

HAZER GROUP LIMITED

ACN 144 044 600



HazerGroup

Local Technology for Global Markets

PROSPECTUS

For the Offer of 25,000,000 Shares
at an issue price of 20 cents each
to raise \$5,000,000.

Proposed ASX Code: HZR

Lead Manager
Mac Equity Partners Pty Ltd
(AFSL 338731)

This Prospectus provides important information about the Company. You should read the entire document including the Application Form. If you have any questions about the Offer or the Prospectus, you should speak to your professional adviser. The Shares offered by this Prospectus should be considered highly speculative.





IMPORTANT NOTICE

PROSPECTUS

This Prospectus is dated 22 September 2015 and was lodged with ASIC on that date. Neither ASIC, ASX nor any of their respective officers take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No securities will be allotted or issued on the basis of this Prospectus later than 13 months after the date of this Prospectus. Application will be made to ASX within 7 days after the date of this Prospectus for quotation of the Shares the subject of this Prospectus.

No person is authorised to provide any information or make any representation in connection with the Offer which is not contained in this Prospectus. Any information or representation that is not contained in this Prospectus may not be relied upon as having been authorised by our Directors or us.

An electronic version of this Prospectus can be downloaded from our website at www.hazergroup.com.au. If you access the electronic version of this Prospectus, you should ensure that you download and read the entire Prospectus. The electronic version of this Prospectus is only available to Australian residents. If you have received the Prospectus electronically, we will provide a paper copy and attached application form free of charge. Please telephone our registered office during the Offer period.

Applications for Shares may only be made on the Application Form included in or accompanying this Prospectus or in the electronic version, as downloaded in its entirety from our website.

The Offer in this Prospectus is available only to persons receiving this Prospectus within Australia, or another country where it is lawful to do so (electronically or otherwise). This Prospectus does not constitute an offer in any place where, or to any person whom, it would be unlawful to make such an offer. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and therefore persons who come into possession of this Prospectus should seek advice and observe any restrictions. Any failure to comply with these restrictions may violate securities laws.

You must ensure compliance with all laws of any country relevant to your application. We will take the return of a completed Application Form as a representation by you that there has been no breach of any laws.

EXPOSURE PERIOD

The Corporations Act prohibits us from processing Applications for 7 days after the date of lodgement of this Prospectus with ASIC. This period may be extended by ASIC for up to a further 7 days. This period is an exposure period to enable the Prospectus to be examined by market participants prior to the issue of Shares. Applications received during the exposure period will not be processed until after the expiry of the exposure period. No preference will be given to Applications received during that period. All Application Forms received during the exposure period will be treated as if they were simultaneously received on the Opening Date.

NO PROSPECTIVE FINANCIAL FORECASTS

The Directors have considered the matters outlined in ASIC Regulatory Guide 170. The Company will use the proceeds of the Offer to further research and develop its Technology. Given the Company is an early stage company which has not commercialised its Technology, reliable forecasts of any possible revenue and expenses cannot be prepared and accordingly the Directors have not included forecasts in this Prospectus.

GLOSSARY

Certain terms and abbreviations used in this Prospectus have defined meanings, which are explained in the Glossary in Section 14. In this Prospectus, the words "we", "our" and "us" refer to the Company. The words "you", or "your" refer to Applicants.

PHOTOGRAPHS

The photographs appearing in this Prospectus are for illustration purposes only and unless otherwise stated do not represent our assets.



CORPORATE DIRECTORY

DIRECTORS

Rick Hopkins (Non-Executive Chairman)
Geoff Pocock (Managing Director)
Danielle Lee (Non-Executive Director)
Bryant Mclarty (Non-Executive Director)

COMPANY SECRETARY

Emma Waldon

REGISTERED AND BUSINESS OFFICE

Suite 7, 29 The Avenue
Nedlands, Western Australia, 6009
Telephone: +61 8 9386 9577
Facsimile: +61 8 9389 1464

WEBSITE

www.hazergroup.com.au

SOLICITORS TO THE OFFER

Fairweather Corporate Lawyers
595 Stirling Highway
Cottesloe, Western Australia, 6011

PATENT ATTORNEY

Wrays
56 Ord Street
West Perth, Western Australia, 6005

INVESTIGATING ACCOUNTANT

RSM Bird Cameron Corporate Pty Ltd
8 St Georges Tce
Perth, Western Australia, 6000

SHARE REGISTRY

Link Market Services Limited
Level 4, 152 St Georges Tce
Perth, Western Australia, 6000
Telephone: +61 1800 502 355 (within Australia)

LEAD MANAGER

Mac Equity Partners Pty Ltd
Suite 7, 29 The Avenue
Nedlands, Western Australia, 6009



CONTENTS

1	INVESTMENT OVERVIEW	4
2	CHAIRMAN'S LETTER	12
3	DETAILS OF THE OFFER	13
4	COMPANY AND TECHNOLOGY OVERVIEW	18
5	HYDROGEN AND GRAPHITE MARKET OVERVIEW	23
6	COMMERCIALISATION AND DEVELOPMENT PLAN	29
7	BOARD, MANAGEMENT AND CORPORATE GOVERNANCE	34
8	RISK FACTORS	44
9	INTELLECTUAL PROPERTY REPORT	46
10	INVESTIGATING ACCOUNTANT'S REPORT	50
11	MATERIAL CONTRACTS	60
12	ADDITIONAL INFORMATION	62
13	DIRECTORS' RESPONSIBILITY AND CONSENT	72
14	GLOSSARY	73
	APPLICATION FORM	75



1. INVESTMENT OVERVIEW

Question	Response	Where to find more information
Who is issuing this Prospectus?	HazerGroup Limited – ACN 144 044 600 ("Hazer" or the "Company").	
What is our business model?	The Company has intellectual property rights to a technology developed at The University of Western Australia ("UWA") which allows the production of hydrogen gas from methane (natural gas) with negligible carbon dioxide emissions and the co-production of a high purity graphite product (the "Hazer Process"). The co-production of a high purity graphite product from the Hazer Process distinguishes it from existing commercial hydrogen production technologies. The Company and UWA have applied for 3 patents associated with the Hazer Process (see the Intellectual Property Report at Section 9). Our business model is focused on scaling-up and commercialising the Hazer Process so as to supply hydrogen gas and high purity bulk graphite to the significant global hydrogen and graphite markets. The Company has demonstrated some initial scale up of the original research-scale reactor, as well as having made key advances in the underlying process through catalyst development. The Company will look to achieve capital growth for Shareholders by further developing the Hazer Process at larger scale: by large-scale in-laboratory development, progressing through demonstration and pilot plants to a commercial plant utilising the Hazer Process. As an early stage company our business model is highly dependent on achievement of continued technical development success as well as future funding, customer engagement and general financial and economic factors. Risks of investing in our Shares are set out in this Section 1 (Key Risks) and Section 8. The funds raised from the Offer will be used to further research and develop the Hazer Process by funding development paths being Hazer Process scale-up work, graphite product development/ functionalisation and graphite commercialisation work. The Company's Commercialisation and Development Plan is detailed in Section 6. Income growth in the form of dividends will only eventuate if our planned activities generate sufficient revenue and returns. There will be no dividends in the short term.	Sections 4, 5 and 6



Question	Response	Where to find more information
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What are the key dates of the Offer?

Opening Date	30 September 2015
Closing Date	20 November 2015
Allotment of Shares under Prospectus	26 November 2015
Despatch of holding statements	27 November 2015
Shares commence trading on ASX	4 December 2015
These dates are indicative only. We reserve the right to vary any of these dates, withdraw the Offer at any time before allotment of the Shares and to close the Offer early or extend the Closing Date, without notice to you. You are encouraged to apply as soon as possible after the Offer opens as the Offer may close at any time without notice.	

What are the benefits of investing in our Shares?

- The Company has intellectual property rights to a technology (the Hazer Process) developed at UWA allowing the production of hydrogen and high purity graphite from methane in an environmentally friendly process.
- A low cost catalyst (iron ore fines) is used in the Hazer Process.
- The co-production of high purity graphite distinguishes the Hazer Process from existing commercial hydrogen production technologies.
- Development to date has demonstrated initial scale up of an original research-scale reactor employing the Hazer Process as well as advances in the underlying process through catalyst development.
- An opportunity exists to commercially develop the Hazer Process to produce hydrogen and bulk high purity graphite with the ultimate aim to develop the Hazer Process to enable commercial industrial production.
- Funds from the Prospectus are to be predominantly used to fund further development and commercialisation of the Hazer Process; by process scale-up work (to the stage of developing a demonstration plant), graphite product development and ongoing technology commercialisation activities.
- The Board and management team are skilled and experienced including in the development of technologies and in capital market funding.

Sections 4, 5, 6 and 7



1. INVESTMENT OVERVIEW

Question	Response	Where to find more information
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What are the key risks of investing in our Shares?

The key risks of investing in the Company are set out below. The list of risks is not exhaustive and further details of risks are set out in Section 8.

Section 8

Risk Area	Risks
Technology development and Commercialisation risk	Hazer is an early stage company with IP rights to the Hazer Process Technology. A significant risk is whether the Company can further develop and then commercialise the Technology; through developing large scale in-laboratory development, progressing through demonstration and pilot plants to a commercial plant utilising the Technology. The Hazer Process features production costs associated with increased natural gas consumption compared to other hydrogen production technologies. The Company will seek to more than offset this increase in production costs by the sale of high purity graphite co-produced with hydrogen from the Hazer Process. A failure to achieve commercialisation of the Hazer Process will have a significant adverse impact on the Company's business model, operating results and financial position.
Operational Risk	The demonstration plant, pilot plants and any commercial plant proposed by the Company may be affected by various factors, including operational and technical difficulties in scaling up the Hazer Process; difficulties in commissioning and operating plant and equipment; mechanical failure or plant breakdown; unanticipated reactor issues which may effect through-put; industrial and environmental accidents; industrial disputes; and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.
Future Funding Needs	The Company has yet to build sufficient scale and commercialise the Technology and therefore has not as yet generated any revenue or profits. The Company will depend on the availability of investor funds if and until the Company generates cash flows from successful commercialisation of the Technology. No assurance can be given that future funding for further development of the Technology will be made available on acceptable terms (if at all). If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its expansion and development programs as the case may be.



Question	Response	Where to find more information
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What are the key risks of investing in our Shares?

Risk Area	Risks
Intellectual Property risk	The success of the Company's Technology will depend in part on the Company's ability to obtain patents (and therefore proprietary rights) without infringing the proprietary rights of others. Three patent applications have been made in respect of the Technology (see Section 9). The strength of patents involves complex legal and scientific questions and can be uncertain. There can be no assurance that any patents in relation to the Hazer Process will afford the Company commercially significant protection of the Hazer Process or that competitors will not develop competing technologies that circumvents such patents.
Supply contracts/customer engagement	In order to successfully commercialise the Technology, the Company will need to supply hydrogen gas and/or bulk graphite to customers to generate revenue and this will require customer engagement and the execution of product supply contracts. The Company could also look to licence its Technology. Given the Company is at an early stage, it does not currently have any customers.
Dependence on key personnel	The Company's prospects depend in part on the ability of management to advance the Technology of the Company. Loss of key personnel may have an adverse impact on the Company's performance.

What is our financial position?

We are an early stage technology company that has a limited operating history on which an evaluation of our prospects can be made.	Section 10
We are involved in the development of a hydrogen and graphite production technology from methane gas but are yet to build sufficient scale in and commercialise the Technology. Accordingly, we have not generated any revenue or profits.	
We do not have any debt financing or borrowings.	
We are not able to provide any meaningful key financial ratios such as relating to market performance, profitability or financial stability.	
Our relevant financial information (including historical audited financial information) is set out in the Investigating Accountant's Report in Section 10. This includes a pro-forma balance sheet that shows the effect of the Offer.	
The research and development costs on the Technology at this point have not been carried as an asset as the costs have not currently met the criteria for recognition as an intangible asset.	
We intend to apply the proceeds of the Offer as outlined in Section 3.	



1. INVESTMENT OVERVIEW

Question	Response	Where to find more information
Who are our Directors?	• Rick Hopkins (Non-Executive Chairman) • Geoff Pocock (Managing Director) • Danielle Lee (Non-Executive Director) • Bryant Mclarty (Non-Executive Director) Information about the experience and background of each Director and independence is set out in Section 7.	Section 7
What benefits are being paid to Directors or related parties?	The Directors are paid directors' fees for operating the Company as set out in Section 12.6. Mr Geoff Pocock has entered into an executive service agreement with the Company under which he will be engaged as Managing Director as summarised in Section 11. Additionally, Polaris Consulting (WA) Pty Ltd, a company controlled by Geoff Pocock, will receive a fee upon successful listing of the Company as summarised in Section 11. Mac Equity Partners Pty Ltd, a company controlled by Mr Bryant Mclarty, is Lead Manager to the Offer and has entered into a mandate agreement as summarised in Section 11. Each of Geoff Pocock and Bryant Mclarty are shareholders and directors of Mac Equity Partners (International) Pty Ltd which has entered into a corporate services agreement with the Company as summarised in Section 11. Each of the contracts referred to above are entered into by the Company with related parties. The independent Directors of the Company in each case at the relevant time considered the contract that was to be entered into was on reasonable arms length terms as far as the Company was concerned and therefore no Shareholder approval under the related party provisions of the Corporations Act was necessary.	Sections 11 and 12
What material contracts have we entered into?	We are a party to a number of material contracts. They are: • Two agreements with UWA concerning the transfer and ownership of intellectual property rights in respect of the Technology. • Executive Service Agreements with Geoff Pocock, the Managing Director and Dr Andrew Cornejo, Chief Technical Officer. • Service agreement with Polaris Consulting (WA) Pty Ltd. • Mandate agreement with Mac Equity as the Lead Manager to the Offer. • Corporate services agreement with Mac Equity Partners (International) Pty Ltd. Summaries of the key terms of the agreements are included in Section 11.	Section 11



Question	Response	Where to find more information
What is the Offer?	We are inviting subscriptions for 25,000,000 Shares at 20 cents each to raise \$5,000,000 at Full Subscription.	Section 3.1
What are the objectives of the Offer?	The objectives of the Offer are to: • Fund a 2 year research and development program of the Hazer Process and its development paths. • Pay fees associated with patent protection. • Provide general working capital including corporate administration costs. • Pay the costs of the Prospectus process. • List on the ASX, which will provide the Company with improved access to capital markets.	Section 3.2
How will the funds raised under the Offer be used?	We intend to use current funds and funds raised from the Offer as follows: • To fund Hazer Process development paths being Hazer Process scale-up work, graphite product development and associated commercialisation development. • To pay fees associated with patent protection. • To provide general working capital including corporate administration costs. • To pay the costs of the Offer. A budget of how funds are to be used is set out in Section 3.3. As with any budget, new circumstances have the potential to affect the ultimate way funds will be applied. The Board reserves the right to vary the way funds are applied.	Section 3.3



1. INVESTMENT OVERVIEW

Question	Response	Where to find more information	
What is the effect of the Offer on our capital structure?	On the issue of Shares under this Prospectus, the capital structure at Full Subscription will be:	Sections 3.5, 3.12, 12.2 and 12.3	
			Shares
	Existing Shares		36,192,002
	Shares under this Prospectus		25,000,000
	Total Shares		61,192,002
			Options
	Series A Options		11,500,000
	Series C Options		5,250,000
	Series D Options		5,250,000
	Series E Options		10,000,000
	Total Options		32,000,000
	The Series A Options are primary Options which upon exercise of each Series A Option result in the issue of one Share and one Series B Option (a secondary Option).		
	The terms of the Options are set out in Section 12.2.		
As set out in Sections 3.12 and 12.3, the Company intends to issue future Entitlements Options.			
What is the minimum subscription?	The minimum subscription for the Offer is 25,000,000 Shares at 20 cents per Share to raise \$5,000,000, before expenses of the Offer.	Section 3.13	
Is the Offer underwritten?	The Offer is not underwritten.	Section 3.14	
What are the arrangements with brokers?	Mac Equity Partners Pty Ltd is Lead Manager to the Offer. The Company will pay the Lead Manager a 6% capital raising fee plus GST on funds raised under the Offer and issue the Lead Manager or its nominees with 10,000,000 Series E Options. The terms of the Series E Options are set out in Section 12.2.	Sections 3.15, 11 and 12.2	
Where will the Shares be quoted?	We will apply to ASX for quotation of the Shares under the trading symbol "HZR".	Sections 3.16	
How do I apply for Shares under the Offer?	Applications can be made by completing an Application Form and sending it to the Share Registry.	Sections 3.8	



Question	Response	Where to find more information
What is the minimum investment?	The minimum investment is \$2,000 (10,000 Shares), with additional investments to be made in \$200 increments (1,000 Shares).	Section 3.8
When will I know if my Application is successful?	A holding statement confirming your allocation under the Offer will be sent to you if your Application is successful.	Section 3.11
Will we pay a dividend?	Our focus will be on generating capital growth. We have no immediate intention to declare or distribute dividends. Payment of future dividends will depend on matters such as our future profitability and financial position.	Section 12.5
Is there an Independent Intellectual Property Report?	Wrays has prepared an Independent Intellectual Property Report on the Technology. This report provides information on the extent of patent protection for the Technology.	Section 9



CHAIRMAN'S LETTER

Dear Investor,

On behalf of the Board I am pleased to invite you to participate in the Offer by the Company as part of the process to list on ASX.

The Company has intellectual property rights to a technology (Hazer Process) allowing the production of hydrogen from methane in an environmentally friendly process together with the production of high purity graphite. Distinguishing features of the Hazer Process from existing commercial hydrogen production technologies include the use of low cost iron ore fines as a catalyst for the process and the co-production of high purity graphite.

Initial scale up of an original research-scale reactor has been demonstrated. The strategy is to further scale-up and commercialise the Hazer Process so as to supply hydrogen gas and high purity bulk graphite to the significant hydrogen and graphite markets.

The Company is supported by an experienced Board of Directors. The Board and management team are led by Geoff Pocock as managing director and Dr Andrew Cornejo as chief technical officer. Geoff Pocock is an experienced strategy consultant and commercialisation professional with more than 20 years experience across the commercialisation process. Andrew Cornejo is a mechanical engineer with experience in design, project management and commissioning. Andrew is the lead inventor of the Hazer Process.

With this Offer the Company is seeking to raise \$5,000,000. The funds will predominantly be used to further develop, including scaling-up, the Hazer Process.

An investment in the Company involves a number of risks which are addressed in both Sections 1 and 8.

This Prospectus contains important information regarding the Company and I encourage you to read it in its entirety.

I look forward to welcoming you as a Shareholder.

Yours faithfully

Mr Rick Hopkins

Non-Executive Chairman

Hazer Group Limited



DETAILS OF THE OFFER

3.1 SHARES OFFERED FOR SUBSCRIPTION

By this Prospectus the Company offers for subscription 25,000,000 Shares at 20 cents each to raise \$5,000,000 at Full Subscription.

All Shares offered under this Prospectus will rank equally with existing Shares.

3.2 OBJECTIVES OF THE OFFER

The objectives of the Offer are to:

1. Fund a two year research and development program of the Hazer Process and its development paths.
2. Pay fees associated with patent protection.
3. Provide general working capital including corporate administration costs.
4. Pay the costs of the Prospectus process.
5. List on the ASX, which provides the Company with improved access to capital markets.

3.3 USE OF FUNDS

The Company intends to use its current funds of approximately \$350,000 cash on hand at the date of this Prospectus, and the funds raised from the Offer at Full Subscription broadly as follows:

	Full Subscription
Funds available	
Cash on hand	\$350,000
Funds from this Offer	\$5,000,000
Total funds available	\$5,350,000
Application of proceeds	
Hazer Process scale-up work (two years) ¹	\$2,000,000
Graphite product development/functionalisation (two years) ¹	\$500,000
Graphite commercialisation work (two years) ¹	\$500,000
Fees associated with patent protection	\$100,000
Costs of the Offer ²	\$500,000
General working capital including corporate administration costs ³	\$1,750,000
Total	\$5,350,000

Notes:

1. The different Hazer Process development paths being the Hazer Process scale-up work, graphite product development/functionalisation and ongoing commercialisation work are summarised in Section 6 (Commercialisation and Development Plan). It is anticipated the funds for the scale-up work will complete the large-scale laboratory reactor in conjunction with developing a continuous flow reactor system and then develop the demonstration plant. The different development paths are interrelated and the Board reserves the right to vary the way funds are applied between the development paths and their priorities.
2. The costs of the Offer includes fundraising fees of 6% on all moneys raised of \$5,000,000 being \$300,000 at Full Subscription.
3. General working capital includes corporate administration and operating costs and may be applied to operating costs, director's fees, ASX and share registry fees, legal, tax and audit fees, insurance and travel costs or be used for acceleration of the development paths for the Hazer Process.
4. The above table is a statement of current intentions as at the date of this Prospectus. As with any budget, intervening events (including development success or failure) and new circumstances have the potential to affect the ultimate way funds will be applied. The Board reserves the right to vary the way funds are applied on this basis including as between the different development paths of the Hazer Process.



3. DETAILS OF THE OFFER

3.4 WORKING CAPITAL

On successful completion of the Offer, the Company will have enough working capital to carry out the objectives stated in this Prospectus.

3.5 CAPITAL STRUCTURE

At the close of the Offer, the capital structure of the Company at Full Subscription will be:

Shares	Full Subscription	
	Shares No.	Shares %
Existing Shares ¹	36,192,002	59.1%
Shares under this Prospectus ²	25,000,000	40.9%
Total Shares	61,192,002	100%

Options	Number
Series A Options ³	11,500,000
Series C Options ⁴	5,250,000
Series D Options ⁵	5,250,000
Series E Options ⁶	10,000,000
Total Options³	32,000,000

Notes:

1. Certain of the Shares and Options currently on issue may be subject to ASX escrow provisions restricting their ability to be transferred or pledged as set out in Section 3.7.
2. Shares issued under this Prospectus will rank equally with the existing Shares on issue. The key rights attaching to the Shares are summarised at Section 12.1 of this Prospectus.
3. The Series A Options have an exercise price of 25 cents and an expiry date of 31 December 2017. The Series A Options are primary Options which upon exercise of each Series A Option result in the issue of one Share and one Series B Option (a secondary Option). The Series B Options will have an exercise price of 40 cents and an expiry date of 31 December 2020. If all Series A Options are exercised, 11,500,000 Series B Options will be issued. The full terms of the Series A Options and Series B Options are set out in Section 12.2.
4. The Series C Options have an exercise price of 25 cents and an expiry date of 31 December 2018. The full terms are set out in Section 12.2.
5. The Series D Options have an exercise price of 40 cents and an expiry date of 31 December 2019. The full terms are set out in Section 12.2.
6. The Series E Options have an exercise price of 30 cents and an expiry date of 31 December 2018. The full terms are set out in Section 12.2.
7. As set out in Sections 3.12 and 12.3, the Company intends to issue future Entitlements Options. Based on the Shares at ASX listing, up to 15,298,001 Entitlements Options will be issued.

3.6 SUBSTANTIAL SHAREHOLDERS

Shareholders who have a relevant interest in 5% or more of the Shares on issue at the date of this Prospectus and on completion of this Offer are set out in the table below.

	Pre-Offer		On completion of Offer ²	
			Full Subscription	
Name of Shareholder	Shares	% (Undiluted)	Shares	% (Undiluted)
Geoff Pocock	4,200,000	11.6%	4,200,000	6.9%
Dr Andrew Cornejo	3,748,583	10.4%	3,748,583	6.1%



Notes:

1. This table assumes that no existing substantial Shareholder subscribes for, and receives additional Shares under the Offer.
2. Each of the Shareholders referred to above, has a relevant interest in Options. Geoff Pocock has a relevant interest in 3,000,000 Series A Options, 2,000,000 Series C Options and 2,000,000 Series D Options. Andrew Cornejo has a relevant interest in 3,000,000 Series A Options, 1,500,000 Series C Options and 1,500,000 Series D Options. The terms of all the Options are set out in Section 12.2.

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

3.7 RESTRICTED SECURITIES

Subject to the Company being admitted to the official list of ASX, certain of our existing securities on issue prior to the Offer are likely to be classified by ASX as restricted securities and will be required to be held in escrow. These include securities issued to Directors, other related parties and promoters, seed capital investors and others prior to the Offer. If so classified, such securities will be required to be held in escrow for a period determined by ASX and will not be able to be sold, mortgaged, assigned or transferred for the escrow period without the consent of ASX.

The principles of escrow that apply to the existing securities include:

- (a) Shares and Options issued to related parties (such as Directors) or promoters other than where cash was paid will be subject to escrow for a period of 24 months from the date on which official quotation of the Shares commences on ASX;
- (b) a portion of the Shares (after "cash formula" relief) that have been issued to seed capital investors (investors who subscribed prior to this Prospectus) who are not related parties or promoters and that have been issued in the last 12 months will be escrowed for a period of 12 months from the date the securities were issued.

Based on the above principles, of the 36,192,002 Shares currently on issue, the Company anticipates:

- (c) approximately 6,538,529 Shares will be subject to escrow for a period of 24 months from the date on which official quotation of the Shares commences on ASX; and
- (d) approximately 10,503,716 Shares will be subject to escrow for a period of 12 months from dates commencing in either January 2015 or April 2015.

None of the Shares offered under this Prospectus will be treated as restricted securities and will be freely transferable from their date of allotment.

The Company has no voluntary escrow arrangements in place.

The Company will announce to ASX details (quantity and duration) of the securities required to be held in escrow prior to the Shares commencing trading on ASX.

3.8 APPLICATION FOR SHARES

Applicants should read this Prospectus in its entirety in order to make an informed decision on the prospects of the Company and the rights attaching to the Shares offered by this Prospectus before deciding to apply for Shares. If you do not understand this Prospectus you should consult your stockbroker, accountant or other professional adviser in order to satisfy yourself as to the contents of this Prospectus.

An Application for Shares can only be made on the Application Form contained at the back of this Prospectus. The Application Form must be completed in accordance with the instructions set out on the Application Form.

Applications must be for a minimum of 10,000 Shares (being minimum application moneys of \$2,000), and thereafter in multiples of 1,000 Shares (\$200).

The Application Form must be accompanied by a cheque in Australian dollars, for the full amount of your application moneys. Cheques must be made payable to "Hazer Group Limited – Share Offer Account" and should be crossed "Not Negotiable".

Application Forms must not be circulated to prospective investors unless accompanied by a copy of this Prospectus.

Completed Application Forms and accompanying cheques must be received by no later than 5.00 pm (WST) on the Closing Date by the Share Registry:

By Post to:

Hazer Group Limited
c/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235

By Delivery to:

Hazer Group Limited
c/- Link Market Services Limited
1A Homebush Bay Drive
Rhodes NSW 2138



3. DETAILS OF THE OFFER

The Company reserves the right to extend the Offer or close the Offer early without notice. Applicants are therefore urged to lodge their Application Form as soon as possible.

An original, completed and lodged Application Form, together with a cheque for the application moneys, constitutes a binding and irrevocable offer to subscribe for the number of Shares specified in the Application Form. The Application Form does not need to be signed to be a valid application. An Application will be deemed to have been accepted by the Company upon allotment of the Shares.

If the Application Form is not completed correctly, or if the accompanying payment of the application moneys is for the wrong amount, it may still be treated as valid. The Directors' decision as to whether to treat the Application as valid and how to construe, amend or complete the Application Form is final. However, an Applicant will not be treated as having applied for more Shares than is indicated by the amount of the cheque for the application moneys.

No brokerage or stamp duty is payable by Applicants in respect of Applications for Shares under this Prospectus.

3.9 APPLICANTS OUTSIDE AUSTRALIA

No action has been taken to register or qualify the Shares or the Offer, or otherwise to permit a public offering of the Shares in any jurisdiction outside Australia and the Prospectus does not constitute an offer in any country or place in which, or to any person to whom, it would not be lawful to make such an offer.

The distribution of the Prospectus in jurisdictions outside Australia may be restricted by law and therefore persons who come into possession of the Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities law. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed to enable them to subscribe for Shares.

The return of a duly completed Application Form will be taken to constitute a representation and warranty that there has been no breach of such laws and that all necessary approvals and consents have been obtained.

3.10 APPLICATION MONEY HELD ON TRUST

We will hold the Application Money on trust for you in accordance with the Corporations Act until we issue Shares under the Prospectus or refund your Application Money. We will retain any interest that accrues on the Application Money, whether or not Shares are issued to you.

3.11 ALLOTMENT OF SHARES

Subject to ASX granting approval for the Company to be admitted to the official list of ASX, allotment of the Shares offered by this Prospectus will occur as soon as practicable after the Closing Date. Pending the allotment and issue of Shares or payment of any refunds under this Prospectus we will hold all Application Money on trust for you in a separate bank account. We will retain all interest that accrues on the Application Money we hold.

The Directors will determine the recipients of the issued Shares in their sole discretion. The Directors may reject your Application or allocate fewer Shares to you than the number applied for.

We will refund to you any Application Money to the extent that your Application is not accepted (in full or in part) by us.

A holding statement confirming the allotment of Shares will be sent to you, if your Application is successful.

3.12 ENTITLEMENTS OPTIONS ISSUE

The Company intends to undertake a non-renounceable entitlements issue of Entitlements Options to registered Shareholders at a time approximately 3 months after admission to the Official List. The Entitlements Options are intended to be offered for subscription at a price of 1 cent each and on the basis of 1 Entitlements Option for every 4 Shares held. The Entitlements Option will have an exercise price of 30 cents and an expiry date of 31 December 2018. Application will be made for the Entitlements Options to be granted quotation on ASX and the terms of the Entitlements Options will have the same terms as the Series E Options.

The intended full terms of the Entitlements Options are set out in Section 12.3.



3.13 MINIMUM SUBSCRIPTION

The minimum subscription under the Offer is \$5,000,000. We will not issue any Shares under this Prospectus until the minimum subscription is satisfied.

If the minimum subscription is not reached within 4 months from the date of this Prospectus, we will either repay your Application Money or issue a supplementary prospectus or replacement prospectus. If we issue a supplementary or replacement prospectus, we will allow you one month to withdraw your Application and, if you do so, we will repay your Application money. No interest will be paid on these moneys.

3.14 OFFER NOT UNDERWRITTEN

The Offer is not underwritten.

3.15 LEAD MANAGER TO THE OFFER

We have entered into a mandate agreement with Mac Equity Partners by which it has been appointed as the Lead Manager to the Offer under this Prospectus. The Material terms of the agreement are summarised in Section 11.

3.16 ASX LISTING

We will apply to ASX within 7 days after the date of this Prospectus for quotation of the Shares offered by this Prospectus on ASX. If ASX does not grant permission for the quotation of the Shares offered under this Prospectus within 3 months after the date of this Prospectus, or such longer period as is permitted by the Corporations Act, none of the Shares offered by this Prospectus will be allotted or issued. In these circumstances, your Application will be dealt with in accordance with the Corporations Act including the return of all Application Moneys without interest.

A decision by ASX to grant official quotation of the Shares is not to be taken in any way as an indication of ASX's view as to the merits of the Company or of the Shares. ASX and its officers take no responsibility as to the contents of this Prospectus. Quotation, if granted, of the Shares offered by this Prospectus will commence as soon as practicable after statements of holdings of the Shares are dispatched.

3.17 CHESS

We will apply to participate in the security transfer system known as CHESS, operated by ASX Settlement Pty Ltd (ACN 008 504 632) (a wholly owned subsidiary of ASX) in accordance with the Listing Rules and the ASX Settlement Operating Rules.

On admission to CHESS, the Company will have issuer-sponsored sub-register and a CHESS sub-register. The sub-registers together will make up our principal register of securities. Under CHESS you will not receive a share certificate. You will receive a holding statement setting out the number of Shares issued to you under this Prospectus. If you are broker sponsored, ASX Settlement Pty Ltd will send you a CHESS statement.

3.18 TAXATION

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

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

3.19 ELECTRONIC PROSPECTUS

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

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



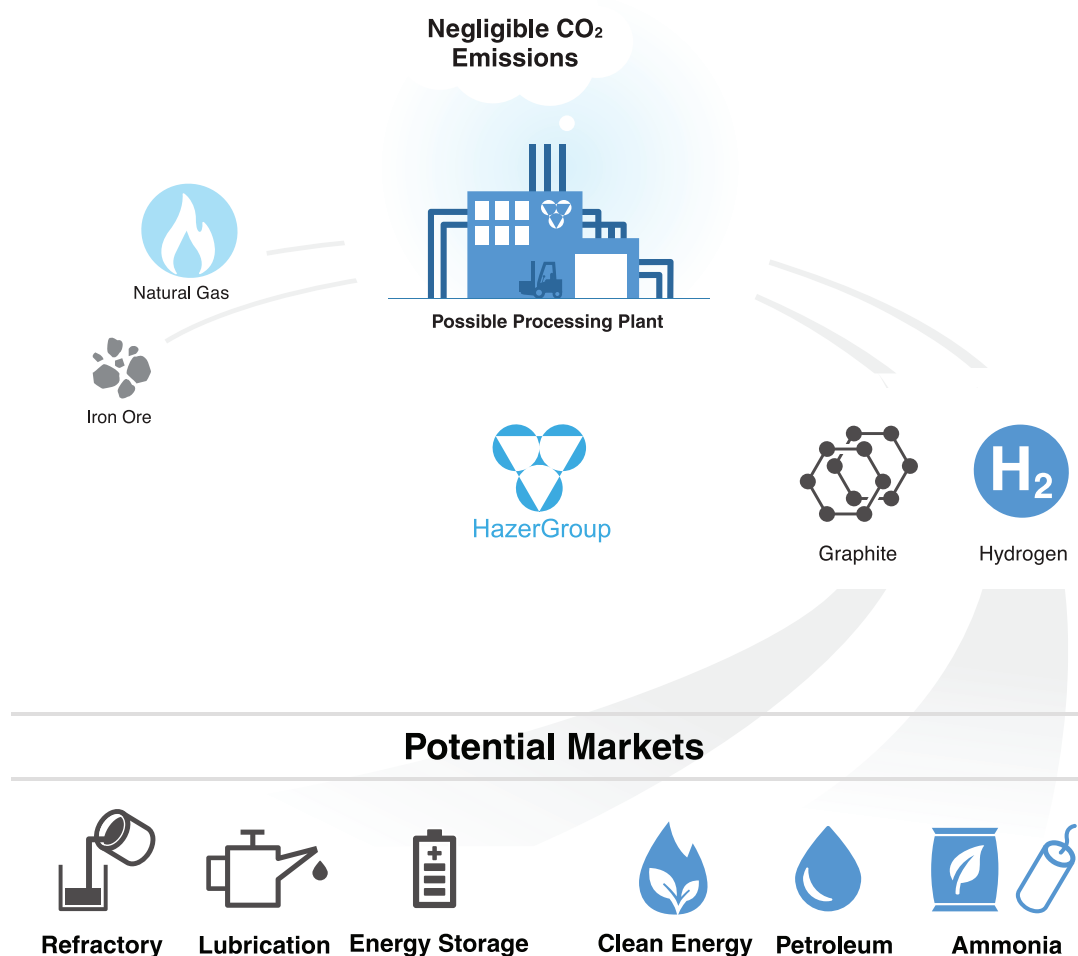
COMPANY AND TECHNOLOGY OVERVIEW

Hazer is seeking to commercialise a low-emission hydrogen and graphite production process known as the Hazer Process. The Hazer Process was developed by researchers at The University of Western Australia (UWA) over several years, before it agreed to assign the intellectual property rights to the Company for further advancement.

The Hazer Process enables the effective conversion of natural gas, and similar feedstocks, into hydrogen and high quality graphite, using iron ore as a process catalyst. The aim of the Hazer Process will be to achieve savings for the hydrogen producer, as well as providing 'clean' hydrogen (i.e. with significant lower production of carbon dioxide emissions), enabling such hydrogen to be used in a range of developing 'clean energy' applications, as well as in large existing chemical processing industries.

The primary potential economic benefits associated with the Hazer Process do not rely on government charges or taxes associated with CO₂ production. The 'clean' hydrogen aspect of the Hazer Process may add to the potential economic benefit should future governments or markets deem a reduction in CO₂ emissions to be of economic value (via carbon taxes or trading schemes).

The graphite produced by the Hazer Process is high purity (>90%wt), highly crystalline 'synthetic' graphite. The Hazer Process can be tailored to create a range of graphite morphologies, potentially enabling Hazer to target multiple specialised markets and end user applications.





4.1 PROJECT AND COMPANY BACKGROUND

The “methane cracking” research project underpinning the Hazer Process was initiated at UWA in 2006. The research was initially developed through funding from the Australian Research Council and industry partners Wesfarmers Limited and US-based technology development firm XL TechGroup Inc.

The Company was established as a proprietary limited company in June 2010 to undertake the further commercialisation of the Hazer Process research. All relevant intellectual property was assigned from UWA to the Company, with a view to commercialising this methane cracking technology.

The Company secured seed capital in July 2010, and entered into a research contract with UWA to demonstrate key development milestones identified as preconditions to further commercialisation. That research was successful in demonstrating the use of low-cost iron ore as the catalyst within a larger reactor system. The Company converted to a public company in May 2015 and was renamed “Hazer Group Limited”.

4.2 THE HAZER PROCESS - CONVERTING NATURAL GAS INTO HYDROGEN AND GRAPHITE

At the core of its technology, the Hazer Process utilizes unprocessed iron ore as a low-cost catalyst for a decomposition reaction that produces hydrogen and high-quality graphite from natural gas and similar feedstocks. This process employs moderate temperatures (800-900°C) and pressures (0 – 8 bar gauge) within a simple reactor to split methane molecules into their elemental components; the two products - hydrogen (gas) and solid carbon, are formed in a ratio (by mass) of 1:3. The equation for this reaction is shown below.



Thermo-catalytic decomposition of methane

The use of the catalyst is twofold: it lowers the activation energy needed for this moderately endothermic reaction (thus reducing the operating temperature required for the reaction process), and also influences the types of graphite structures (morphologies) produced.

Natural gas ‘cracking’, (more technically known as the Thermo-Catalytic Decomposition of Methane; TCDM), has been researched in academia since the 1960s as a means of producing hydrogen from natural gas without also producing carbon dioxide. Historically, the commercial viability of the TCDM process has been limited by factors such as the increased use of natural gas feedstock compared to alternative natural gas to hydrogen processes, insufficient depth of the graphite market to enable secondary revenue from the graphite product and high catalyst turnover costs. The unique elements of the Hazer Process, based on low cost iron ore as a catalyst, and the emerging global demand for high quality graphite, offer the potential for commercialisation of the Hazer Process as a commercial hydrogen and graphite production process.

4.3 BENEFITS OF THE HAZER PROCESS

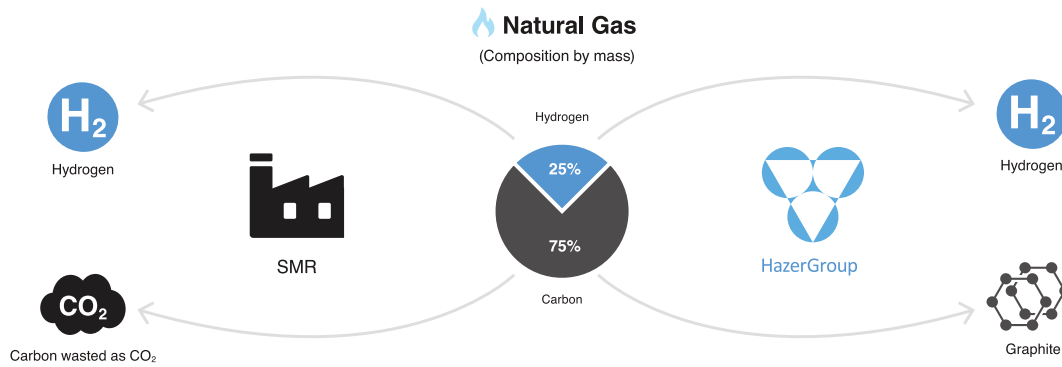
Although the Hazer Process remains to be scaled-up and commercialised, successful development of the Hazer Process has the potential to offer several key advantages over traditional hydrogen and graphite production methods.

4.3.1 Hazer uses low cost iron ore fines as a catalyst to control process costs and enable full value capture from gas feedstock

The potential cost advantage for the Hazer Process stems from the production of two saleable products using a process that is simpler than current methods of production. This process is able to extract the most value from the hydrocarbon gas because the carbon content is not lost as CO₂; for instance Steam Methane Reforming (SMR), the most common method of global hydrogen production, converts 75% of the methane mass (methane being the dominant component of natural gas feedstock) into CO₂ waste. The Hazer Process on the other hand converts the majority of the natural gas into saleable products. The sale of each of the hydrogen and graphite products can potentially be used to offset the cost of the other product.



4. COMPANY AND TECHNOLOGY OVERVIEW



The use of a cheap and efficient catalyst, natural iron ore, as catalyst for the process, is a significant cost advantage. The key elements of the Hazer approach are:

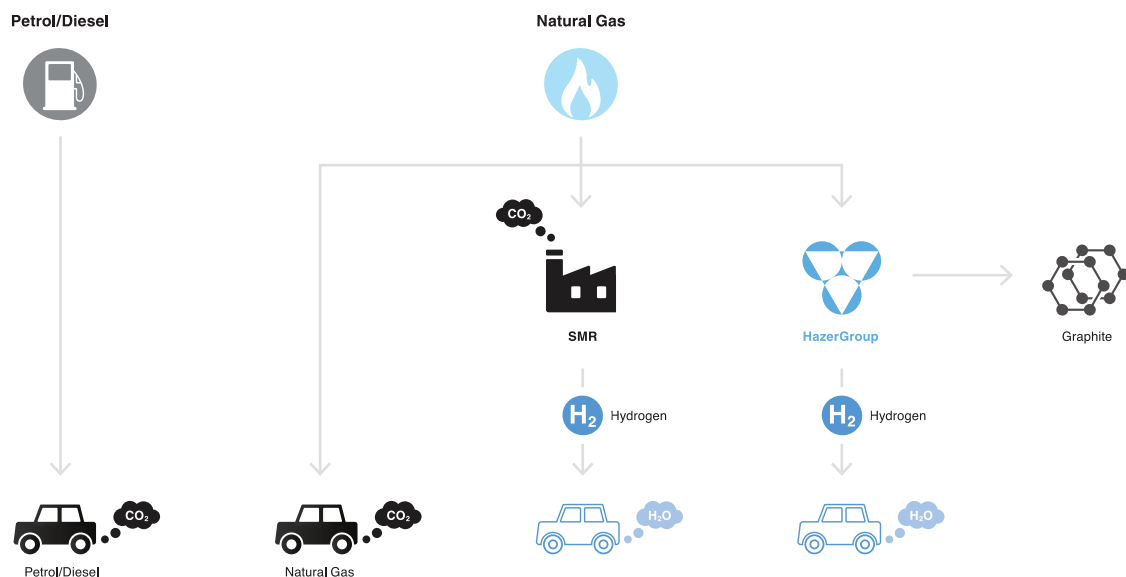
- A low-cost, disposable catalyst eliminating the need for re-activation and re-use, and enabling collection of the graphite produced.
- The graphite produced is nano-structured carbon with a high degree of order and crystallinity, and is potentially valuable in global markets.

Hazer's ability to generate significant catalytic activity from unprocessed iron ore is the key enabler of the Hazer Process. During the cracking process, the graphite deposits on the surface of the catalyst, eventually reducing its activity. Because the catalyst is inexpensive enough to be disposable, the graphite can be harvested directly, with the catalyst remaining encapsulated as a minor impurity. There is no need to recover, reactivate, or recycle the catalyst into the process, as new catalyst is a very minor cost input.

4.3.2 Hazer offers low emission hydrogen for use in emerging clean energy sector

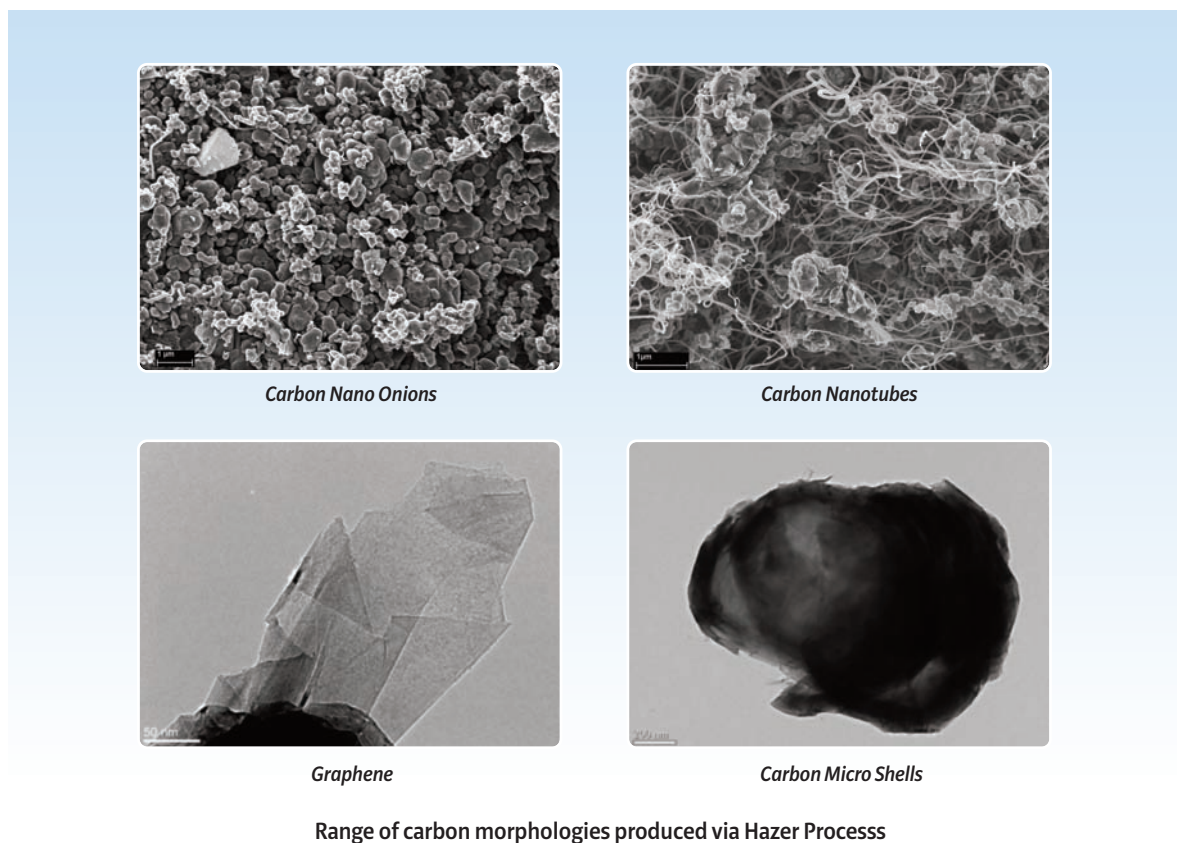
Hydrogen produced by the Hazer Process occurs without the underlying co-production of carbon dioxide from oxidation of hydrocarbon feedstocks. This significantly reduces the CO_2 emissions associated with the hydrogen production process, offering "clean" hydrogen suitable for energy applications. In the event of successful scale-up and commercialisation, the Hazer Process is thus well positioned to generate hydrogen to be used as a feedstock for clean energy generation, either directly via fuel cells, or as a component of synthetic liquid fuel technologies.

In the scale-up of the Hazer Process, the Company will seek to use a portion of the hydrogen generated through the Hazer Process as reaction fuel for the generation of heat; this use of hydrogen as the heat source would further eliminate CO_2 emissions associated with the hydrogen production process. The diagram below is a representation of the use of different fuel sources and emissions, and includes the Hazer Process assuming commercialisation.



4.3.3 Adaptable high-quality graphite products that can be modified to suit existing and expanding markets

A number of specialty graphite morphologies, with high crystallinity and purity (>90%wt), have successfully been synthesized using the Hazer Process by slight modification of the underlying reaction conditions, including Carbon Nano Onions (CNO), Carbon Nanotubes (CNT), Graphene, and Carbon Micro Shells (CMS).



A number of specialty graphite products hold small but potentially high-value niches in the global graphite market. The Hazer Process will target the production of ultra-premium graphite products with high value niche applications, including spherical graphite for batteries, graphene and carbon nano-onions.

Spherical Graphite

Spherical graphite is a high-end graphite product predominately used in the lithium-ion battery market. Natural flake graphite is milled into a spherical form using an air-powered jet mill. This process results in material losses up to 50%, but is still attractive due to the potential prices received for the product. Current natural flake graphite products can create sphere structures as small as 15 microns, and synthetic graphite can be 'worked' into tighter sphere structures as small as 5 microns. Smaller spheres give a greater surface area, allowing graphite anodes made of this material to achieve higher charge densities.

The cost to produce high-grade spherical graphite has been a limiting factor for car manufacturers using it in lithium-ion car batteries (each electric vehicle requires between 20–80 kg of graphite).

Graphene

Graphene is another specialty graphite product, still in the early-commercialisation stage. It is a monolayer of graphite, effectively only one atom thick (graphite consists of many stacked graphene sheets). Graphene is flexible, transparent, and is the thinnest material known to man. It is 200 times stronger than structural steel (by weight), the best conductor of heat discovered to date, an excellent electrical conductor, and is nearly transparent. It has the potential to revolutionise future technologies, and impact many markets, including the conductor, electronics, batteries and energy generation industries. There are already numerous published patents on graphene.

Carbon Nano-Onions

Carbon Nano Onions (CNOs) are a particular form of spherical synthetic graphite, consisting of a series of self-encapsulated carbon shells. Recent research has indicated that CNOs may have excellent application in a range of electrochemical devices, in particular supercapacitors.



4.3.4 Process versatility and transportability

The Hazer Process generates a valuable and transportable commodity (graphite) from natural gas; this process therefore has the potential to capture value from otherwise uneconomic "stranded" natural gas assets. Methane (the main component of natural gas and the core feedstock for the Hazer process) is 75% carbon by mass; the Hazer process enables the capture of that value through cracking methane into solid graphite which can be transported globally. Successful scale up and commercialisation of the Hazer Process may offer an opportunity to capture value from gas assets that are otherwise uneconomic through capture and monetisation of the carbon content of the gas reserve.

4.4 INTELLECTUAL PROPERTY PORTFOLIO

Hazer and UWA have filed 3 patent applications in various jurisdictions that cover the key aspects of the Hazer Process, including the use of iron ore as a low cost catalyst, and aspects of the reaction process design that will enable the optimisation of the process. The patent applications further cover the use of the Hazer Process and similar systems to create various graphite morphologies, including tailoring the reaction conditions to enable preferential synthesis of different graphite structures.

The Company has not committed to any royalties or encumbrances in respect of the Hazer Process. Hazer has full commercial discretion to commercialise the IP in any way it so chooses, including use of the IP as an operator of plant or licensing the Hazer Process to third parties.

The 3 patent applications are still in application. Please refer to the Intellectual Property Report in Section 9 for information on the patent applications and aspects of patent law.



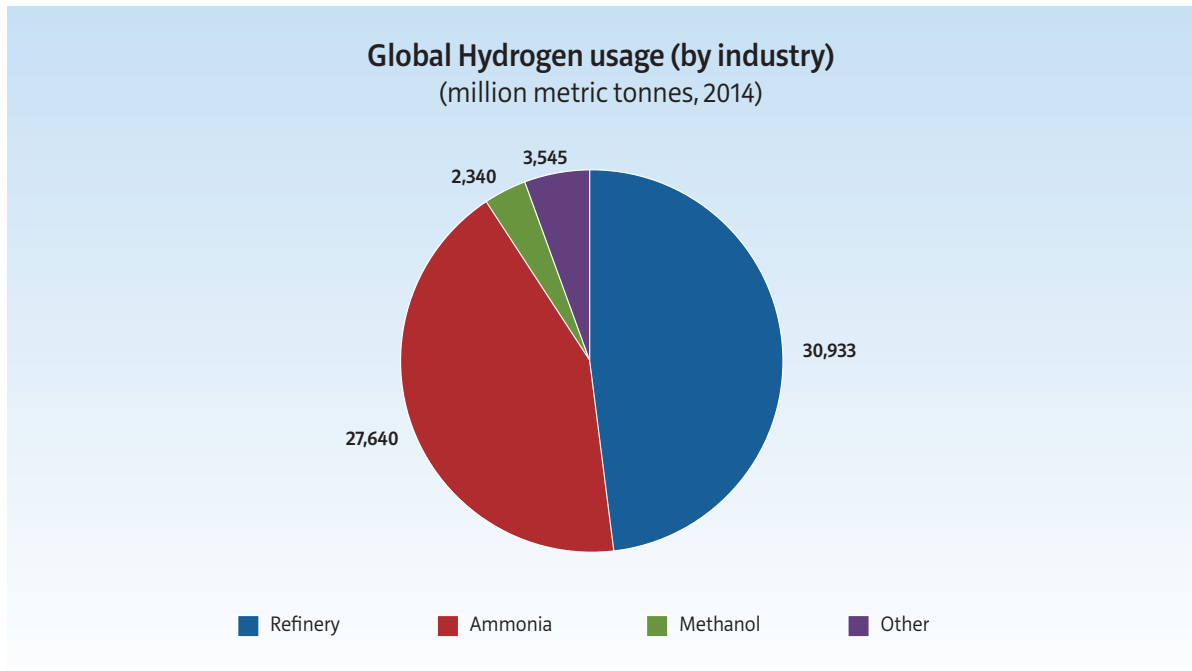
HYDROGEN AND GRAPHITE MARKET OVERVIEW

The Company's aim is to successfully scale-up and commercialise the Hazer Process technology and penetrate relevant markets. The achievement of this aim is subject to a number of risks as summarised in Section 8. This Section 5 does not represent any forecast or projection as to future revenue or profitability of the Company or penetration into markets. The Company provides an overview of the hydrogen and graphite markets so investors can gain an appreciation of the targeted markets, their size and the drivers for these markets.

The Company will target the global hydrogen and graphite markets by producing hydrogen with minimal carbon dioxide emissions and high value synthetic graphite. The Company generates two products through the Hazer Process – hydrogen and graphite. Each of these commodities service large existing markets, as well as having accelerated growth opportunities driven by progress in global technology and energy markets.

5.1 HYDROGEN MARKET

- Global hydrogen production in 2014 is estimated at over 64m tonnes, at a total value of over US\$100bn. The most significant geographic markets were Asia (43%) and Europe (23%).
- Hydrogen is primarily used in the petroleum refining process to crack heavy hydrocarbons to produce liquid fuels, and as a feedstock for ammonia production.
- The petroleum industry and ammonia production industries together account for over 90% of global hydrogen production.
- Secondary end-user industries for hydrogen include chemical manufacturing (predominantly methanol), food processing, pharmaceuticals, and metal processing industries.
- Hydrogen can also be used as a fuel in its own right, as the cornerstone of the growing 'hydrogen economy'.
- Hydrogen's current application in global energy markets is constrained by existing production methods, which are not clean, cost effective or energy efficient.

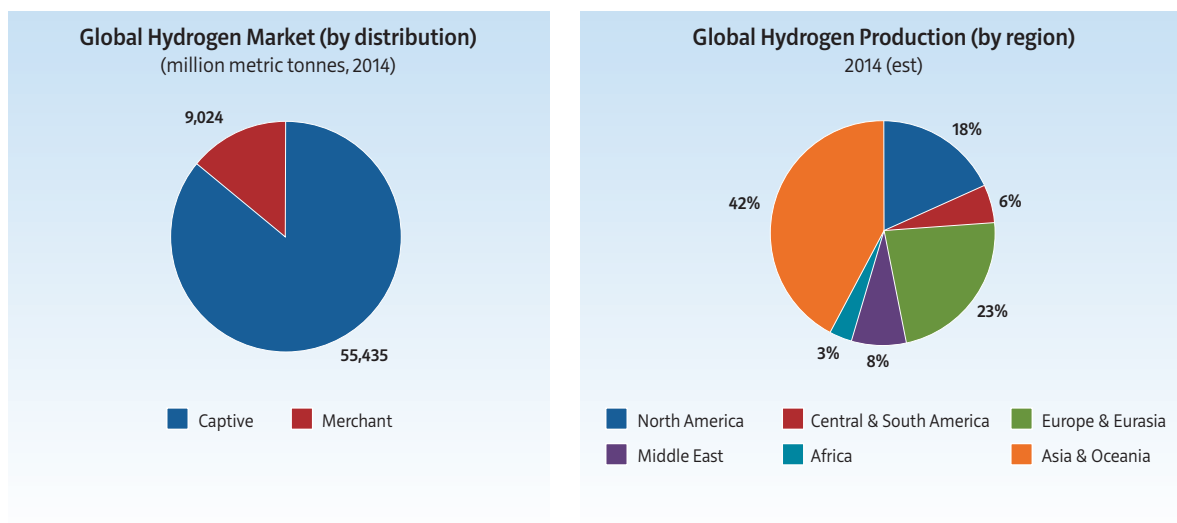


Hydrogen has the greatest energy density per unit mass of any fuel, although lower energy density on a volume basis due to hydrogen's extremely low physical density. The Hazer Process offers a clean approach to generation of hydrogen for use in global energy markets. The hydrogen produced by the Hazer Process is 'clean', due to the significantly lower co-production of carbon dioxide (which is formed as a major by-product in most alternative industrial hydrogen production processes). The carbon dioxide production associated with conventional hydrogen production limits the capacity for conventionally-produced industrial hydrogen to be applied in clean energy applications, including use as vehicle fuel and opportunities for creation of e-diesel.



5. HYDROGEN AND GRAPHITE MARKET OVERVIEW

5.1.1 Global market



On the basis of production and delivery, the hydrogen market is segmented into merchant production and captive production. Captive production is the largest production segment in the hydrogen market, where hydrogen is produced for direct use onsite, and distribution of hydrogen is not required. Merchant hydrogen production, a much smaller segment of the global hydrogen market, refers to hydrogen that is produced and then delivered to other locations as an industrial gas.

Captive hydrogen is mainly used in petroleum refining and ammonia production. Demand for captive hydrogen is largely dependent on these industries.

Merchant hydrogen is mainly used in the production of hydrogen peroxide, ammonia, toluenediamine, and synthesis gases such as methanol. It is also used in the food and beverage processing industry for the hydrogenation of fats and oils, to manufacture float glass, and as transportation fuel.

5.1.2 Market drivers and demand growth

Growth in hydrogen demand is supported by two key drivers:

1. Organic growth in traditional hydrogen usage in industrial chemicals, and
2. Hydrogen-based energy applications, including hydrogen usage as vehicle fuel and in home / industrial fuel cells.

Hydrogen demand is anticipated to arise from ongoing demand for low emission energy. Major industrial nations including China and Japan have indicated their intention to develop the hydrogen market for energy use to match the growing demand for hydrogen for use as vehicle fuel and for domestic and industrial power generation. Japan aims to have homes generate power using fuel cells and is providing significant incentives for fuel cell vehicles (FCV). A number of car manufacturers including Toyota, Nissan, Honda and Hyundai are now targeting commercial Fuel Cell Vehicles to address this growing market need.

Effective development of this hydrogen / energy market is constrained by the cost of "clean" hydrogen necessary to address the underlying environmental drivers of the switch to hydrogen based energy. Production of hydrogen from fossil fuels results in comparable, and in many cases greater, CO₂ emissions than use of fossil fuel for primary energy generation, both from the underlying reformation process as well as the requirement for additional heat energy achieved generated by fossil fuel combustion. These emissions substantially limit the utility of hydrogen for clean energy applications, as any emission reduction due to the use of hydrogen is more than offset by CO₂ production associated with the initial hydrogen production. In the event of successful scale-up and commercialisation of the Hazer Process, it would offer a reliable low emission solution to enable hydrogen production from readily available fossil fuel precursors.



5.1.3 Production methods

Industrial hydrogen production is dominated by fossil fuel based reforming technologies. These methods all result in significant carbon dioxide production as a co-product of the hydrogen synthesis reaction unless expensive carbon capture and storage (CCS) technologies are also incorporated.

On the basis of production processes, the hydrogen market is segmented into:

Steam reforming of natural gas, (also known as steam-methane reforming or SMR)

- Steam reacts with methane at 700–1,100°C in the presence of catalysts to yield carbon monoxide and hydrogen. The carbon monoxide is then reacted with additional steam, generating carbon dioxide. SMR is the least expensive and most popular hydrogen production method used across the world, and has the lowest carbon emissions compared to other processes using fossil fuels.

Partial oxidation of hydrocarbons

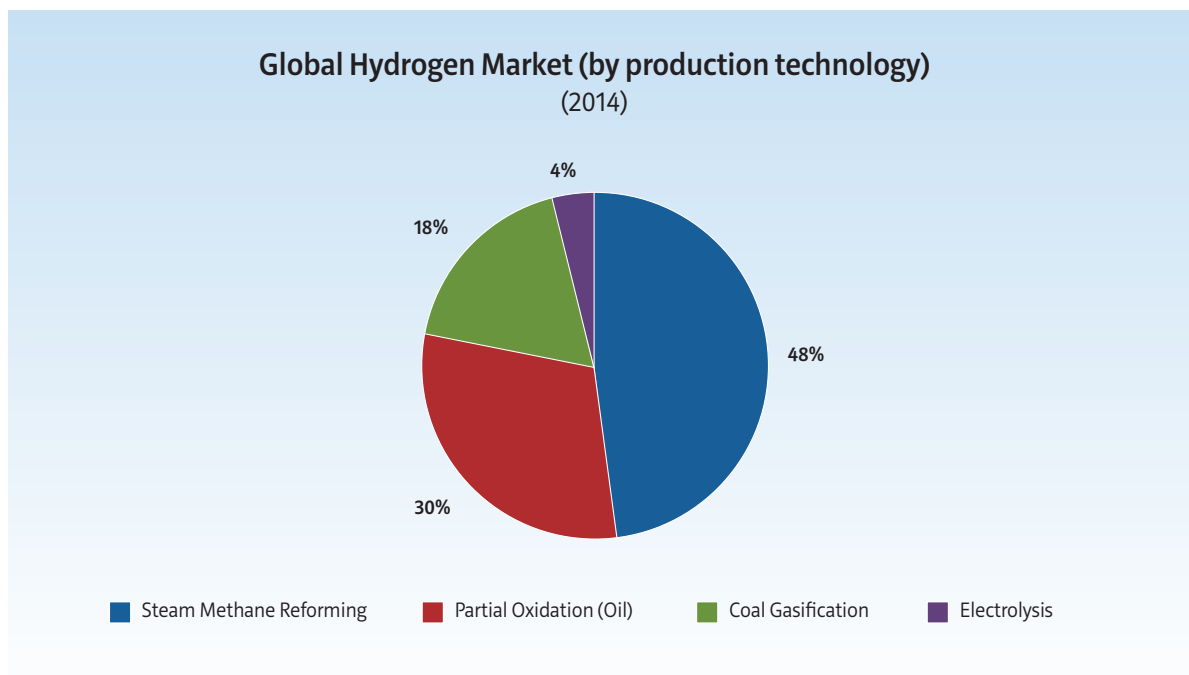
- Heavy hydrocarbons such as diesel fuel and residual oil are partially oxidised with oxygen and steam to yield hydrogen together with carbon oxide by-products (carbon monoxide or carbon dioxide). It is the second largest production process and is favoured in locations where hydrocarbons are plentiful and natural gas is unavailable.

Gasification of coal

- Hydrocarbon fuels such as coal and heavy residual oils are reacted with a deficit of oxygen to produce a mixture of carbon monoxide and hydrogen at 1,200–1,350°C. It is the third largest production process in the market, and is expected to increase in market share due to the wide availability and low prices of coal worldwide. Coal gasification has the highest co-production of CO₂ of fossil fuel reforming approaches to hydrogen production.

Electrolysis of water

- Electricity can be passed through water to decompose it into oxygen and hydrogen. Hydrogen is not produced on a large scale by this process due to the high costs, resulting from both the high energy requirements and materials and labour costs. If the energy required for the process can be harnessed from clean and/or renewable energy sources, including wind and solar, this approach can generate 'clean' hydrogen, enabling overall clean energy generation. However, the energy value of the hydrogen produced is always less than the energy required to generate the hydrogen, limiting the application of the approach to systems where there is a surplus of energy or where the hydrogen can be used as an energy transport medium rather than as a primary source of power. Electrolysis is the smallest production process segment, representing less than 5% of all global hydrogen production.



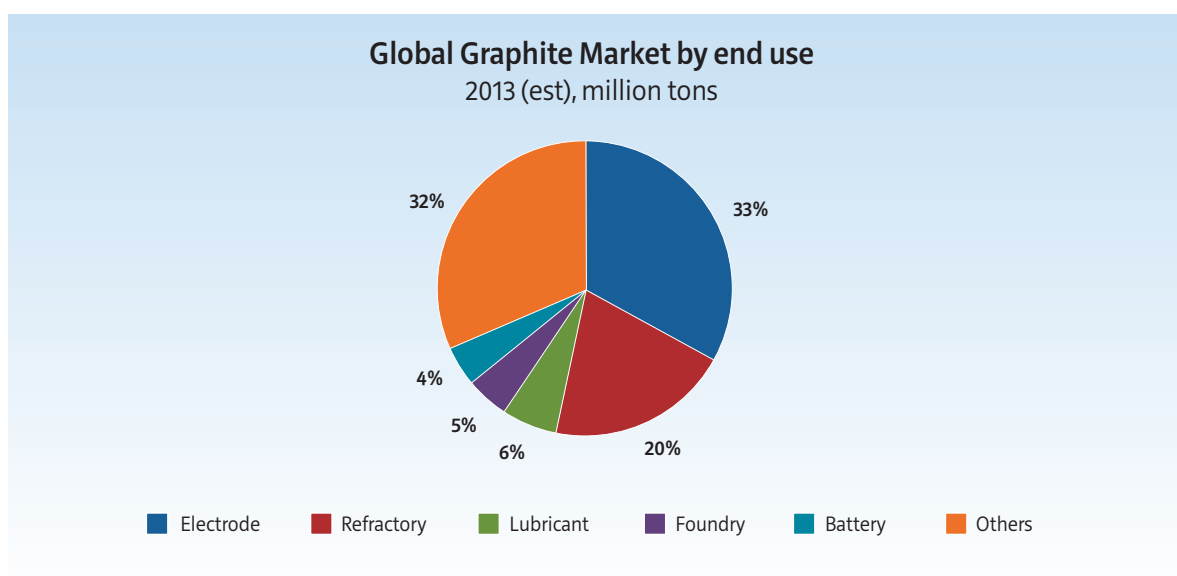


5.2 GRAPHITE MARKET

- The global graphite market was 2.7 million tonnes (USD 13.6 billion) in 2013
- Market comprised of natural graphite (1.1mt, US\$1.1bn) and synthetic graphite (1.5mt, \$US12.5bn)
- Used in wide range of existing industrial applications, as well as key component in Li-ion batteries and other energy storage applications
- Electrodes (electric arc furnace and alumina) and refractory usage are largest single applications, representing over 50% of graphite demand
- Battery demand has shown strong demand growth

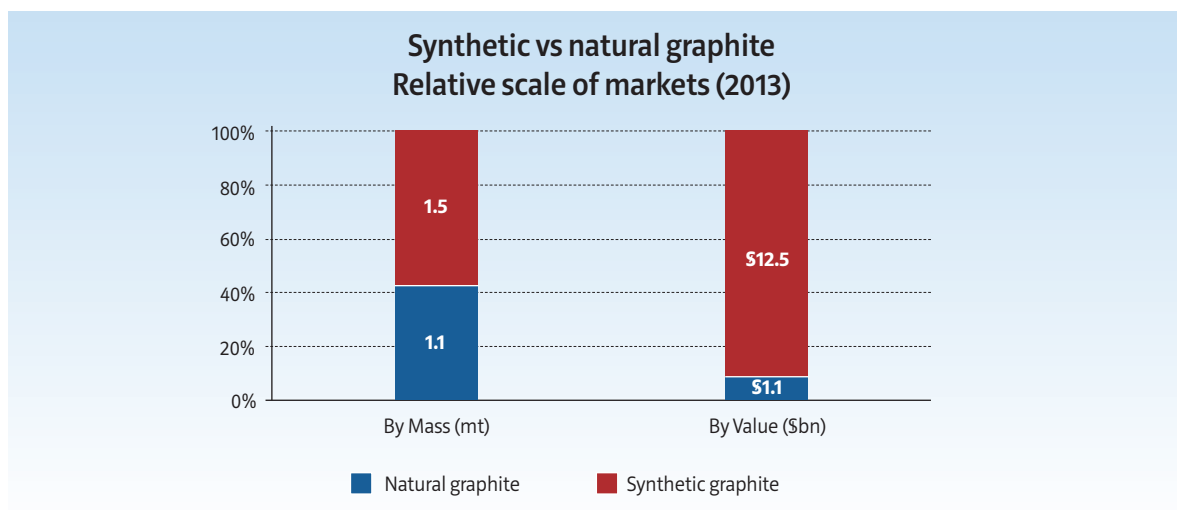
Graphite is a naturally occurring allotrope of crystalline carbon, and is regarded as the most stable form of carbon under standard conditions. It is the most electrically and thermally conductive of the nonmetals and is chemically inert. It is flexible but not elastic, has a melting point of 3,927°C, and is highly refractory.

All of these properties combined make graphite desirable for many industrial applications, and both natural and synthetic graphite have industrial uses.



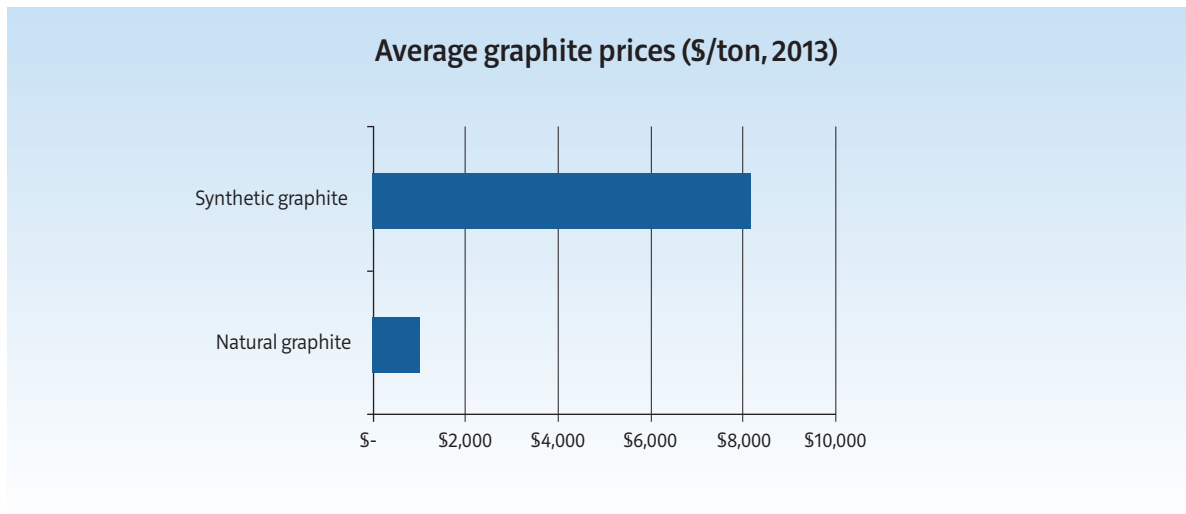
5.2.1 Global Market

The graphite market can be considered as two distinct market segments based on the origin of the graphite; natural (mined) graphite and synthetic graphite. Whilst synthetic graphite represents only 60% of the global graphite market by tonnage, it represents over 90% of the total graphite market by value.

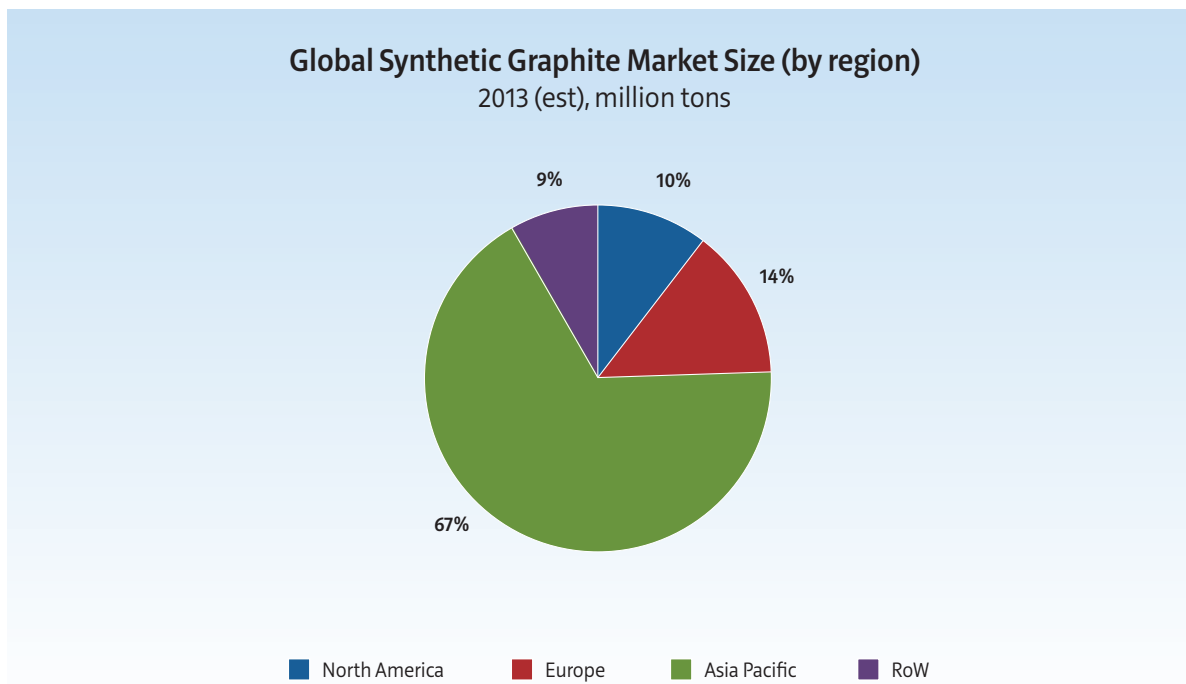




This disproportionate relative values of the synthetic and natural graphite markets indicates the premium paid for synthetic graphite, with average pricing for synthetic graphite being approximately 8x (on \$/ton basis) the price paid for natural graphite.



Regionally, Asia Pacific is the largest market for synthetic graphite, accounting for 67.4% market share in 2013, followed by Europe and North America with market shares of 14.1% and 10.4% respectively. Asia Pacific is also experiencing growth in graphite demand.





5. HYDROGEN AND GRAPHITE MARKET OVERVIEW

5.2.2 Market Drivers and Demand Growth

The primary driver of graphite demand is through developments in the energy field: advanced automotive batteries, fuel cells, nuclear and solar power.

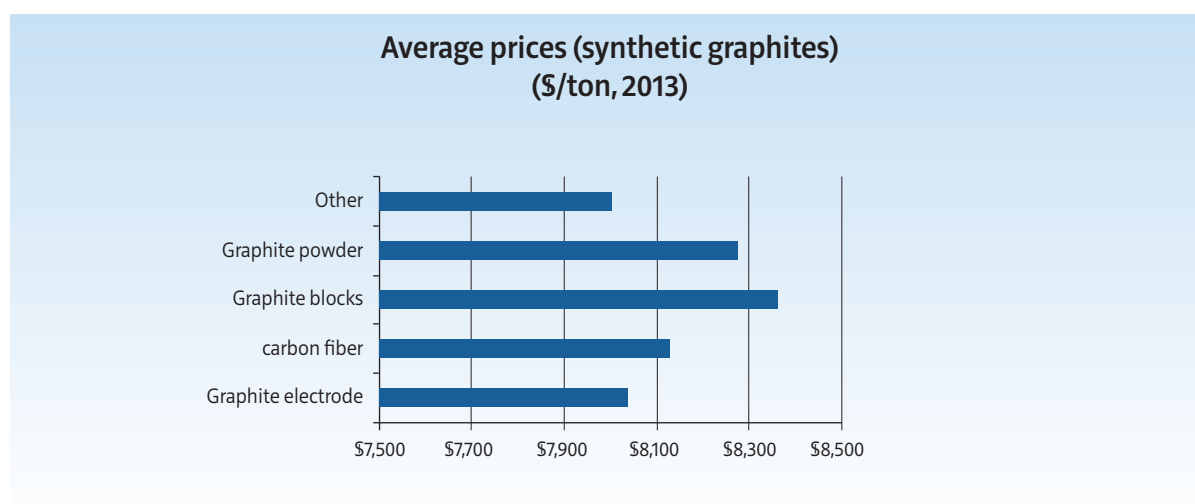
The lithium-ion battery market has been a major growth market for graphite consumption over the last 10 years, with the battery industry one of the fastest-growing end-use segments for graphite.

In addition to new technology driven demand for graphite, traditional graphite markets have increased their demand for graphite driven by underlying industry growth. The demand for graphite has been increasing due to rising demand from the steel industry as well as increased use of graphite in the automotive sector.

5.2.3 Synthetic Graphite

Synthetic graphite is a broad term used to define a group of materials produced by the high-temperature processing of amorphous carbon materials. Demand for synthetic graphite is largely driven by the need for purity, as purer graphite offers higher reliability and performance. Synthetic graphite products range from graphite electrodes (+99% graphitic carbon) used in electric arc furnaces, to lower-quality graphite powders used as refractory products. Synthetic graphite can be used in many applications, including foundry facings, electrical carbons, corrosion products, fuel cell bi-polar plates, rubber and drilling applications.

While all synthetic graphites are valued at a significant premium to natural graphite, there is some variation between the average values of different synthetic graphite products, with graphite blocks and graphite powders averaging higher pricing than other synthetic graphite products.



5.2.4 Natural Graphite

Natural graphite mostly occurs in high-grade metamorphic rocks that are found in abundance in the Earth's crust across regions including the US (New York and Texas), Russia, Canada, Mexico, India and China.

Graphite is relatively easy to separate from its host rock, though it is more difficult to produce high grades (90% and above), and many producers process their graphite several times to eliminate impurities. Graphite is generally concentrated from crushed rock, and beneficiation processes can vary from simple hand-sorting and screening of high grade ore to complex four-stage flotation. Grades higher than this (96–99%) can only be achieved by chemical and thermal treatment to reduce the level of impurities.

Natural graphite is mostly used in steelmaking, refractories, brake linings, foundry facings, and lubricants.



COMMERCIALISATION AND DEVELOPMENT PLAN

6.1 BACKGROUND

The Company aims to generate returns from full commercial operation of the Hazer Process through either licensing revenues from third parties who wish to build and operate plants and generate hydrogen and graphite, or by the Company building its own plant and generating revenues through the sale to third parties of one or both of the products created.

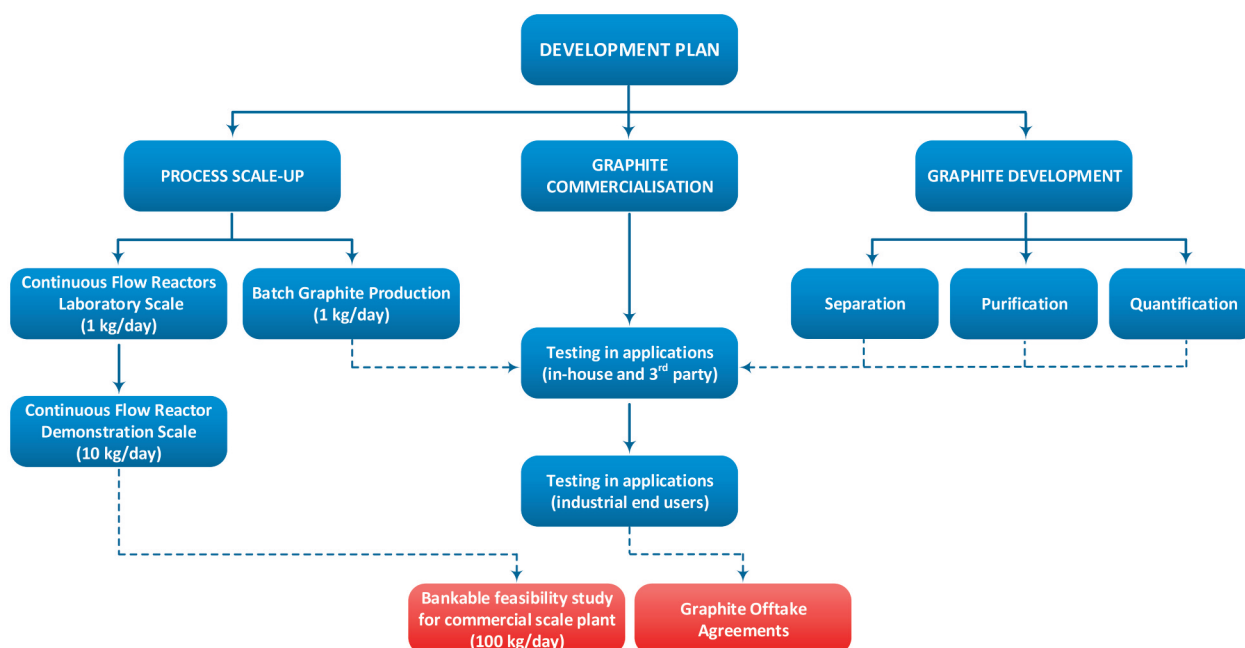
The Hazer Process generates 3 tonnes of graphite for each tonne of hydrogen produced in the Hazer Process – this ratio is driven by the underlying chemistry of methane. Hazer anticipates that in the long term hydrogen will be the primary commercial product produced. However, initially graphite production may be the primary commercial product.

The Company has demonstrated some initial scale up of the original research-scale reactor, as well as having made key advances in the underlying process through catalyst development. To date, the Company has not generated revenue through the commercial application of the Hazer Process. The Company's development objectives are therefore the ongoing technical and commercial development of the Hazer Process. This development can be viewed as a number of distinct yet complementary development paths:

1. Progressively optimise and scale-up the core methane cracking (TCMD) Hazer Process (Hazer Process scale-up).
2. Functionalisation to enhance the value of the graphite produced (graphite functionalisation).
3. Ongoing commercialisation of the Hazer Technology and products (graphite commercialisation).

The proposed key outputs to seek to achieve commercialisation will be:

- The further scale-up of the Hazer Process to a commissioned large scale laboratory reactor in conjunction with developing a continuous flow reactor system, then developing a demonstration/pilot plant and ultimately a commercial scale plant capable of producing kg to 100s of kg per day of products (Hazer Process scale-up).
- Third party verification of graphite characteristics, quality and utility in key market applications (graphite functionalisation).
- A scoping study prepared by third party consultants for a full commercial plant (graphite commercialisation).
- Preliminary indicative commercial arrangements or off-take agreements with graphite end users (graphite commercialisation).



The diagram above is a representation of the development plan and potential scale up as discussed in this Section 6.

The funds raised from this Prospectus are intended to be used to fund the Hazer Process scale-up to complete the large scale laboratory reactor in conjunction with developing a continuous flow reactor system and then develop the demonstration plant (\$2,000,000), to fund graphite functionalisation (\$500,000) and to fund graphite commercialisation (\$500,000). The Company will require further funding to complete the commercialisation development paths.

6.2 HAZER PROCESS SCALE-UP

The process will be initially scaled-up through distinct development paths as follows:

1. Large scale laboratory batch reactors.
2. Preliminary continuous flow reactor systems.
3. Demonstration plant reactor.

6.2.1 Large scale batch reactor

The first stage of scale up from the current development of the Hazer Process is to commission a larger version of the batch style reactor currently used at UWA to rapidly produce sufficient quantities of graphite for downstream activities. In parallel with this work a full range of reaction parameters (temperature, pressure, catalyst details and reaction times / space velocities) can be assessed and optimised.

This batch style of reactor has been chosen as the initial scale-up step because of its technical simplicity and fast and predictable results.

6.2.2 Continuous flow reactor development

In addition to batch process scale-up it is planned to develop continuous flow reactor systems. Two alternative laboratory scale continuous flow reactors will be commissioned to establish the most suitable system, and for preliminary optimisation studies.

Continuous flow reactor systems common for gas/solid catalysis reactions are rotary tube reactors and fluidised bed reactors. The initial reactors will aim to be laboratory scale electrically-powered devices that are readily available and will be able to generate preliminary results to assess suitability and optimisation parameters including material flow, product yield, and conversion efficiency. Rheology studies of the solids will be conducted in parallel to assess the flowability of the input and output material.

The most suitable reactor type may be further scaled up to assess additional commercial plant ancillary equipment, including a gas-fired furnace and bulk handling equipment.



6.2.3 Demonstration Plant Reactor

Following the optimisation of the chosen laboratory scale reactor, a larger demonstration plant will be commissioned. This equipment will provide the basis for an engineering third party consultancy to provide scoping and bankable feasibility studies for a full scale commercial plant.

This demonstration plant will be aimed to be used to demonstrate the:

- system heat loads (using natural gas or product hydrogen as feedstock)
- product yield per unit catalyst
- natural gas conversion efficiencies
- bulk handling processes (catalyst input and graphite output)
- hydrogen purification processes and hydrogen utility in fuel cells for clean power generation.

6.3 GRAPHITE FUNCTIONALISATION

In addition to the Hazer Process scale up, the Company will undertake additional development work to demonstrate the quality and enhance the utility of the graphite produced through the Hazer Process in selected applications, increasing its marketability.

A range of different graphite morphologies can be produced by the Hazer Process. Although these can be preferentially synthesised by altering the process conditions and catalyst properties, traces of unwanted morphologies and residual catalyst impurities typically remain.

The marketability of Hazer's graphite will seek to suit a greater range of applications if specific morphologies are purified further and catalyst impurities removed. A primary aim is to develop methods to accurately quantify the proportions of different graphite morphologies within a bulk mixture, and devise scalable physical separation methods to improve the proportion of the desired morphology. A secondary aim is to further develop scalable methods of removing the residue catalyst from the graphite.

6.3.1 Quantification of graphite morphology

The Hazer Process is able to produce a number of different graphite morphologies, including carbon nanotubes, carbon nano onions, carbon microshells and graphene. Reliable quantification of these morphologies within a bulk mixture will aid in the optimisation of the synthesis process (for higher selectivity) and in quality assurance for downstream commercialisation. This work will aim to develop a reliable method to assess the composition of a bulk graphite sample using a number of techniques, including thermo-gravimetric analysis, Raman analysis and powdered X-ray diffraction.

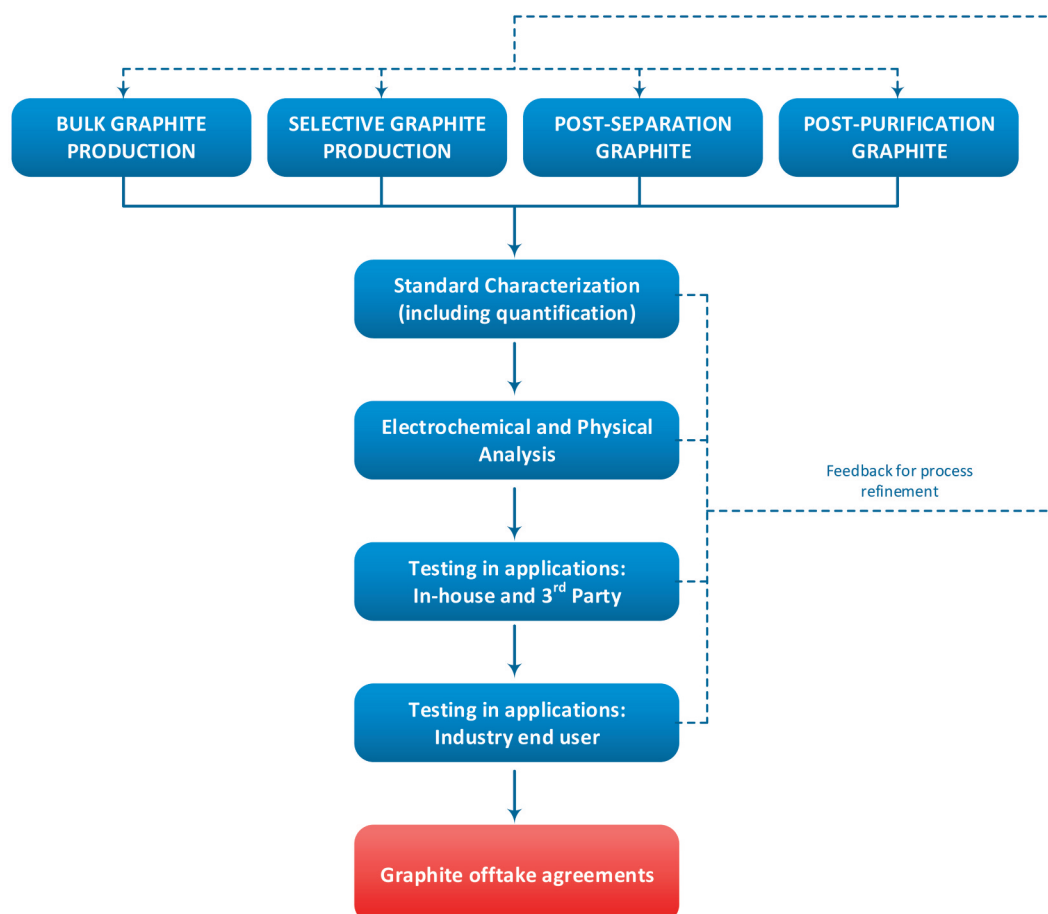
6.3.2 Separation of graphite morphology

This work involves further enriching targeted morphologies within bulk mixtures by physical or thermal separation. Refining fractions with specific graphite morphologies will allow this graphite to access a greater range of the market by targeting specific properties. Techniques such as floatation, centrifugation and thermo-gravimetric analysis will be tested.



6.3.3 Graphite purification

When unrefined, graphite produced via the Hazer Process has a graphite purity of greater than 90% by weight. Although considered high purity and used within a number of industries at this purity, higher purity graphite is aimed to be used in specialist applications, such as electrodes and batteries. Past research conducted by Hazer at UWA has successfully purified this graphite to greater than 99% using acid digestion and magnetic separation. The aim of this work is to further develop this purification process and develop lower cost options.



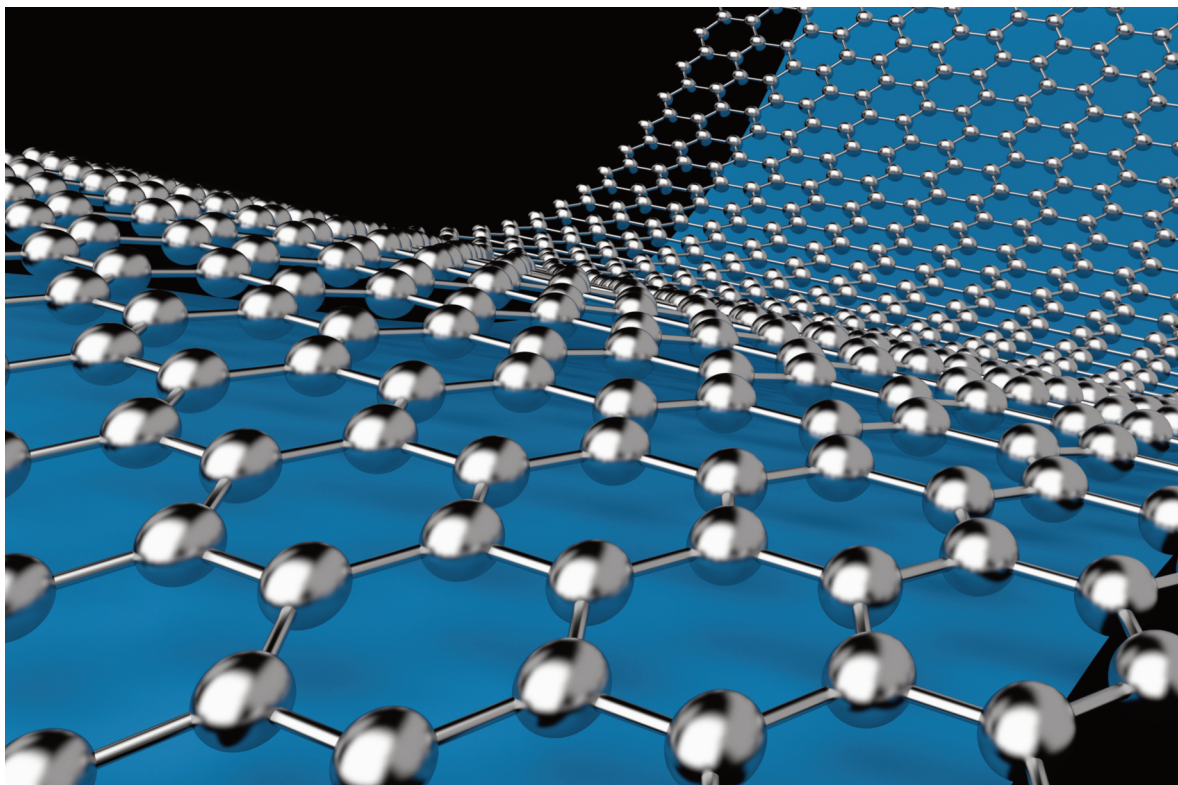
The diagram above is a representation of the potential graphite purification and development process.

6.3.4 Graphite characterisation

The final aspect of graphite functionalisation is the physical and chemical characterisation of graphite products generated through the Hazer Process. These products can then be sought to be marketed on the basis of their physical and other properties as relevant for particular graphite markets.

This work will begin with assessing and quantifying the graphite physical characteristics in house (with third party verification) using a number of standard characterisation techniques, including:

- X-ray Diffraction (XRD)
- Scanning Electron Microscopy (SEM)
- Transmission Electron Microscopy (TEM)
- Thermo-gravimetric analysis (TGA)
- Raman spectroscopy
- Temperature Programmed Desorption (TPD).



The picture above is a representation of a single atom layered graphene.

Electrochemical properties will also be analysed, particularly for use in energy storage applications. Ongoing feedback from these tests will allow further refinements of the process conditions to suit specific market requirements.

Once the graphite has been optimised and refined it is intended to be given to end users to assess and give feedback. The product can then be further refined to suit the end requirements of users.

6.4 ONGOING GRAPHITE COMMERCIALISATION

In conjunction with pursuing the activities identified above, the Company will seek to progress its commercial objective of generating commercial revenue through the Hazer Process. The sale of graphite and / or hydrogen produced via the Hazer Process and licensing agreements will be targeted.

The Company will seek to complete a number of key commercial milestones demonstrating progress on both the scale up of the Hazer Process and the ongoing commercial development of graphite synthesised following completion of this Offer.

The engagement with customers to seek to commercialise the graphite product will include provision of samples to graphite end users for internal testing and confirmation of utility and negotiation and execution of memoranda of understanding for the supply of product from demonstration, pilot and future commercial plants.



BOARD, MANAGEMENT AND CORPORATE GOVERNANCE

7.1 DIRECTORS AND KEY MANAGEMENT

The Company is managed by the Board of Directors. The Board comprises four Directors. The Company has engaged Dr Andrew Cornejo as Chief Technical Officer to assist with developing the Company's Technology.

Profiles of the Directors and Chief Technical Officer are detailed below.



Rick Hopkins (Non-Executive Chairman)

Rick Hopkins is a Chartered Accountant with over 30 years of experience advising on corporate, taxation and accounting matters. Rick is currently a partner at PKF Lawler, having previously been a Director at Barringtons Chartered Accountants. He has vast experience advising on project management, corporate and taxation matters for a wide range of corporate clients. His particular expertise extends to corporate and structuring advice, capital raising, tax, and cash flow planning. He has worked on various committees of The Tax Institute and Chartered Accountants Australia and New Zealand. Rick is a fellow of Chartered Accountants Australia and New Zealand and a fellow of Financial Services Institute of Australia. His qualifications include a Bachelor of Commerce from the University of Western Australia, a Postgraduate Diploma in Business from Curtin University of Technology and a Graduate Diploma in Applied Finance and Investment from the Financial Services Institute of Australia.



Geoff Pocock (Managing Director)

Geoff Pocock is an experienced strategy consultant and commercialisation professional, with over 20 years' experience across the commercialisation process. Geoff's experience has covered technical roles, executive management as well as significant corporate finance and strategy roles with a number of technology commercialisation ventures.

Geoff is the Principal of Polaris Consulting (WA) Pty Ltd, a specialist boutique commercialisation strategy and corporate advisory business based in Western Australia. Prior to founding Hazer, he was a founder and Managing Director of Dynamic Microbials Limited, an unlisted public drug discovery company working on the identification and development of novel antibiotics for specialist human health application. Geoff was an Executive Director/Managing Director of Dynamic from the Company's inception until the Company was acquired by its parent Phylogica Ltd in an all-scrip merger in 2008.

Geoff has extensive strategy consulting and corporate advisory experience, through a number of boutique Western Australian corporate/advisory firms, and he was a Founder and executive of a mid-tier strategy consulting firm, overseeing the growth of the firm from its formation and initial operations to it becoming the largest strategy consulting firm in Western Australia with over 20 professional staff, with a concomitant increase in revenue and profitability.



Danielle Lee (Non-Executive Director)

Danielle is a corporate lawyer with more than 20 years' experience shared between private law firms and the Australian Securities Exchange (ASX). Danielle is currently special counsel at Jackson McDonald working in the corporate commercial team. Danielle's main practice areas are corporate advisory, governance and equity capital markets. Danielle advises on a range of corporate and commercial transactions including capital raisings, business and share acquisitions, shareholder agreements and joint venture arrangements. Danielle regularly advises on issues relating to the Corporations Act and ASX Listing Rules.

Danielle was previously counsel for Fairweather Corporate Lawyers for approximately 7 years after having worked for approximately 9 years as legal counsel at ASX Sydney and Assistant Manager at ASX Perth.



Bryant McLarty (Non-Executive Director)

Bryant is the Executive Chairman of Mac Equity Partners, a boutique Western Australian stockbroking and corporate advisory business operating since 2009. Clients include ASX listed, public and private companies, wholesale high net worth investors and overseas funds who are provided with a complete range of services including capital raising, share trading, corporate advisory, marketing, presentation, consulting and strategic advice.

Bryant has over 20 years' experience in public capital markets and raising capital for technology ventures. Bryant was the Executive Chairman of PharmAust Limited (ASX:PAA), during which time it provided highly specialised medicinal and synthetic chemistry services on a contract basis to clients. Bryant was also a Non Executive Director of Avation PLC (LSE:AVAP), a specialist commercial passenger aircraft leasing company managing a fleet of 24 aircraft, from 2008 to 2013. Avation also has a subsidiary that supplies aircraft parts and spares to a range of operators internationally.



Dr Andrew Cornejo (Chief Technical Officer)

Andrew Cornejo is a qualified mechanical engineer with over 6 years of experience in multiple industries; specifically in design, consulting, project management and commissioning roles. Andrew is the lead inventor of the Hazer Process, having undertaken 5 years developing this technology as his PhD project at the University of Western Australia. His research has been published in a number of leading international journals and presented at local and international conferences. His qualifications include a Bachelor of Mechanical Engineering and a Bachelor of Commerce majoring in Management from the University of Western Australia and a Graduate Certificate in Research Commercialisation from Queensland University of Technology.

7.2 CORPORATE GOVERNANCE

The Company has adopted systems of control and accountability in order to implement and maintain a culture of good corporate governance both internally and in its external dealings.

To the extent applicable, the Company has adopted *The Corporate Governance Principles and Recommendations (3rd Edition)* as published by the ASX Corporate Governance Council ("**Recommendations**"). The Company does not consider that it is appropriate at this time to adopt all the Recommendations given the current size and the scale of its operations. As the Company's operations develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance policies and structures will be reviewed.

The Company's main corporate governance policies and practices as at the date of this Prospectus are outlined below. Copies of the Company's corporate governance policies are available on the Company's website at www.hazergroup.com.au.

Board of Directors and Composition of the Board

The Board is responsible for corporate governance of the Company and for protecting the rights and interests of Shareholders. The Board develops strategies for the Company, reviews strategic objectives and monitors performance against those objectives.

The Board's responsibilities include:

- (a) developing initiatives for asset growth and profit;
- (b) reviewing the corporate, commercial and financial performance of the Company on a regular basis;
- (c) acting on behalf of, and being accountable to, the Shareholders; and
- (d) identifying business risks and implementing actions to manage those risks and corporate systems to assure quality.

The Board has a separately constituted Audit and Risk Committee and a Remuneration and Nomination Committee.



Composition of the Board

The Board comprises 4 Directors. The names, qualification and relevant experience of each Director are set out in Section 7.1. There is no requirement for any Director's shareholding qualification.

As the Company's activities increase in size, nature and scope, the size of the Board will be reviewed periodically and the optimum number of Directors required to adequately govern the Company's activities determined within the limitations imposed by the Constitution. The Board has separately constituted a Remuneration and Nomination Committee.

Identification and management of risk

The Audit and Risk Committee will identify and manage risk in conjunction with the Board including compliance with risk management policies.

Independent professional advice

Subject to the Chairman's approval (not to be unreasonably withheld), the Directors, at the Company's expense, may obtain independent professional advice on issues arising in the course of their duties.

Remuneration arrangements

Details regarding the remuneration of the Directors is set out in Section 12.6.

The Remuneration and Nomination Committee is responsible for reviewing and negotiating the compensation arrangements of Directors and senior executives and reviewing and recommending remuneration strategies and policies.

Trading policy

The Board has adopted a policy that sets out the guidelines on the sale and purchase of securities in the Company by its key management personnel and employees. The policy prohibits any dealing in securities if a person possesses inside information and otherwise generally prohibits dealing during certain closed periods. A process is outlined for prior written clearance to trade for key management personnel generally and for employees during a closed period.

Audit Committee

The Company has an Audit and Risk Committee. This Committee monitors and reviews any matters of significance affecting financial reporting and compliance, the integrity of the financial reporting of the Company, the Company's internal financial control system and risk management systems and the external audit function.

7.3 COMPLIANCE AND DEPARTURES FROM RECOMMENDATIONS

Following admission to the Official List of ASX, the Company will be required to report any departures from the Recommendations in its annual financial report.

The Company's compliance and departures from the Recommendations as at the date of this Prospectus are set out as follows.



Principle and Recommendations	Comply (Yes/No)	Explanation
PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT		
Recommendation 1.1 A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	Yes	The Company has adopted a Board Charter. The Board Charter sets out matters including the specific roles and responsibilities of the Board and management requirements as to the Board's composition, the roles and responsibilities of the Chairman and Company Secretary, and the establishment, operation and management of Board Committees. The Company's Board Charter is available on the Company's website.
Recommendation 1.2 A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information relevant to a decision on whether or not to elect or re-elect a director.	Yes	(a) The Company undertakes checks on any person who is being considered as a director. These checks may include good fame and character, experience, education and financial history and background. (b) All material information relevant to a decision on whether or not to elect or re-elect a Director will be provided to security holders in a Notice of Meeting pursuant to which the resolution to elect or re-elect a Director will be voted on.
Recommendation 1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Yes	Each senior executive and executive Director has a formal employment contract and the non-executive Directors have a letter of appointment.
Recommendation 1.4 The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	Yes	The Company Secretary is accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board.
Recommendation 1.5 A listed entity should: (a) have a diversity policy which includes requirements for the Board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary of it; and (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board in accordance with the entity's diversity policy and its progress towards achieving them, and either: (A) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or (B) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.	No	The Company has not adopted a formal diversity policy. The Company respects and values the benefit of diversity throughout the Company in order to enrich the Company's perspective, improve corporate performance, increase Shareholder value and maximise the probability of achievement of the Company's goals. However given the size and nature of the Company's operations, the Company has not implemented a formal policy with respect to diversity.



7. BOARD, MANAGEMENT AND CORPORATE GOVERNANCE

Principle and Recommendations	Comply (Yes/No)	Explanation
PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT		
Recommendation 1.6 A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Yes	The performance of the Board, is reviewed annually against appropriate measures in a manner that the Board deems appropriate. The review has regard to various matters including those set out in the Board Charter. The Remuneration and Nomination Committee will assist the Board as required in evaluations of the performance of directors (including the Managing Director). The Company will report on whether a performance evaluation was undertaken.
Recommendation 1.7 A listed entity should: (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Yes	(a) The Remuneration and Nomination Committee is responsible for evaluating the performance of senior executives. The Committee is to arrange an annual performance evaluation of the senior executives. (b) The Remuneration and Nomination Committee is required to disclose whether or not performance evaluations were conducted during the relevant reporting period.
PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE		
Recommendation 2.1 The board of a listed entity should: (a) have a nomination committee which: (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director; and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, experience, independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively.	Yes	The Company has a Remuneration and Nomination Committee which comprises 3 non-executive Directors (Rick Hopkins, Danielle Lee and Bryant Mclarty). The majority of the members are independent and it is chaired by an independent Director. The Remuneration and Nomination Committee's Charter is located on the Company's website. The Company will report on the meetings and attendance of the Remuneration and Nomination Committee.



Principle and Recommendations	Comply (Yes/No)	Explanation
PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE		
Recommendation 2.2 A listed entity should have and disclose a board skill matrix setting out the skills and diversity that the board currently has or is looking to achieve in its membership.	Yes	The Board reviews capabilities, technical skills and personal attributes of its directors. It will normally review the Board's composition against those attributes and recommend any changes in Board composition that may be required.
Recommendation 2.3 A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 of the ASX Corporate Governance Principles and Recommendation (3rd Edition), but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	Yes	(a) Disclosure of the names of Directors considered by the Board to be independent will be provided in the annual report. The current independent Directors are Rick Hopkins and Danielle Lee. (b) Details of the Directors' interests, positions associations and relationships are provided in this Prospectus. (c) The length of service of each Director will be provided in the annual report.
Recommendation 2.4 A majority of the board of a listed entity should be independent directors.	No	The Board Charter requires that where practical the majority of the Board will be independent. The current independent Directors are Rick Hopkins and Danielle Lee (being 2 of 4 Directors). The Company may seek to appoint additional independent Directors in the future to address the lack of independence of its Directors.
Recommendation 2.5 The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	Yes	The Chairman of the Board (Rick Hopkins) is an independent Director and is not the same person as the CEO.
Recommendation 2.6 A listed entity should have a program for inducting new directors and providing appropriate professional development opportunities for continuing directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	Yes	All new directors are provided with an induction including comprehensive meetings with the Managing Director and senior executives, and provision of information on the Company including Company and Board policies. All Directors are expected to maintain the skills required to effectively discharge their obligations to the Company. Directors are encouraged to undertake continuing professional education and, if this involves industry seminars and approved education courses, where appropriate, this is paid for by the Company. The Remuneration and Nomination Committee oversees the induction program for new directors and considers the training and development needs of all Directors. The Committee is responsible for ensuring that resources are allocated to developing and maintaining the directors' skills and knowledge, to ensure that the directors have and maintain the necessary skills and knowledge required to fulfil their role on the Board and its Committees effectively.



7. BOARD, MANAGEMENT AND CORPORATE GOVERNANCE

Principle and Recommendations	Comply (Yes/No)	Explanation
PRINCIPLE 3: ACT ETHICALLY AND RESPONSIBLY		
Recommendation 3.1 A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	Yes	(a) The Company's Code of Conduct applies to the Company's directors, senior executives and employees. (b) The Company's Code of Conduct is available on the Company's website.
PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING		
Recommendation 4.1 The board of a listed entity should: (a) have an audit committee which: (i) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (ii) is chaired by an independent director, who is not the chair of the board, and disclose: (iii) the charter of the committee; (iv) the relevant qualifications and experience of the members of the committee; and (v) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its financial reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	Yes	The Company has an Audit and Risk Committee which comprises 3 non-executive directors (Rick Hopkins, Danielle Lee and Bryant McLarty). The majority of the members are independent and it is chaired by an independent Director who is not chair of the board. The Audit and Risk Committee's Charter is available on the Company's website. The Company will report on the meetings and attendance of the Audit and Risk Committee.
Recommendation 4.2 The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	Yes	Before the Board approves the entity's financial statements for a financial period, the CEO and CFO must have declared that in their opinion the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.
Recommendation 4.3 A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	Yes	The Audit and Compliance Committee Charter provides that the Committee must ensure the Company's external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.



Principle and Recommendations	Comply (Yes/No)	Explanation
PRINCIPLE 5: MAKE TIMELY AND BALANCE DISCLOSURE		
Recommendation 5.1 A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	Yes	The Company has a Continuous Disclosure and Market Communications Policy that outlines the processes followed by the Company to ensure compliance with its continuous disclosure obligations and the corporate governance standards applied by the Company in its market communications. The Continuous Disclosure and Market Communications Policy is available on the Company's website.
PRINCIPLE 6: RESPECT THE RIGHTS OF SECURITY HOLDERS		
Recommendation 6.1 A listed entity should provide information about itself and its governance to investors via its website.	Yes	Information about the Company and its governance is available in the Corporate Governance Statement and associated policies which can be found on the Company's website.
Recommendation 6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Yes	The Company has adopted a Shareholder Communications Policy which aims to promote and facilitate effective two-way communication with investors. The Strategy outlines a range of ways in which information is communicated to shareholders. The Shareholder Communications Policy is available on the Company's website.
Recommendation 6.3 A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Yes	The Shareholders Communication Policy sets out the policies and processes the Company has in place to facilitate and encourage participation at meetings of security holders. The Company permits shareholders to vote online (and by other methods) prior to an Annual General Meeting if they are unable to attend the meeting.
Recommendation 6.4 A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Yes	The Shareholders Communication Policy sets out the policies and processes the Company has in place to facilitate and encourage participation at meetings of security holders including receiving communications electronically.



7. BOARD, MANAGEMENT AND CORPORATE GOVERNANCE

Principle and Recommendations	Comply (Yes/No)	Explanation
PRINCIPLE 7: RECOGNISE AND MANAGE RISK		
Recommendation 7.1 The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the process it employs for overseeing the entity's risk management framework.	Yes	The Company has an Audit and Risk Committee. The majority of Directors are independent Directors and it is chaired by an independent Director. The Audit and Risk Committee Charter is available on the Company's website. The Company will report on the meetings and attendance of the Audit and Risk Committee.
Recommendation 7.2 The board or a committee of the board should: (a) review the entity's risk management framework with management at least annually to satisfy itself that it continues to be sound, to determine whether there have been any changes in the material business risks the entity faces and to ensure that they remain within the risk appetite set by the board; and (b) disclose in relation to each reporting period, whether such a review has taken place.	Yes	The Board will, at least annually, assisted by the Audit and Risk Committee, undertake a structured consideration and review of the risk management framework and the material risks faced by, and the risk attitude of, the Company. The Company will report on whether such a review has taken place.
Recommendation 7.3 A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	Yes	The internal audit function is overseen by the Audit and Risk Committee pursuant to the Audit and Risk Committee Charter.
Recommendation 7.4 A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	Yes	The Company is of the view that its operations do not create a material exposure to economic, environmental and social sustainability risks.



Principle and Recommendations	Comply (Yes/No)	Explanation
PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY		
Recommendation 8.1 The board of a listed entity should: (a) have a remuneration committee which: (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; - or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	Yes	The Company has a Remuneration and Nomination Committee which comprises 3 non-executive Directors (Rick Hopkins, Danielle Lee and Bryant McLarty). The majority of the members are independent Directors and it is chaired by an independent Director. The Remuneration and Nomination Committee Charter is available on the Company's website. The Remuneration and Nomination Committee will report on the number of times that the Committee met throughout the period, and the individual attendances of the members at those Committee meetings.
Recommendation 8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	Yes	The Company provides disclosure of all Directors and executives remuneration in its annual report. Non-executive directors are remunerated at a fixed fee for time, commitment and responsibilities. There are no documented agreements providing for termination or retirement benefits to non-executive directors. Executive directors and senior executives are offered a competitive level of base pay at market rates and are reviewed annually to ensure market competitiveness. Performance incentives may include performance bonus payments, shares and / or options granted at the discretion of the Board and subject to obtaining the relevant approvals.
Recommendation 8.3 A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	Not Applicable	The Company does not have an equity based remuneration scheme which is affected by this recommendation.



RISK FACTORS

An investment in the Shares the subject of this Prospectus is highly speculative as the Company is an early stage technology commercialisation company without a history of revenue generation. Careful consideration should be given to all matters raised in this Prospectus and the relative risk factors prior to applying for Shares offered for subscription under this Prospectus. Some of these risks can be mitigated by the use of appropriate safeguards and actions, but some are outside the Company's control and cannot be mitigated. You should also consider consulting with your professional advisers before deciding whether or not to apply for Shares.

The following is a list of the material risks that may affect the financial position of the Company, the value of an investment in the Company, as well as the Company's operations. The list is set out under "Company and Industry Risks" and "General Investment Risks". The list is not an exhaustive list of risks.

COMPANY AND INDUSTRY RISKS

Technology development and commercialisation risk

Hazer is an early stage company which has intellectual property rights to the Hazer Process Technology. A significant risk is whether the Company can further develop and then commercialise the Technology; through developing large scale in-laboratory development, progressing through demonstration and pilot plants to a commercial plant utilising the Technology. The Hazer Process features production costs associated with increased natural gas consumption compared to other hydrogen production technologies. The Company will seek to more than offset this increase in production costs by the sale of high purity graphite co-produced with hydrogen from the Hazer Process. A failure to achieve commercialisation of the Hazer Process will have a significant adverse impact on the Company's business model, operating results and financial position.

Operational Risks

The demonstration plant, pilot plants and any commercial plant proposed by the Company may be affected by various factors, including operational and technical difficulties in scaling up the Hazer Process; difficulties in commissioning and operating plant and equipment; mechanical failure or plant breakdown; unanticipated reactor issues which may effect through-put; industrial and environmental accidents; industrial disputes; and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

Future funding needs

The funds raised by the Offer will be used to carry out the Company's objectives as detailed in this Prospectus.

The operations of the Company are at an early stage. The Company has yet to build sufficient scale to commercialise the technology and therefore has not as yet generated any revenue or profits. The Company will depend on the availability of investor funds if and until the Company generates cash flows from successful commercialisation of the technology. No assurance can be given that future funding for further development activities will be made available on acceptance terms (if at all). If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its expansion and development programs as the case may be.

Intellectual Property risk

The success of the Company's Technology will depend in part on the Company's ability to obtain patents (and therefore proprietary rights) without infringing the proprietary rights of others. Three patent applications have been made in respect of the Technology (see Section 9). The strength of patents involves complex legal and scientific questions and can be uncertain. There can be no assurance that any patents in relation to the Hazer Process will afford the Company commercially significant protection of the Hazer Process or that competitors will not develop competing technologies that circumvents such patents.

Supply contracts/customer engagement

In order to successfully commercialise the Technology, the Company will need to supply hydrogen gas and/or bulk graphite to customers to generate revenue and this will require customer engagement and the execution of product supply contracts. The Company could also look to licence its Technology. Given the Company is at an early stage, it does not currently have any customers.



Dependence on key personnel

The Company's success largely depends on the core competencies of the Directors and management and the ability of the Company to retain these key executives. Loss of key personnel may have an adverse impact on the Company's performance.

Management of Growth

There is a risk that management of the Company will not be able to implement the Company's growth strategy. The capacity of the management to properly implement and manage the strategic direction of the Company may affect the Company's financial performance.

Competition

The industry in which the Company will be involved is subject to domestic and global competition. While the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, whose activities or actions may, positively or negatively, affect the operating and financial performance of the Company's business.

Insurance

The Company may maintain insurance within ranges of coverage that it believes to be consistent with industry practice and having regard to the nature of activities being conducted. However, it is not always possible to insure against all risks associated with activities in development of technology. The Company may decide not to take out insurance against certain risks as a result of high premiums or for other reasons. Should liabilities arise on uninsured risks, the Company's business, financial condition and results of operations and the market price of the Shares may be materially adversely affected.

Legal Proceedings

Legal proceedings may arise from time to time in the course of the business of the Company. As at the date of this Prospectus, there are no material legal proceedings affecting the Company and the Directors are not aware of any legal proceedings pending or threatened against or affecting the Company.

GENERAL INVESTMENT RISKS

Securities investments and share market conditions

There are risks associated with any securities investment. The prices at which the securities trade may fluctuate in response to a number of factors.

Furthermore, the stock market, and in particular the market for early stage technology commercialisation companies, may experience extreme price and volume fluctuations that may be unrelated or disproportionate to the operating performance of such companies. These factors may materially adversely affect the market price of the securities of the Company regardless of the Company's operational performance. Neither the Company nor the Directors warrant the future performance of the Company, or any return of an investment in the Company.

Legislative

Changes in relevant taxes, legal and administration regimes, accounting practice and government policies may adversely affect the financial performance of the Company.

Economic risk

Changes in both Australian and world economic conditions may adversely affect the financial performance of the Company. Factors such as inflation, currency fluctuations, interest rates, industrial disruption and economic growth may impact on future operations and earnings.



INTELLECTUAL PROPERTY REPORT

11 September 2015

The Directors

Hazer Group Ltd
Suite 27
29 The Avenue
Nedlands WA 6009

WRAYS

Dear Sirs

This Report has been prepared for inclusion in a Prospectus required for lodgement at the Australian Securities and Investments Commission for the purpose of raising funds through the issue of securities.

CONTENTS

1.0 Executive Summary

Section 2.0 briefly sets out the background of the Hazer Group Ltd (hereinafter 'Hazer') intellectual property portfolio and the basis of the summary of the patent applications, patents, and trade marks given in this report.

Section 3.0 describes the families of patents and patent applications owned by or assigned to Hazer.

Section 4.0 explains that we are not aware of any issues that affect proprietorship of the relevant applications in the patent portfolio.

Sections 5.0 and 6.0 provide general comments on patent procedures and protection.

Section 7.0 addresses Hazer know-how.

2.0 Background

Hazer has a portfolio of Australian and United States patent applications, coupled with trade secrets and in-house know-how to protect its technologies and data.

This Report has been prepared by Wrays Patent and Trade Mark Attorneys. The status summary of patents and patent applications provided in this Report is correct to the best of our knowledge at the date of this Report.

3.0 The Hazer Patent Portfolio

3.1 Background

The information in this Report is current as at 11 September 2015.

This Report summarises the status of patents and patent applications. In compiling this Report, the filing particulars have been confirmed and the current status ascertained. The patents and patent applications set out in this Section are currently in force, although they are subject to the payment of periodic (mainly annual) fees in order to maintain them in force.

Hazer is the owner of three patent families discussed below.

3.2 Hazer Patent Families

3.2.1 Patent Family 1: A Process for Producing Hydrogen from Hydrocarbons

United States Patent Application 13/395,816

Applicant: The University of Western Australia*

Related PCT Number: PCT/AU2010/001168

Filing Date: 9 September 2010

Listed Inventors: Raston, Colin L; Chua, Hui Tong; Cornejo, Andrew; Gao, Lizhen

**see information under the heading 'Proprietorship' for further details*

Outline of the Technology

This family is directed to a process for catalytically producing hydrogen and solid carbon from a hydrocarbon gas. The selection of the reaction conditions and the particular catalyst used in the process provides two main advantages.



The process demonstrates high conversion efficiencies over previous hydrogen production processes. Further, as the selected catalysts are slow to deactivate, these conversion efficiencies are sustainable over longer periods of time than hydrogen production processes of the prior art.

The process also produces solid carbon in the form of substantially spherical graphitic particles. This is different to previous processes which produce essentially non-spherical carbon, which may have limited commercial applications and create disposal and management issues.

3.2.2 Patent Family 2 : Thermocatalytic methane decomposition

Australian Provisional Application Number 2015901175

Applicant: Hazer Pty Ltd*
Filing Date: 31 March 2015
Inventors: Not yet listed

**see information under the heading 'Proprietorship' for further details*

Outline of the Technology

This family is directed to a process for the production of hydrogen and carbon from a hydrocarbon gas, such as natural gas. This process enables the use of an inexpensive catalyst which assists in the economic viability of this process to produce hydrogen from natural gas. The family also describes a process in which multiple cross-flow reactor vessels can be used in series in order to improve the conversion efficiencies and catalyst utility.

The patent family is also directed to a process for the beneficiation of a metal-containing material.

3.2.3 Patent Family 3 : Process of Controlling the Morphology of Graphite

Australian Provisional Application Number 2015903458

Applicant: Hazer Group Ltd
Filing Date: 26 August 2015
Inventors: Not yet listed

Outline of the Technology

This family is directed to a process for the production of hydrogen and graphite from a hydrocarbon gas, such as natural gas. This process enables the morphology of the graphite produced to be controlled by the selection of the process conditions and catalyst used. The use of this process therefore allows for the selective synthesis of different graphite morphologies, without the need for separate equipment for each morphology. Possible morphologies that can be produced by this process include carbon nanotubes (CNTs), carbon nano-onions (CNOs), carbon micro-shells (CMSs) and graphene.

4.0 Proprietorship

A patent for an invention may only be granted to the inventor(s) or to a person who has entitlement to the invention by way of assignment employment contract or other means.

The original entitlement of Patent Family 1 was to The University of Western Australia. Patent Family 1 has been assigned to Hazer by The University of Western Australia in an agreement dated 6th October 2010.

The original entitlement of Patent Family 2 was to Hazer Pty Ltd. Hazer Pty Ltd is the previous name for Hazer and the change has an effective date of 28 May 2015.

The original entitlement of Patent Family 3 was to Hazer.

We are not aware of any issues regarding the ownership or entitlement of Hazer with respect to the patents or patent applications listed in Section 3.0.

5.0 Patent Protection and the Requirements for Patentability

Patent rights constitute an important component of intellectual property, and provide protection for new, non-obvious and useful inventions for a limited period. Patents may be granted in respect of new or improved products, compositions and processes in almost all areas of current scientific, commercial and industrial activities, including pharmaceuticals.

Patent rights are essentially national rather than trans-national and a patent must be obtained in each country where protection of an invention is required. A fundamental requirement of the patent system is that the invention be 'new' at the time of lodging a patent application. Newness in this sense is judged in relation to what was publicly known or used at the date of the application. Another requirement is for a distinct inventive advance over what was previously known. This means that valid patent protection cannot be obtained for trivial or obvious developments.



Pursuant to the Paris Convention, the filing of an initial patent application in, for example, Australia establishes a priority date for the invention in Australia and all other countries that are a party to this Convention, including countries such as the United States, Canada, New Zealand, Europe and Japan.

The usual steps towards obtaining a patent in Australia and other countries in respect of an invention begin by filing of an application accompanied by a provisional specification. The filing of a provisional application establishes the priority date in respect of the invention disclosed in the provisional specification.

Within twelve months from the date of the filing of the provisional application, a complete application must be lodged otherwise the provisional application, which remains pending for only one year, ceases to exist, along with the priority date set thereby. Thus, if no application is filed within one year of the provisional application, the priority date is no longer valid. Within the one year pendency of the provisional application, in order to obtain protection in other countries, the applicant may file separate national patent applications in each of the countries in which protection is required. Alternatively, the applicant may file a single International application under the provisions of the Patent Cooperation Treaty (generally referred to as a 'PCT' application or an 'International' application) in which it is possible to designate countries or regions in which protection is required. The International application itself does not mature into a worldwide patent, but at the end of the international phase, steps can be taken to file the application into any or all of the countries or regions designated in the original International application.

Regional patent applications, such as a European regional application, may also be filed. A European application may designate any or all countries that are a party to the European Patent Convention. A European patent application may also be extended to certain other jurisdictions including those that are not full signatories to the European Patent Convention. The European patent application is processed centrally and in a single language and, if ultimately successful, can mature into a granted European patent, which must then be validated in each country in which protection is sought, some of which require translation into that country's native language. The term 'European patent' thus actually constitutes a bundle of national patent rights, each of which can be enforced separately through national Courts.

In Australia and most other countries, patent rights may be kept in force for a period of 20 years from the date of filing of the complete application on which the patent is granted, and while the patent is in force the owner has the exclusive right to exploit the invention.

6.0 Potential Limitation of Patent Protection

In most countries, a patent application is subjected to examination for novelty (and obviousness) before a patent is granted. There can be no assurance that each of the patent applications set out in Section 3.0 will result in the grant of a patent, or that the scope of protection provided by any granted patent will be identical to the scope of the application as originally filed. Furthermore, the scope of protection provided by a granted patent in one jurisdiction may differ from that provided by a granted patent in another jurisdiction, due to differences in examination and scope of available protection.

It should be noted that the grant of a patent does not guarantee validity of that patent since it may be revoked on the grounds of invalidity at any time during its life. If none of the claims of a granted patent are valid then the patent is unenforceable. For example, relevant prior disclosures may be discovered that were not raised during examination, which may limit the scope of patent protection sought, perhaps to a very narrow field.

Further, it should also be noted that the granting of a patent does not guarantee that the patentee has freedom to operate the invention claimed in the patent. It may be that working of a patented invention is prevented by the existence of another patent.

7.0 Hazer Trade Secrets and Know-How

Hazer undertakes considerable research and development activity. This activity gives rise to a pool of knowledge, some of which provides a basis for formalised protection (such as patents) and some of which is retained confidentially for internal use to aid subsequent development activities (such as trade secrets and confidential know how). That is, in our opinion, Hazer has a degree of know-how and trade secrets that extends beyond the formalised protection described above. Further, in addition to the above, it is our understanding that Hazer takes steps to prevent leakage of IP through a combination of:

- Taking active steps within the organisation to ensure that trade secrets and know-how are treated and managed as highly confidential information;
- Maintaining a database to document, record and manage the storage, transfer and release of trade secrets and know-how;
- Incorporating confidentiality clauses into employment agreements to ensure the information stays within Hazer;
- Entering into confidentiality agreements with potential collaborators, partners and other third parties prior to any disclosure of detailed technical information.



8.0 Disclaimer and Limitations

The Report is not to be construed as a legal opinion as to the registrability of patent applications. It should also be appreciated that the Report is not a validity opinion. No conclusions on validity based on the Report should be made. Moreover, the Report does not provide any guarantee that the subject inventions may be commercially exploited without risk of infringement of earlier patents.

The searches conducted for this Report and the results of which are in part relied upon in this Report, have been substantially computer based and as such, would have been limited in terms of the time periods and the geographical areas covered. All searches are subject to the accuracy and scope of the records searched as well as to the indexing and classification of those records. Moreover, any search strategy will inevitably involve some compromise between scope and cost.

8.1 Patent Disclaimer

It should be noted that our search results are largely dependent upon the accuracy with which the patent office databases have been established and maintained. Note that this search cannot be taken as an indication as to whether the invention(s) infringe any patents or patent applications in force in Australia or in any other country. An infringement search in respect of Australia would require an exhaustive search of Australian Patent Office records, and an infringement search for any other country would require a similar search of that country's patent records.

Limitations Due to Unpublished Documents

Further please note that the search results are limited to patents and patent applications that have been published, i.e. are open to public inspection. This normally occurs 18 months after the original priority application has been filed with the Patent Office. The United States is an exception where certain older patent applications are not published until grant, which typically occurs between two to four years from the U.S. filing date. There may also be delays between official publication and the implementation of information onto the relevant databases. It is therefore possible that applications relevant to Hazer have been filed but not yet published, in which case such applications would not have been located by our search.

Examination Reports in One Country Not Binding In Other Countries

In most countries, patent applications undergo an independent search and examination by the local Patent Office, the results of which are not binding in other jurisdictions. Similarly, international PCT search and examination reports are not binding on national patent applications during subsequent examination in the national phase. Such reports should therefore be regarded as indicative only and not determinative of patentability. It should also be appreciated that the grant of a patent in one country provides no guarantee that patents will grant in other jurisdictions.

Scope of Claims May Vary during Examination

It is often necessary during the examination of a patent application to define the invention more specifically by amendment of the claims, so as to distinguish relevant prior art. As a result of this process, there may be variations in the claims between countries, reflecting in part the different examination procedures and threshold requirements for patentability, according to national laws. Whilst this is a relatively standard procedure, in certain circumstances, such amendments may affect the scope and hence the commercial significance of the resultant patent protection.

Grant of Patent Provide No Guarantee of Validity

A granted patent provides no guarantee of validity. In most jurisdictions, a patent application undergoes a substantive examination process before proceeding to grant which confers an initial presumption of validity. However, the validity of a patent may be challenged at any time after grant, by way of revocation proceedings filed in a Court of competent jurisdiction.

Grant of Patent Provides No Guarantee of Non-Infringement

The grant of a patent provides no guarantee that the patentee is entitled to commercially exploit the patented invention, since the working of an invention, even if validly patented, may infringe an earlier patent or other intellectual property rights.

9.0 Statement of Independence

Wrays, established in 1920, is Western Australia's largest patent and trade mark attorney practice, proudly representing a significant number of Western Australia's largest businesses, in addition to numerous international and multinational clients. Neither Wrays nor any of its partners has any entitlement to any securities in Hazer, or has any other interest in the promotion of Hazer. Furthermore, the payment of fees to Wrays for the preparation of this Report is not contingent upon the outcome of the Prospectus.

We have given our consent to the issue of the Prospectus with this report appearing therein.



Brendan Peachey
Director

11 September 2015
WRAYS



INVESTIGATING ACCOUNTANT'S REPORT

17 September 2015

The Directors
Hazer Group Limited
Suite 7, 29 The Avenue
Nedlands WA 6009



RSM Bird Cameron Corporate Pty Ltd

Dear Directors

Investigating Accountant's Report

Independent Limited Assurance Report ("Report") on Hazer Group Limited's historical and pro forma historical financial information

1. Introduction

We have been engaged by Hazer Group Limited ("Hazer" or "Company") to report on the historical financial information and pro forma historical financial information of Hazer as at 30 June 2015 and for the years ended 30 June 2015, 30 June 2014 and 30 June 2013 for inclusion in the prospectus ("Prospectus") of Hazer, pursuant to which the Company is offering 25,000,000 ordinary Hazer shares at an issue price of \$0.20 per share to raise \$5,000,000 ("Capital Raising") dated on or about 17 September 2015.

Expressions and terms defined in the Prospectus have the same meaning as in this Report.

2. Background

The Company was incorporated on 21 June 2010 as Hazer Pty Ltd for the purpose of commercialising a technology developed at The University of Western Australia ("UWA") which allows the production of hydrogen gas from methane (natural gas) with limited carbon dioxide emissions and the co-production of a high purity graphite product (the "Hazer Process").

3. Scope

Historical financial information

You have requested RSM Bird Cameron Corporate Pty Ltd to review the following historical financial information of Hazer ("the responsible party") included in the Prospectus at the Appendix to this Report:

- the Statement of Comprehensive Income for the years ended 30 June 2013, 30 June 2014 and 30 June 2015 for Hazer; and
- the Statement of Financial Position as at 30 June 2015.

The historical financial information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and Hazer's adopted accounting policies. The historical financial information has been extracted from the financial report of Hazer for the years ended 30 June 2015, 30 June 2014 and 30 June 2013, which were audited by RSM Bird Cameron Partners in accordance with the Australian Auditing Standards. All audit reports issued during this period were unqualified opinions.

The historical financial information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001.

Pro forma historical financial information

You have requested RSM Bird Cameron Corporate Pty Ltd to review the pro forma historical Statement of Financial Position as at 30 June 2015 referred to as "the pro forma historical financial information".

The pro forma historical financial information has been derived from the historical financial information of Hazer, after adjusting for the effects of pro forma adjustments described in Note 1 of the Appendix of this Report. The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the historical financial information and the events or transactions to which the pro forma adjustments relate, as described in Note 1 of the Appendix of this Report, as if those events or transactions had occurred as at the date of the historical financial information. Due to its nature, the pro forma historical financial information does not represent the Company's actual or prospective financial position.



4. Directors' responsibility

The Directors of Hazer are responsible for the preparation of the historical financial information and pro forma historical financial information, including the selection and determination of pro forma adjustments made to the historical financial information and included in the pro forma historical financial information. This includes responsibility for such internal controls as the Directors determine are necessary to enable the preparation of historical financial information and pro forma historical financial information that are free from material misstatement, whether due to fraud or error.

5. Our responsibility

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

A review consists of making such enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. Our procedures included:

- a consistency check of the application of the stated basis of preparation, to the historical and pro forma historical financial information;
- a review of Hazer's and their auditors' work papers, accounting records and other documents;
- enquiry of directors, management personnel and advisors;
- consideration of the pro forma adjustments described in Note 1 to the Appendix of this Report; and
- the performance of analytical procedures applied to the historical and pro forma historical financial information.

A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

6. Conclusions

Historical financial information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the historical financial information, as described in the Appendix to this Report, and comprising:

- the Statement of Comprehensive Income the years ended 30 June 2015, 30 June 2014 and 30 June 2013;
- the Statements of Financial Position as at 30 June 2015.

are not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Note 1 of the Appendix to this Report.

Pro Forma historical financial information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the pro forma historical financial information, as described in the Appendix to this Report, and comprising the Statement of Financial Position as at 30 June 2015 of is not presented fairly in all material respects, in accordance with the stated basis of preparation, as described in Section 3 of this Report.

7. Restriction on Use

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

8. Responsibility

RSM Bird Cameron Corporate Pty Ltd has consented to the inclusion of this assurance report in the Prospectus in the form and context in which it is included. RSM Bird Cameron Corporate Pty Ltd has not authorised the issue of the Prospectus. Accordingly, RSM Bird Cameron Corporate Pty Ltd makes no representation regarding, and takes no responsibility for, any other documents or material in, or omissions from, the Prospectus.

9. Disclosure of Interest

RSM Bird Cameron Corporate Pty Ltd does not have any interest in the outcome of the Capital Raising or Acquisition other than the preparation of this Report for which normal professional fees will be received.

Yours faithfully

A J GILMOUR
Director



Appendix A – Historical and pro forma financial information

HAZER GROUP LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE YEARS ENDED 30 JUNE 2015

	Note	Audited 30-Jun-15 \$	Audited 30-Jun-14 \$	Audited 30-Jun-13 \$
Interest Received		6,632	2,596	4,060
Administration expenses		(69,764)	(684)	(4,973)
Consulting and research expenses	2	(204,836)	(43,000)	-
Finance costs		(131)	(126)	(132)
Share based payments		(254,394)	(125,000)	-
Total expenses		(529,125)	(168,810)	(5,105)
Loss before income tax expense		(522,493)	(166,214)	(1,045)
Income tax		-	-	-
Loss for the period		(522,493)	(166,214)	(1,045)
Other comprehensive income		-	-	-
Total comprehensive loss for the period		(522,493)	(166,214)	(1,045)



Appendix A – Historical and pro forma financial information

HAZER GROUP LIMITED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015

	Note	Audited Hazer 30-Jun-15 \$	Pro forma adjustments 30-Jun-15 \$	Pro forma unaudited 30-Jun-15 \$
ASSETS				
Current Assets				
Cash and cash equivalents	3	562,927	4,500,000	5,062,927
GST refundable		28,389	-	28,389
Total Current Assets		591,316	4,500,000	5,091,316
TOTAL ASSETS		591,316	4,500,000	5,091,316
LIABILITIES				
Current Liabilities				
Trade and other payables		46,224	-	46,224
Total Current Liabilities		46,224	-	46,224
TOTAL LIABILITIES		46,224	-	46,224
NET ASSETS		545,092	4,500,000	5,045,092
EQUITY				
Issued Capital	4	1,302,945	3,319,022	4,621,967
Reserves	5	409,394	1,347,691	1,757,085
Accumulated losses	6	(1,167,247)	(166,713)	(1,333,960)
TOTAL EQUITY		545,092	4,500,000	5,045,092

The unaudited pro forma statement of financial position represents the audited statement of financial position of the Company as at 30 June 2015 adjusted for pro forma transactions outlined in Note 1 of this Appendix. It should be read in conjunction with the notes to the historical and pro forma financial information.



Appendix A – Historical and pro forma financial information

HAZER GROUP LIMITED NOTES TO THE HISTORICAL AND PRO FORMA FINANCIAL INFORMATION AS AT 30 JUNE 2015

1. Introduction

The financial information set out in this Appendix consists of the Statement of Financial Position as at 30 June 2015 and the Statements of Comprehensive Income for the years ended 30 June 2015, 30 June 2014 and 30 June 2013 ("the historical financial information") together with a Pro Forma Statement of Financial Position reflecting the Directors' pro forma adjustments ("the Pro Forma Financial Information").

The Pro Forma Financial information has been compiled by adjusting the Statement of Financial Position of the Company as at 30 June 2015 for the impact of the following pro forma transactions which are yet to occur, but are proposed to occur following completion of the Capital Raising:

Adjustments adopted in compiling the pro forma historical financial information

The pro forma historical statement of financial position as at 30 June 2015 has been prepared by adjusting the audited statement of financial position of Hazer as at 30 June 2015, to reflect the financial effects of the following subsequent events which have occurred in the period since 30 June 2015 and the date of this Report:

- (a) The issue of the following options;
 - 500,000 Series A options of Hazer exercisable at \$0.25 to management which vest at the completion of the Capital Raising.
 - 5,250,000 Series C options of Hazer exercisable at \$0.25 to management and vest 6 months after the Company is admitted to the Official List of ASX;
 - 5,250,000 Series D options of Hazer exercisable at \$0.40 to management and vest 18 months after the Company is admitted to the Official List of ASX

and the following pro forma transactions which are yet to occur, but are proposed to occur following completion of the Capital Raising.

- (b) The issue of 25,000,000 ordinary Hazer shares at \$0.20 each, to raise \$5,000,000 pursuant to the Prospectus;
- (c) Capital raising costs of \$500,000;
- (d) The issue of 10,000,000 Series E options of Hazer exercisable at \$0.30 to advisors in relation to capital raising which vest at the completion of the Capital Raising.

The Pro Forma Financial Information has been presented in abbreviated form and does not contain all the disclosures usually provided in an Annual Report prepared in accordance with the Corporations Act 2001.



Appendix A – Historical and pro forma financial information

HAZER GROUP LIMITED NOTES TO THE HISTORICAL AND PRO FORMA FINANCIAL INFORMATION AS AT 30 JUNE 2015

Note 1. Significant accounting policies

(a) Statement of compliance

The historical financial information has been prepared in accordance with the recognition and measurement requirements of the Australian Accounting Standards (AASBs), adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The consolidated financial statements comply with International Financial Reporting Standards (IFRSs) adopted by the International Accounting Standards Board (IASB).

The significant accounting policies that have been adopted in the preparation and presentation of the Pro forma Consolidated Financial Information are:

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments classified at fair value through profit or loss, which are measured at fair value.

(c) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Group's functional currency.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

(e) Going concern

The historical and pro forma financial information has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

(f) Revenue recognition

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

Interest

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

Other revenue

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

(g) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as noncurrent.

Deferred tax assets and liabilities are always classified as non-current.



Appendix A – Historical and pro forma financial information

HAZER GROUP LIMITED NOTES TO THE HISTORICAL AND PRO FORMA FINANCIAL INFORMATION AS AT 30 JUNE 2015

(h) Cash and cash equivalents

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

(i) Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

(j) Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial period and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

(k) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

(l) Issued capital

Ordinary shares are classified as equity.

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

(m) Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.



HAZER GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2015

(n) Research and development

Research costs are expensed in the period in which they are incurred.

Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the company is able to use or sell the asset; the company has sufficient resources; and intent to complete the development and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit.

Note 2. Research and development costs

Costs associated with the research and development of graphite and hydrogen production technology have not at the reporting date met the criteria for recognition as an intangible asset. As a result, the company has recognised these costs as an expense when incurred. The company will re-assess the treatment of these costs during future periods as the company continues to progress with the development of its technology.

Note 3. Cash and cash equivalents

	Note	Audited 30-Jun-15 \$	Unaudited Pro forma 30-Jun-15 \$
Cash and cash equivalents		562,927	5,062,927
Cash and cash equivalents as at 30 June 2015			562,927
<i>Adjustments arising in the preparation of the pro forma statement of financial position are summarised as follows:</i>			
Proceeds from the Capital Raising	1(b)		5,000,000
Costs of the Capital Raising	1(c)		(500,000)
			4,500,000
Pro forma cash and cash equivalents			5,062,927

Note 4. Equity - issued capital

(a) Issued and fully paid up capital

	Note	Number of shares	\$
Issued share capital as at 30 June 2015		36,192,002	1,302,945
<i>Adjustments arising in the preparation of the pro forma statement of financial position are summarised as follows:</i>			
Fully paid ordinary shares issued at \$0.20 pursuant to this Prospectus	1(b)	25,000,000	5,000,000
Cash costs associated with the share issue pursuant to the Capital Raising	1(c)	-	(500,000)
Cost of options issued to advisors pursuant to the Capital Raising	1(d)	-	(1,180,978)
		25,000,000	3,319,022
Pro forma issued share capital		61,192,002	4,621,967



HAZER GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2015

Note 5. Reserves

	Note	Audited 30-Jun-15 \$	Unaudited Pro forma 30-Jun-15 \$
Reserves		409,394	1,757,085
Reserves as at 30 June 2015			409,394
<i>Adjustments arising in the preparation of the pro forma statement of financial position are summarised as follows:</i>			
Share based payments expense related to options issued	1(a)		166,713
Cost of options issued to advisors pursuant to the Capital Raising	1(d)		1,180,978
			1,347,691
Pro forma reserves			1,757,085

Share based payments

Between 30 June 2015 and the date of this Report, Hazer completed the issue of 500,000 Series A options exercisable at \$0.25 to management which vest upon completion of the Capital Raising. Hazer also issued 5,250,000 Series C and 5,250,000 Series D options to directors and management. The Series C and Series D options will vest 6 months and 18 months after Company's shares being admitted to the Official List of the ASX respectively.

Pursuant to the Capital Raising, Hazer will issue 10,000,000 Series E options to brokers and advisors. The options will vest on confirmation of the Company's shares being admitted to the Official List of the ASX.

All options have been valued using a standard binomial option pricing model using the following assumptions:

Assumptions	Series A*	Series C	Series D	Series E
Number of options	500,000	5,250,000	5,250,000	10,000,000
Valuation date	30-Jun-15	30-Jun-15	30-Jun-15	30-Jun-15
Spot price	\$0.05**	\$0.05**	\$0.05**	\$0.20
Exercise price	\$0.25	\$0.25	\$0.40	\$0.30
Expiry date	31-Dec-17	31-Dec-18	31-Dec-19	31-Dec-18
Expected future volatility	100%	100%	100%	100%
Risk free rate	2%	2%	2%	2%
Dividend yield	0%	0%	0%	0%

*11,000,000 Series A options were on issue prior to 30 June 2015.

**The spot price of the Series A, C and D options is based on the fair value of a Hazer share at the grant date.

Series A options

Upon the exercise of a Series A option the holder will be issued with one Hazer share and one Series B Option. Series B options are exercisable at \$0.40 and expire on 31 December 2020.



HAZER GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2015

Note 6. Accumulated losses

	Note	Audited 30-Jun-15 \$	Unaudited Pro forma 30-Jun-15 \$
Accumulated losses		(1,167,247)	(1,333,960)
Accumulated losses as at 30 June 2015			(1,167,247)
<i>Adjustments arising in the preparation of the pro forma statement of financial position are summarised as follows:</i>			
Share based payments expense related to options issued	1(d)		(166,713)
Pro forma accumulated losses			(1,333,960)

Note 7.

The Directors of Hazer as at the date of this Report are Rick Hopkins, Geoff Pocock, Danielle Lee and Bryant McLarty. Directors' holdings of shares, directors' remuneration and other directors' interests are set out in Section 12.6 of the Prospectus.

Note 8. Contingent liabilities

The company had no contingent liabilities as at 30 June 2015 and 30 June 2014.

Note 9. Commitments

The company had no commitments for expenditure as at 30 June 2015 and 30 June 2014.



MATERIAL CONTRACTS

11.1 AGREEMENTS WITH UWA CONCERNING THE HAZER TECHNOLOGY

The Company has entered into 2 agreements with UWA concerning ownership of intellectual property rights in respect of the Technology. The 2 agreements are an Intellectual Property Assignment Deed of 6 October 2010 and a Research and Intellectual Property Agreement of 7 October 2010.

By the Intellectual Property Assignment Deed, UWA assigned to Hazer all the existing and future intellectual property rights in the Hazer IP. The Hazer IP is all intellectual property rights in the process to utilise a catalytic system to produce hydrogen from methane without the production of carbon dioxide including rights in then provisional patents and any patent based on or deriving priority from the provisional patents. UWA's warranties included that it is the legal and beneficial owner of the Hazer IP and no person other than UWA has any interest in the Hazer IP or right or permission to use, reproduce or exploit the Hazer IP or exercise any rights in relation to the Hazer IP.

In consideration of the assignment of the intellectual property rights, the Company issued 5,000,000 Shares to UWA and other nominated parties including various inventors.

By the Research and Intellectual Property Agreement the Company engaged UWA to undertake a research project by its office of industry and innovation to investigate the commercial potential of the Hazer IP. The term of engagement was for 9 months from August 2010 and has been completed.

The agreement provided that all project IP (being all intellectual property created or developed by UWA by reason of its project services) will be exclusively owned by the Company. The Company granted to UWA a perpetual, royalty-free licence to use the project IP solely for academic research purposes and any new intellectual property arising from such research that is of commercial value and requires the use of project IP will also be exclusively owned by the Company.

11.2 EXECUTIVE SERVICE AGREEMENT WITH GEOFF POCKOCK

The Company has entered into an executive service agreement with Geoff Pocock as managing director.

By the agreement Mr Pocock is employed as the full-time managing director.

The engagement of Mr Pocock under the agreement commences on the date the Company is admitted to the Official List and continues until terminated by either party. The Company may terminate the employment without notice upon limited events akin to misconduct or incapacity. Additionally, either party may terminate the agreement without cause upon 6 months written notice.

Mr Pocock's cash remuneration will consist of \$240,000 per annum plus statutory superannuation. He will be provided with a laptop and mobile telephone. Additionally, Mr Pocock will be issued with 2,000,000 Series C Options and 2,000,000 Series D Options. The terms of these Options are set out in Section 12.2. Mr Pocock will not be paid a separate director's fee for serving on the Board.

The remuneration of Mr Pocock will be reviewed 12 months from the commencement date and every 12 months thereafter or as otherwise agreed between the parties. Every 6 months the Board will determine whether Mr Pocock will be awarded a performance bonus at the discretion of the Board of up to 50% of base salary.

11.3 EXECUTIVE SERVICE AGREEMENT WITH DR ANDREW CORNEJO

The Company has entered into an executive service agreement with Dr Andrew Cornejo as chief technical officer.

By the agreement Dr Cornejo is employed as the full-time chief technical officer.

The engagement of Dr Cornejo under the agreement commences on the date the Company is admitted to the Official List and continues until terminated by either party. The Company may terminate the employment without notice upon limited events akin to misconduct or incapacity. Additionally, either party may terminate the agreement without cause upon 6 months written notice.

Dr Cornejo's cash remuneration will consist of \$180,000 per annum plus statutory superannuation. He will be provided with a laptop and mobile telephone. Additionally, Dr Cornejo will be issued with 1,500,000 Series C Options and 1,500,000 Series D Options. The terms of these Options are set out in Section 12.2.

The remuneration of Dr Cornejo will be reviewed 12 months from the commencement date and every 12 months thereafter or as otherwise agreed between the parties. Every 6 months the Board will determine whether Dr Cornejo will be awarded a performance bonus at the discretion of the Board of up to 30% of base salary.



11.4 SERVICE AGREEMENT WITH POLARIS CONSULTING (WA) PTY LTD

The Company in September 2014 entered into a services agreement with Polaris Consulting (WA) Pty Ltd ("Polaris"), a company controlled by Geoff Pocock.

This agreement as amended provided for the Company to engage Polaris to provide management services until the listing of the Company on ASX. The management services are for the operational management of the Company including the provision of services of Geoff Pocock and Dr Andrew Cornejo.

This agreement ceases upon the Company listing on ASX. The engagement of Geoff Pocock and Dr Andrew Cornejo from ASX listing will be under individual executive service agreements summarised above.

Under the agreement, Polaris will be paid a success fee of \$50,000 plus GST upon the listing of the Company on ASX prior to 31 December 2015.

11.5 LEAD MANAGER AGREEMENT WITH MAC EQUITY

The Company has entered into an agreement with Mac Equity Partners Pty Ltd ("Mac Equity") by which Mac Equity has been appointed as Lead Manager to the Offer under this Prospectus. Mac Equity is a company controlled by Bryant Mclarty.

Mac Equity in its role as Lead Manager will manage the capital raising by the Offer on a best endeavours basis.

In respect of its role as Lead Manager to the Offer, the fees payable to Mac Equity upon successful completion of the Offer is a 6% capital raising fee plus GST of all funds raised under the Offer (\$300,000 plus GST) and the issue of 10,000,000 Series E Options. Mac Equity may pass on any part of the fees to Australian financial services licensees or authorised representatives or nominate parties to receive some of the 10,000,000 Series E Options. Additionally, Mac Equity or its nominees has been issued with 5,000,000 Series A Options for services associated with underwriting a rights issue of the Company and committing to lead manage this Offer. The Series A Options are primary Options which upon exercise of each Series A Option result in the issue of one Share and one Series B Option (a secondary Option). The terms of the various Options are set out in Section 12.2.

11.6 CORPORATE SERVICES AGREEMENT

The Company has entered into an agreement with Mac Equity Partners (International) Pty Ltd ("Mac Equity International") by which Mac Equity International has agreed to provide the Company with various corporate services. Mac Equity International is a company of which Geoff Pocock and Bryant Mclarty are shareholders and directors.

The corporate services to be provided under the agreement are:

- (a) providing office space at Suite 7, 29 The Avenue, Nedlands, Western Australia and the payment of office amenities and associated services including telephone and internet charges;
- (b) providing secretarial services; and
- (c) providing accounting support.

In consideration of the provision of the corporate services, the Company will pay Mac Equity International \$13,000 per month.

Either party may terminate the agreement on 30 days notice in writing to the other party.



ADDITIONAL INFORMATION

12.1 RIGHTS ATTACHING TO SHARES

The rights to ownership of the Shares are:

- detailed in our Constitution; and
- in certain circumstances, regulated by the Corporations Act, the Listing Rules and the general law.

A summary of the more significant rights attaching to Shares is set out below. The summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, you should seek independent legal advice.

Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at a general meeting of members every member has one vote on a show of hands and one vote per Share on a poll. The person who holds a share which is not fully paid shall be entitled to a fraction of a vote equal to that proportion of a vote that the amount paid on the relevant share bears to the total issue price of the share. Voting may be in person or by proxy, attorney or representative.

Dividends

Subject to the rights of holders of shares issued with any special rights (at present there are none), the profits of the Company which the Board may from time to time determine to distribute by way of dividend are divisible to each share of a class on which the Board resolves to pay a dividend in proportion to the amount for the time being paid on a share bears to the total issue price of the share. All Shares currently on issue and the shares to be issued under this Prospectus are fully paid Shares.

Future Issues of Securities

Subject to the Corporations Act and the Listing Rules, the Directors may issue, grant options over, or otherwise dispose of unissued shares in the Company at the times and on the terms that the Directors think proper and a share may be issued with preferential or special rights.

Transfer of Shares

A shareholder may transfer Shares by a market transfer in accordance with any computerised or electronic system established or recognised by ASX for the purpose of facilitating transfers in Shares or by an instrument in writing in a form approved by ASX or the Board.

Meetings and Notices

Each shareholder is entitled to receive notice of, and to attend, general meetings for the Company and to receive all notices, accounts and other documents required to be sent to shareholders under the Constitution, the Corporations Act or the Listing Rules.

Shareholders may requisition meetings in accordance with the Corporations Act.

Election of Directors

There must be a minimum of 3 Directors. At every annual general meeting one third of the Directors (rounded to the nearest whole number) must retire from office. If the Company has less than 3 Directors, one Director must retire from office together with any Director who would have held office for more than 3 years if that Director remains in office until the next general meeting. These retirement rules do not apply to certain appointments including the managing director.

Indemnities

To the extent permitted by law the Company must indemnify each past and present Director and secretary against any liability incurred by that person as an officer of the Company and any legal costs incurred in defending an action in respect of such liability.



Winding Up

If the Company is wound up, the liquidator may, with the sanction of a special resolution of the shareholders:

- divide the assets of the Company among the members in kind;
- for that purpose fix the value of assets and decide how the division is to be carried out as between the members and different class of members; and
- vest assets of the Company in trustees on any trusts for the benefit of the members as the liquidator thinks appropriate.

Shareholder Liability

As the Shares under the Prospectus are fully paid Shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

Alteration to the Constitution

The Constitution can only be amended by a special resolution passed by at least three quarters of shareholders present and voting at the general meeting. At least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

Listing Rules

If the Company is admitted to trading on the Official List, then despite anything in the Constitution, if the Listing Rules prohibit an act being done, the act must not be done. Nothing in the Constitution prevents an act being done that the Listing Rules require to be done. If the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). If the Listing Rules require the Constitution to contain a provision and it does not contain such a provision, the Constitution is deemed to contain that provision. If the Listing Rules require the Constitution not to contain a provision and it contains such a provision, the Constitution is deemed not to contain that provision. If a provision of the Constitution is inconsistent with the Listing Rules, the Constitution is deemed not to contain that provision to the extent of the inconsistency.



12. ADDITIONAL INFORMATION

12.2 OPTION TERMS

At the date of ASX listing the Company will have the following Options on issue.

Type	Total Number of Options ^{1 and 2}	Vesting Hurdle	Exercise Price	Expiry Date
Series A Options ¹	11,500,000	Nil (at ASX listing)	25 cents	31 December 2017
Series C Options	5,250,000	Vest 6 months after admission to the Official List of ASX provided the Option holder (or nominee) has continued to be engaged as an employee, contractor, consultant or Board member of the Company prior to the vesting date	25 cents	31 December 2018
Series D Options	5,250,000	Vest 18 months after admission to the Official List of ASX provided the Option holder (or nominee) has continued to be engaged as an employee, contractor, consultant or Board member of the Company prior to the vesting date	40 cents	31 December 2019
Series E Options	10,000,000	Nil	30 cents	31 December 2018

1. The Series A Options are primary Options which upon exercise of each Series A Option result in the issue of one Share and one Series B Option (a secondary Option). A Series B Option has an exercise price of 40 cents and an expiry date of 31 December 2020. If all the Series A Options are exercised there will be 11,500,000 Series B Options on issue. The full terms of the Series B Options are set out below.
2. As set out in Sections 3.12 and 12.3, the Company intends to issue future Entitlements Options on the basis of 1 Option for every 4 Shares held at the relevant record date. Based on the Shares at ASX listing, up to 15,298,001 Entitlements Options will be issued.



The terms of each of the Series A Options, Series B Options, Series C Options, Series D Options and Series E Options are set out below.

Series A Options

- (a) Each Option entitles the holder to one Share (fully paid ordinary share).
- (b) The exercise price of the Options is 25 cents.
- (c) The Options vest upon the Company being admitted to the Official List of ASX.
- (d) Subject to the vesting hurdle being met, the Options are exercisable at any time prior to 5.00 pm WST on 31 December 2017 (Expiry Date).
- (e) The Options are only transferable with Board approval and are subject to any ASX escrow restrictions. The Options are not intended to be quoted.
- (f) The Company will provide to each Option holder a notice that is to be completed when exercising the Options (Notice of Exercise). The Options may be exercised wholly or in part by completing the Notice of Exercise and delivering it together with payment to the secretary of the Company to be received any time prior to the Expiry Date. The Company will process all relevant documents received at the end of every calendar month.
- (g) Upon the exercise of an Option and receipt of all relevant documents and payment, the holder will be issued with:
 - (1) one Share ranking equally with the then issued Shares; and
 - (2) one Series B Option (or secondary Option).
- (h) There will be no participating rights or entitlements inherent in the Options and the holders will not be entitled to participate in new issues of capital which may be offered to Shareholders during the currency of the Options. However, the Company will ensure that the Optionholder will be notified of a proposed issue after the issue is announced. This will give an Optionholder the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
- (i) If there is a bonus issue (Bonus Issue) to Shareholders, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the holder would have received if the Option had been exercised before the record date for the Bonus Issue (Bonus Shares). The Bonus Shares must be paid up by the Company out of profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue, and upon issue will rank equally in all respects with the other Shares on issue as at the date of issue of the Bonus Shares.
- (j) In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company prior to the Expiry Date, all rights of an Optionholder are to be changed in a manner consistent with the Listing Rules.

Series B Options

- (a) Each Option entitles the holder to one Share (fully paid ordinary share).
- (b) The exercise price of the Options is 40 cents.
- (c) The Options are exercisable at any time prior to 5.00 pm WST on 31 December 2020 (Expiry Date).
- (d) The Options are only transferable with Board approval and are subject to any ASX escrow restrictions. The Options are not intended to be quoted.
- (e) The Company will provide to each Option holder a notice that is to be completed when exercising the Options (Notice of Exercise). The Options may be exercised wholly or in part by completing the Notice of Exercise and delivering it together with payment to the secretary of the Company to be received any time prior to the Expiry Date. The Company will process all relevant documents received at the end of every calendar month.
- (f) Upon the exercise of an Option and receipt of all relevant documents and payment, the holder will be issued with a Share ranking equally with the then issued Shares.
- (g) There will be no participating rights or entitlements inherent in the Options and the holders will not be entitled to participate in new issues of capital which may be offered to Shareholders during the currency of the Options. However, the Company will ensure that the Optionholder will be notified of a proposed issue after the issue is



announced. This will give an Optionholder the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.

- (h) If there is a bonus issue (Bonus Issue) to Shareholders, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the holder would have received if the Option had been exercised before the record date for the Bonus Issue (Bonus Shares). The Bonus Shares must be paid up by the Company out of profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue, and upon issue will rank equally in all respects with the other Shares on issue as at the date of issue of the Bonus Shares.
- (i) In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company prior to the Expiry Date, all rights of an Optionholder are to be changed in a manner consistent with the Listing Rules.

Series C Options

- (a) Each Option entitles the holder to one Share (fully paid ordinary share).
- (b) The exercise price of the Options is 25 cents.
- (c) The Options vest 6 months after the Company is admitted to the Official List of ASX provided that the Option holder (or nominee) has continued to be engaged as an employee, contractor, consultant or Board member of the Company prior to the vesting date.
- (d) Subject to the vesting hurdle being met, the Options are exercisable at any time prior to 5.00 pm WST on 31 December 2018 (Expiry Date).
- (e) The Options are only transferable with Board approval and are subject to any ASX escrow restrictions. The Options are not intended to be quoted.
- (f) The Company will provide to each Option holder a notice that is to be completed when exercising the Options (Notice of Exercise). The Options may be exercised wholly or in part by completing the Notice of Exercise and delivering it together with payment to the secretary of the Company to be received any time prior to the Expiry Date. The Company will process all relevant documents received at the end of every calendar month.
- (g) Upon the exercise of an Option and receipt of all relevant documents and payment, the holder will be issued a Share ranking equally with the then issued Shares.
- (h) There will be no participating rights or entitlements inherent in the Options and the holders will not be entitled to participate in new issues of capital which may be offered to Shareholders during the currency of the Options. However, the Company will ensure that the Optionholder will be notified of a proposed issue after the issue is announced. This will give an Optionholder the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
- (i) If there is a bonus issue (Bonus Issue) to Shareholders, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the holder would have received if the Option had been exercised before the record date for the Bonus Issue (Bonus Shares). The Bonus Shares must be paid up by the Company out of profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue, and upon issue will rank equally in all respects with the other Shares on issue as at the date of issue of the Bonus Shares.
- (j) In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company prior to the Expiry Date, all rights of an Optionholder are to be changed in a manner consistent with the Listing Rules.

Series D Options

- (a) Each Option entitles the holder to one Share (fully paid ordinary share).
- (b) The exercise price of the Options is 40 cents.
- (c) The Options vest 18 months after the Company is admitted to the Official List of ASX provided that the Option holder (or nominee) has continued to be engaged as an employee, contractor, consultant or Board member of the Company prior to the vesting date.



- (d) Subject to the vesting hurdle being met, the Options are exercisable at any time prior to 5.00 pm WST on 31 December 2019 (Expiry Date).
- (e) The Options are only transferable with Board approval and are subject to any ASX escrow restrictions. The Options are not intended to be quoted.
- (f) The Company will provide to each Option holder a notice that is to be completed when exercising the Options (Notice of Exercise). The Options may be exercised wholly or in part by completing the Notice of Exercise and delivering it together with payment to the secretary of the Company to be received any time prior to the Expiry Date. The Company will process all relevant documents received at the end of every calendar month.
- (g) Upon the exercise of an Option and receipt of all relevant documents and payment, the holder will be issued a Share ranking equally with the then issued Shares.
- (h) There will be no participating rights or entitlements inherent in the Options and the holders will not be entitled to participate in new issues of capital which may be offered to Shareholders during the currency of the Options. However, the Company will ensure that the Optionholder will be notified of a proposed issue after the issue is announced. This will give an Optionholder the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
- (i) If there is a bonus issue (Bonus Issue) to Shareholders, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the holder would have received if the Option had been exercised before the record date for the Bonus Issue (Bonus Shares). The Bonus Shares must be paid up by the Company out of profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue, and upon issue will rank equally in all respects with the other Shares on issue as at the date of issue of the Bonus Shares.
- (j) In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company prior to the Expiry Date, all rights of an Optionholder are to be changed in a manner consistent with the Listing Rules.

Series E Options

- (a) Each Option entitles the holder to one Share (fully paid ordinary share).
- (b) The exercise price of the Options is 30 cents.
- (c) The Options are exercisable at any time prior to 5.00 pm WST on 31 December 2018 (Expiry Date).
- (d) The Options are freely transferable and are subject to any ASX escrow restrictions.
- (e) The Company will provide to each Option holder a notice that is to be completed when exercising the Options (Notice of Exercise). The Options may be exercised wholly or in part by completing the Notice of Exercise and delivering it together with payment to the secretary of the Company to be received any time prior to the Expiry Date. The Company will process all relevant documents received at the end of every calendar month.
- (f) Upon the exercise of an Option and receipt of all relevant documents and payment, the holder will be issued a Share ranking equally with the then issued Shares.
- (g) There will be no participating rights or entitlements inherent in the Options and the holders will not be entitled to participate in new issues of capital which may be offered to Shareholders during the currency of the Options. However, the Company will ensure that the Optionholder will be notified of a proposed issue after the issue is announced. This will give an Optionholder the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
- (h) If there is a bonus issue (Bonus Issue) to Shareholders, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the holder would have received if the Option had been exercised before the record date for the Bonus Issue (Bonus Shares). The Bonus Shares must be paid up by the Company out of profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue, and upon issue will rank equally in all respects with the other Shares on issue as at the date of issue of the Bonus Shares.
- (i) In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company prior to the Expiry Date, all rights of an Optionholder are to be changed in a manner consistent with the Listing Rules.



12.3 ENTITLEMENTS OPTIONS ISSUE

The Company intends to undertake a non-renounceable entitlements issue of Entitlements Options to registered Shareholders at a time approximately 3 months after admission to the Official List. The Entitlements Options are intended to be offered for subscription at a price of 1 cent each and on the basis of 1 Entitlements Option for every 4 Shares held. The Entitlements Option will have an exercise price of 30 cents and an expiry date of 31 December 2018.

It is proposed that all Shareholders registered on the applicable record date and resident in Australia or New Zealand will be entitled to participate in the non-renounceable entitlements issue of Entitlements Options. A disclosure document for the issue of the Entitlements Options will be issued and mailed to eligible Shareholders. Anyone who wishes to acquire Entitlements Options will need to complete an application form which will be in or accompanying the disclosure document.

Application will be made for the Entitlements Options to be granted quotation on the ASX. Any offer will be subject to then prevailing market conditions.

Upon payment of the subscription price of 1 cent each, the terms of the Entitlements Options are the same as the Series E Options. The terms are set out below.

- (a) Each Option entitles the holder to one Share (fully paid ordinary share).
- (b) The exercise price of the Options is 30 cents.
- (c) The Options are exercisable at any time prior to 5.00 pm WST on 31 December 2018 (Expiry Date).
- (d) The Options are freely transferable. The Company will apply for quotation of the Options on ASX.
- (e) The Company will provide to each Option holder a notice that is to be completed when exercising the Options (Notice of Exercise). The Options may be exercised wholly or in part by completing the Notice of Exercise and delivering it together with payment to the secretary of the Company to be received any time prior to the Expiry Date. The Company will process all relevant documents received at the end of every calendar month.
- (f) Upon the exercise of an Option and receipt of all relevant documents and payment, the holder will be issued a Share ranking equally with the then issued Shares.
- (g) There will be no participating rights or entitlements inherent in the Options and the holders will not be entitled to participate in new issues of capital which may be offered to Shareholders during the currency of the Options. However, the Company will ensure that the Optionholder will be notified of a proposed issue after the issue is announced. This will give an Optionholder the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
- (h) If there is a bonus issue (Bonus Issue) to Shareholders, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the holder would have received if the Option had been exercised before the record date for the Bonus Issue (Bonus Shares). The Bonus Shares must be paid up by the Company out of profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue, and upon issue will rank equally in all respects with the other Shares on issue as at the date of issue of the Bonus Shares.
- (i) In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company prior to the Expiry Date, all rights of an Optionholder are to be changed in a manner consistent with the Listing Rules.

12.4 COMPANY TAX STATUS AND FINANCIAL YEAR

We will be taxed in Australia as a public company. Our financial year ends on 30 June annually.

12.5 DIVIDEND POLICY

We anticipate that significant expenditure will be incurred in the development of our technology. These activities are expected to dominate the two year period following the date of this Prospectus. Income growth in the form of dividends will only eventuate if our planned development of the technology is commercially successful. We have no immediate intention to declare or distribute dividends.

Any future determination as to the payment of dividends generally by the Company will be at the discretion of the Directors and will depend on the availability of distributable earnings and operating results and financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors.



12.6 DIRECTORS' INTERESTS

Interests of Directors

Other than as set out below or elsewhere in this Prospectus, no Director or proposed Director holds at the date of this Prospectus, or held at any time during the last two years before the date of lodgement of this Prospectus with ASIC, any interest in:

- 12.6.1 the formation or promotion of the Company; or
- 12.6.2 any property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Company or the Offer; or
- 12.6.3 the Offer;

and no amounts have been paid or agreed to be paid by any person and no benefits have been given or agreed to be given by any person to a Director or proposed Director to induce him or her to become, or to qualify as, a Director; or for services provided by a Director or proposed Director in connection with the formation or promotion of the Company or the Offer.

Interests in securities

The Directors (and their respective associates) at the close of the Offer will have a relevant interest in securities of the Company as set out below. Interests include those held directly and indirectly.

Director	Shares ¹	Series A Options ²	Series C Options ³	Series D Options ⁴
Rick Hopkins	800,010	200,000	550,000	550,000
Geoff Pocock	4,200,000	3,000,000	2,000,000	2,000,000
Danielle Lee	0	150,000	400,000	400,000
Bryant McLarty ⁵	1,800,000	2,500,000	400,000	400,000

Notes:

- The Directors may subscribe for Shares under the Prospectus. The table assumes that the Directors do not subscribe for Shares under this Prospectus.
- The Series A Options have an exercise price of 25 cents and an expiry date of 31 December 2017. The Series A Options are primary Options which upon exercise of each Series A Option result in the issue of one Share and one Series B Option (a secondary Option). A Series B Option has an exercise price of 40 cents and an expiry date of 31 December 2020. The full terms of the Series A Options and Series B Options are set out in Section 12.2.
- The Series C Options have an exercise price of 25 cents and an expiry date of 31 December 2018. They vest 6 months after the Company is admitted to the Official List provided the holder has continued to be engaged as an employee, contractor, consultant or Board member prior to the vesting date. The full terms are set out in Section 12.2.
- The Series D Options have an exercise price of 40 cents and an expiry date of 31 December 2019. They vest 18 months after the Company is admitted to the Official List provided the holder has continued to be engaged as an employee, contractor, consultant or Board member prior to the vesting date. The full terms are set out in Section 12.2.
- Mac Equity Partners Pty Ltd, a company controlled by Mr McLarty, is Lead Manager to the Offer and has entered into a mandate agreement as summarised in Section 11.5. Mac Equity Partners Pty Ltd or parties nominated by it are entitled to be issued with 10,000,000 Series E Options. To the extent that these Options are issued to Mac Equity Partners Pty Ltd or other parties controlled by Mr McLarty, the relevant interest of Mr McLarty will include such Options (up to a maximum of 10,000,000 Series E Options). The full terms of the Series E Options are set out in Section 12.2.



Remuneration of Directors

Mr Rick Hopkins will be paid a Director's fee of \$35,000 per annum plus statutory superannuation as non-executive Chairman and he will be issued with 550,000 Series C Options and 550,000 Series D Options. In the 2 years prior to the date of this Prospectus, Mr Hopkins has received no cash remuneration.

Mr Geoff Pocock has entered into an executive service agreement with the Company under which he will be engaged as managing director. The agreement is summarised in Section 11.2. Mr Pocock is a shareholder and director of Mac Equity Partners (International) Pty Ltd which has entered into a corporate services agreement with the Company as set out in Section 11.6. Fees of \$26,000 exclusive of GST have been accrued to this company. A company controlled by Mr Pocock, Polaris Consulting (WA) Pty Ltd, will receive a fee upon successful listing of the Company as summarised in Section 11.4. In the 2 years prior to the date of this Prospectus, Mr Pocock or entities controlled by him have received cash remuneration totalling approximately \$254,480 exclusive of GST from the Company, 2,250,000 Shares and 3,000,000 Series A Options for services associated with managing director services and co-ordinating capital raisings prior to ASX listing.

Ms Danielle Lee will be paid a Director's fee of \$25,000 per annum plus statutory superannuation and she will be issued with 150,000 Series A Options, 400,000 Series C Options and 400,000 Series D Options. In the 2 years prior to the date of this Prospectus, Ms Lee has received no cash remuneration.

Mr Bryant McLarty will be paid a Director's fee of \$25,000 per annum plus statutory superannuation and he will be issued with 400,000 Series C Options and 400,000 Series D Options. Mac Equity Partners Pty Ltd, a company controlled by Mr McLarty, is Lead Manager to the Offer and has entered into a mandate agreement as summarised in Section 11.5. Mr McLarty is a shareholder and a director of Mac Equity Partners (International) Pty Ltd which has entered into a corporate services agreement with the Company as set out in Section 11.6. Fees of \$26,000 exclusive of GST have been accrued to this company. In the 2 years prior to the date of this Prospectus, Mr McLarty or entities controlled by him or his nominees have received cash remuneration totalling \$56,800 exclusive of GST from the Company, 2,802,177 Shares and 5,000,000 Series A Options for services associated with underwriting a rights issue and providing corporate advice.

A Director may also be paid fees or other amounts as the Directors determine if a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. A Director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

12.7 INTERESTS OF EXPERTS AND ADVISORS

Except as disclosed in this Prospectus, no expert, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, nor any firm in which any of those persons is or was a partner nor any company in which any of those persons is or was associated with, has now, or has had, in the two year period ending on the date of this Prospectus, any interest in:

- 12.7.1 the formation or promotion of the Company; or
- 12.7.2 property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- 12.7.3 the Offer.

Fairweather Corporate Lawyers has acted as solicitors to the Offer. In respect of this work, the Company will pay approximately \$50,000 exclusive of GST. Subsequently fees will be paid in accordance with normal hourly rates. Fairweather Corporate Lawyers has been paid fees of approximately \$5,000 in the 2 years prior to the date of this Prospectus for other legal services.

Ways has acted as Patent Attorney and prepared the Intellectual Property Report in this Prospectus. In respect of this work, the Company will pay approximately \$3,400 exclusive of GST. In the 2 years prior to the date of this Prospectus, Ways has received approximately \$5,000 for other patent attorney services. Associated entities have been paid fees of approximately \$23,000 for services to the Company in the 2 years prior to the date of this Prospectus.

RSM Bird Cameron Corporate Pty Ltd has prepared the Investigating Accountant's Report in this Prospectus. In respect of this work, the Company will pay approximately \$10,000 exclusive of GST. RSM Bird Cameron Corporate Pty Ltd has not received any other fees for services to the Company in the 2 years prior to the date of this Prospectus. An associated entity, RSM Bird Cameron Partners has been paid or accrued fees of \$15,000 for audit services to the Company in the 2 years prior to the date of this Prospectus.



Mac Equity Partners Pty Ltd is Lead Manager to the Offer. The material terms of the mandate agreement with the Company and the fees to be paid to Mac Equity Partners Pty Ltd are set out in Section 11.5. In the 2 years prior to the date of this Prospectus, Mac Equity Partners Pty Ltd has received cash remuneration totalling \$56,800 exclusive of GST from the Company, 2,802,177 Shares and 5,000,000 Series A Options for services associated with underwriting a rights issue and providing corporate advice.

12.8 CONSENTS

The following parties have given their written consent to be named in this Prospectus and for the inclusion of statements made by those parties as described below in the form and context in which they are included, and have not withdrawn such consent before lodgement of this Prospectus with ASIC.

- 12.8.1 FW Legal Pty Ltd trading as Fairweather Corporate Lawyers has consented to being named as the Solicitors to the Offer in this Prospectus.
- 12.8.2 Wrays has consented to being named as the Patent Attorney to the Company and the inclusion of the Intellectual Property Report in this Prospectus.
- 12.8.3 RSM Bird Cameron Corporate Pty Ltd has consented to being named as the Investigating Accountant to the Company and the inclusion of the Investigating Accountant's Report in this Prospectus.
- 12.8.4 RSM Bird Cameron Partners has consented to reference in this Prospectus to the audited financial information of the Company.
- 12.8.5 Link Market Services Limited has consented to being named as the Share Registry to the Offer.
- 12.8.6 Mac Equity Partners has consented to being named as the Lead Manager to the Offer and the inclusion in the Prospectus of all statements referring to it.

Each of the parties referred to above in this Section:

- does not make, or purport to make any statement in this Prospectus, or on which a statement made in this Prospectus is based other than as specified in this Section;
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in the Prospectus with the consent of that party as specified in this Section; and
- has not caused or authorised the issue of this Prospectus.

12.9 EXPENSES OF THE OFFER

The expenses connected with this Prospectus payable by us are estimated to be approximately \$500,000 exclusive of GST at Full Subscription. These expenses include fees to be paid to the Lead Manager, solicitors, the patent attorney and investigating accountant, listing fees, Prospectus design, printing and other miscellaneous expenses.



DIRECTORS' RESPONSIBILITY AND CONSENT

The Directors state that they have made all reasonable enquiries and on that basis have reasonable grounds to believe that any statements made by the Directors in this Prospectus are not misleading or deceptive and that in respect to any other statements made in the Prospectus by persons other than Directors, the Directors have made reasonable enquiries and on that basis have reasonable grounds to believe that persons making the statement or statements were competent to make such statements, those persons have given their consent to the statements being included in this Prospectus in the form and context in which they are included and have not withdrawn that consent before lodgement of this Prospectus with the ASIC, or to the Directors knowledge, before any issue of the Shares pursuant to this Prospectus.

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

Dated: 22 September 2015

Signed for and on behalf of
Hazer Group Limited by
Mr Rick Hopkins
Non-Executive Chairman



GLOSSARY

Where the following terms are used in this Prospectus they have the following meanings:

AFSL	Australian Financial Services Licence.
Applicant	A person who submits a valid Application Form.
Application	An application to subscribe for Shares under this Prospectus.
Application Form	The Application Form attached to or accompanying this Prospectus.
Application Money	The Offer Price multiplied by the total number of Shares subscribed for by an Applicant.
ASIC	Australian Securities & Investments Commission.
ASX	ASX Limited (ACN 008 624 691).
Board	The Board of Directors.
Closing Date	The time and date at which the Offer closes, being 5.00pm WST on 20 November 2015, as varied by us.
Company or Hazer	Hazer Group Limited (ACN 144 044 600).
Constitution	The constitution of the Company.
Corporations Act	Corporations Act 2001 (Cth).
Director	A director of the Company.
Entitlements Options	Options on the terms set out in Section 12.3.
Full Subscription	The amount to be raised under this Prospectus being \$5,000,000.
Hazer Process or Technology	The hydrogen graphite production technology over which the Company has intellectual property rights.
IP	Intellectual property.
Lead Manager or Mac Equity	Mac Equity Partners Pty Ltd (ACN 009 230 120) (AFSL 338731)
Listing Rules	The listing rules of the ASX.
Offer	The Offer to the public under this Prospectus to subscribe for 25,000,000 Shares at a price of 20 cents each to raise \$5,000,000.
Official List	The official list of ASX.
Opening Date	30 September 2015.
Option	An option to acquire a Share.
Project	A project of the Company.
Prospectus	This Prospectus dated 22 September 2015.
Series A Options	Series A Options on the terms set out in Section 12.2.
Series B Options	Series B Options on the terms set out in Section 12.2.
Series C Options	Series C Options on the terms set out in Section 12.2.
Series D Options	Series D Options on the terms set out in Section 12.2.
Series E Options	Series E Options on the terms set out in Section 12.2.
Share	A fully paid ordinary share in the Company.
Shareholder	A registered holder of Shares.
Share Registry	Link Market Services Limited.
UWA	The University of Western Australia.
WST	Western Standard Time, Perth, Western Australia.
\$, A\$ or Dollars	Australian dollars unless otherwise stated.



Your Guide to the Application Form

Please complete all relevant white sections of the Application Form in BLOCK LETTERS, using black or blue ink. These instructions are cross-referenced to each section of the form.

The Shares to which this Application Form relates are Hazer Group Limited ("Hazer Group") Shares. Further details about the shares are contained in the Prospectus dated 22 September 2015 issued by Hazer Group Limited. The Prospectus will expire on 22 October 2016. While the Prospectus is current, Hazer Group Limited will send paper copies of the Prospectus, any supplementary document and the Application Form, free of charge on request.

The Australian Securities and Investment Commission requires that a person who provides access to an electronic application form must provide access, by the same means and at the same time, to the relevant Prospectus. This Application Form is included in the Prospectus.

The Prospectus contains important information about investing in the Shares. You should read the Prospectus before applying for Shares.

- A** Insert the number of Shares you wish to apply for. The Application must be for a minimum of 10,000 Shares and thereafter in multiples of 1,000. You may be issued all of the Shares applied for or a lesser number.
- B** Insert the relevant amount of Application Monies. To calculate your Application Monies, multiply the number of Shares applied for by the issue price. Amounts should be in Australian dollars. Please make sure the amount of your cheque or bank draft equals this amount.
- C** Write the full name you wish to appear on the register of Shares. This must be either your own name or the name of a company. Up to three joint Applicants may register. You should refer to the table below for the correct registrable title.
- D** Enter your Tax File Number (TFN) or exemption category. Business enterprises may alternatively quote their Australian Business Number (ABN). Where applicable, please enter the TFN or ABN for each joint Applicant. Collection of TFN(s) and ABN(s) is authorised by taxation laws. Quotation of TFN(s) and ABN(s) is not compulsory and will not affect your Application. However, if these are not provided, Hazer Group Limited will be required to deduct tax at the highest marginal rate of tax (including the Medicare Levy) from payments.
- E** Please enter your postal address for all correspondence. All communications to you from Hazer Group Limited and the Share Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.
- F** If you are already a CHES participant or sponsored by a CHES participant, write your Holder Identification Number (HIN) here. If the name or address recorded on CHES for this HIN is different to the details given on this form, your Shares will be issued to Hazer Group Limited's issuer sponsored subregister.
- G** Please enter your telephone number(s), area code and contact name in case we need to contact you in relation to your Application.
- H** Please complete the details of your cheque or bank draft in this section. The total amount of your cheque or bank draft should agree with the amount shown in section B.
Make your cheque or bank draft payable to **"Hazer Group Limited Share Offer Account"** in Australian currency and cross it "Not Negotiable". Your cheque or bank draft must be drawn on an Australian bank. Sufficient cleared funds should be held in your account, as cheques returned unpaid are likely to result in your Application being rejected. If you receive a firm allocation of Shares from your Broker make your cheque payable to your Broker in accordance with their instructions.

LODGEMENT INSTRUCTIONS

This Application Form and your cheque or bank draft must be mailed or delivered so that it is received before 5:00pm (WST) on the Closing Date at:

Mailing Address

Hazer Group Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235

Hand Delivery

Hazer Group Limited
C/- Link Market Services Limited
1A Homebush Bay Drive
Rhodes NSW 2138
(do not use this address for mailing purposes)

PERSONAL INFORMATION COLLECTION NOTIFICATION STATEMENT

Personal information about you is held on the public register in accordance with Chapter 2C of the *Corporations Act 2001*. For details about Link Group's personal information handling practices including collection, use and disclosure, how you may access and correct your personal information and raise privacy concerns, visit our website at www.linkmarketservices.com.au for a copy of the Link Group condensed privacy statement, or contact us by phone on +61 1800 502 355 (free call within Australia) 9am–5pm (Sydney time) Monday to Friday (excluding public holidays) to request a copy of our complete privacy policy.

CORRECT FORMS OF REGISTRABLE NAMES

Note that ONLY legal entities are allowed to hold Shares. Applications must be in the name(s) of natural persons or companies. At least one full given name and the surname is required for each natural person. The name of the beneficiary or any other non-registrable name may be included by way of an account designation if completed exactly as described in the examples of correct forms below.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual Use given names in full, not initials	Mrs Katherine Clare Edwards	K C Edwards
Company Use Company's full title, not abbreviations	Liz Biz Pty Ltd	Liz Biz P/L or Liz Biz Co.
Joint Holdings Use full and complete names	Mr Peter Paul Tranche & Ms Mary Orlando Tranche	Peter Paul & Mary Tranche
Trusts Use the trustee(s) personal name(s)	Mrs Alessandra Herbert Smith <Alessandra Smith A/C>	Alessandra Smith Family Trust
Deceased Estates Use the executor(s) personal name(s)	Ms Sophia Garnet Post & Mr Alexander Traverse Post <Est Harold Post A/C>	Estate of late Harold Post or Harold Post Deceased
Minor (a person under the age of 18 years) Use the name of a responsible adult with an appropriate designation	Mrs Sally Hamilton <Henry Hamilton>	Master Henry Hamilton
Partnerships Use the partners' personal names	Mr Frederick Samuel Smith & Mr Samuel Lawrence Smith <Fred Smith & Son A/C>	Fred Smith & Son
Long Names	Mr Hugh Adrian John Smith-Jones	Mr Hugh A J Smith Jones
Clubs/Unincorporated Bodies/Business Names Use office bearer(s) personal name(s)	Mr Alistair Edward Lilley <Vintage Wine Club A/C>	Vintage Wine Club
Superannuation Funds Use the name of the trustee of the fund	XYZ Pty Ltd <Super Fund A/C>	XYZ Pty Ltd Superannuation Fund

Put the name(s) of any joint Applicant(s) and/or account description using < > as indicated above in designated spaces at section C on the Application Form.





HazerGroup

Local Technology for Global Markets