a going concern or for sell for scrap value),
- o Should the JV company require further equity funding to undertake the refurbishment the group has insufficient current cash proceeds to protect its equity position and hence our shareholding position would likely be diluted,
- o FGVGE borrowed money from FGV Capital Sdn Bhd in 2015 as part proceeds to acquire the refinery. FGV Capital Sdn Bhd have terminated the loan facility on 24 June 2019, which is now immediately due and payable. The Board of FGVGE have met and declared an inability to repay this loan. Under the terms of the loan agreement, FGV Capital have full security over the refinery asset in the event of a default. MBT and its subsidiaries have no obligation, financial or otherwise, to meet any capital shortfall requirements of FGVGE.

Accordingly the Directors deemed it prudent to impair the carrying value of the investment to NIL in a prior financial year. Should the Group sell the refinery an impairment reversal is expected to be recognised in the financial records of the Group. As the project remains stalled and mothballed at 30 June 2019, the carrying value is retained at NIL.

	2019	2018
	\$	\$
Impairment of investment in associate	-	-
	<u>-</u>	<u>-</u>

**17. Financial Instruments and Financial Risk Management****Financial Risk Management**

The Group has a financial risk management policy in place and the financial risks are overseen by the Board. The Group's financial instruments consist mainly of deposits with banks, other financial assets and accounts payable.

The principal risks the Group is exposed to through its financial instruments are interest rate risk, foreign currency risk, liquidity risk and credit risk.

The Group does not have any financial assets carried at fair value therefore no further disclosure in relation to the fair value hierarchy is presented. In addition the group does not have any financial instruments that are subject to recurring or non-recurring fair value measurements.

As at 30 June 2019 and 30 June 2018 the group held the following financial instruments:

	2019 \$	2018 \$
<b>Financial assets</b>		
Cash and cash equivalents*	173,343	195,601
<b>Financial liabilities</b>		
Trade and other payables	19,285	20,720

\* Under the category of the financial instrument standard the cash and cash equivalent is classified as loans and receivable under IAS 39 in 2018 and is classified as a financial asset at amortised cost in 2019 under IFRS 9.

The fair value of cash and cash equivalents, trade and other payables are short-term instruments in nature whose carrying value is equivalent to fair value.

***Interest rate risk***

There is no interest rate risk given there are no material deposits held at a floating rate.

***Foreign currency risk***

The Group holds its 20% share of the refinery through a number of international subsidiaries and is thus exposed to fluctuations in foreign currencies, arising from the foreign currencies held in its bank accounts, and the translation of results from the international subsidiaries. The foreign exchange exposures are primarily to the Malaysian Ringgit and the US dollar.

Foreign currency risks arising from commitments in foreign currencies are managed by holding cash in that currency. Foreign currency translation risk is not hedged, with translation differences being reflected in the foreign currency translation reserve.

***Group sensitivity***

At 30 June 2019, if foreign currencies had changed by +/- 10%, with all other variables held constant, the following financial impacts would have been recorded by the Group;

Effect on cash and cash equivalent – A\$5,748 lower / A\$7,026 higher (2018: A\$11,238 lower / A\$9,194 higher)

Profit or Loss would have been – A\$5,748 lower / A\$7,026 higher (2018: A\$11,238 lower / A\$9,194 higher)

***Hedging of Foreign Currency Risk***

At financial report date the Group had no forward exchange contracts in place.

**Credit risk**

The following table sets out the credit quality of financial assets:

	2019	2018
	\$	\$
Cash and Cash Equivalents		
<i>Counterparties with external credit rating (Standard and Poors)</i>		
A-1+ (Australian)	166,644	189,836
P-2 (Malaysia)	6,699	5,765
	<u>173,343</u>	<u>195,601</u>

**Commodity Risk**

As there was no inventory held as at 30 June 2019, the Group has no direct exposure to market prices of input costs into the production of biodiesel.

**Liquidity risk**

	2019	2018	Weighted Average Interest Rate	
	\$		2019	2018
			\$%	%
<b>Financial Assets:</b>				
Cash and cash equivalents	<u>173,343</u>	<u>195,601</u>	1.26	%
	<u>173,343</u>	<u>195,601</u>		1.02
<b>Financial Liabilities:</b>				
Current liabilities	<u>173,170</u>	<u>204,605</u>		

The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate cash is maintained to meet known liabilities. The Group has no current source of income and has negotiated with key management personnel to not take salaries or Directors fees.

*Accounting policy: Financial Instruments***Recognition**

Financial instruments are initially measured at fair value on trade date, which includes transaction costs (except where the instrument is classified as 'fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately), when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

**18. Capital Management**

Management controls the capital of the Group in order to maintain an appropriate debt to equity ratio, provide the shareholders with adequate returns and ensure that the Group can fund its operations and continue as a going concern. Due to the stage that the business is in, managements approach would be to fund the business with equity where required. Management reviews historic and forecast cash flows on a regular basis in order to determine funding needs.

The Group has no debt and capital includes ordinary share capital, supported by financial assets.

## **UNRECOGNISED ITEMS**

This section of the notes provides information about items that are not recognised in the financial statements as they do not (yet) satisfy the recognition criteria.

### **19. Capital and Leasing Commitments**

The group has no operating lease or capital expenditure commitments.

### **20. Contingent Liabilities and Contingent Assets**

The Group is not aware of any contingent liabilities or contingent assets as at 30 June 2019.

### **21. Events occurring after the reporting period**

There have been no significant subsequent events up until the date of signing this Financial Report.

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**OTHER INFORMATION**

This section of the notes includes other information that must be disclosed to comply with the accounting standards and other pronouncements, but that is not immediately related to individual line items in the financial statements.

**22. Remuneration of Auditors**

	2019	2018
	\$	\$

**Audit services**

Remuneration of the auditor of the parent entity for:

• auditing or reviewing the financial reports – BDO Audit (WA) Pty Ltd	27,359	26,816
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**23. Related Parties**

During the period a subsidiary in the Group leased a portion of office space from a company owned by the Chief Executive Officer at a cost of around A\$650 per month. The lease is on a month to month basis.

There were no other transactions with related parties during the period other than with subsidiaries which were 100% wholly owned.

**Key management personnel compensation**

	2019	2018
	\$	\$
Short-term employee benefits	-	-
Post-employment benefits	-	-
	<u>-</u>	<u>-</u>

Detailed remuneration disclosures are provided in the remuneration report on pages 5 to 11. During the financial year, the Company settled \$30,000 of accrued leave liabilities owing to the three Directors.

**24. Parent entity information**

	2019	2018
Information relating to Mission NewEnergy Limited:		\$
Current assets	169,201	189,835
Non-current assets	-	-
<b>Total assets</b>	<u>169,201</u>	<u>189,835</u>
Current liabilities	(161,835)	(204,265)
<b>Total liabilities</b>	<u>(161,835)</u>	<u>(204,265)</u>
Net asset surplus / (deficit)	7,366	(14,430)
Issued capital	418,635	418,635
Opening Retained (Loss)	(433,065)	(410,755)
Share based payments reserve	-	150,000
<b>Total shareholders' equity (surplus)/deficit</b>	<u>(14,430)</u>	<u>157,880</u>
Profit/(Loss) of the parent entity during the year	21,796	(172,310)
<b>Total shareholders' equity deficit/(surplus)</b>	<u>7,366</u>	<u>(14,430)</u>

	2019	2018
	\$	\$
Details of any contingent liabilities of the parent entity	-	-
Details of any contractual commitments by the parent entity for the acquisition of property, plant or equipment.	-	-

The parent entity is not aware of any other contingent liabilities or contingent assets as at 30 June 2019.

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## 25. Company Details

The registered office of the company is: Mission NewEnergy Limited, Unit B9, 431 Roberts Road, Subiaco, WA 6008, Australia.

### The principal places of business are:

<b>Australia</b>	<b>Mission NewEnergy Limited</b> Head Office Unit B9, 431 Roberts Rd, Subiaco, Western Australia, 6008, Australia.
<b>Malaysia</b>	<b>Mission Biofuels Sdn Bhd</b> <b>M2 Capital Sdn Bhd</b> No 5E Nadayu 28 Dagang Jalan PJS 11/7 Bandar Sunway 47500 Subang Jaya Selangor, Malaysia

## 26. Authorisation of financial statements

The consolidated financial statements for the year ended 30 June 2019 (including comparatives) were approved by the Board of Directors on 4 November 2019.

**Dato' Nathan Mahalingam**  
**Director**

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