

JATENERGY LIMITED

(ACN 122 826 242)

OFFER UNDER SECTION 708AA (2)
OF THE CORPORATIONS ACT

A NON-RENOUNCEABLE RIGHTS ISSUE TO ALL ELIGIBLE
SHAREHOLDERS

TO RAISE APPROXIMATELY \$156,602

FOR EVERY 11 SHARES HELD: ONE NEW SHARE AT 1.0 CENTS EACH

This document is important and requires your immediate attention. This document is not a prospectus. It does not contain all the information that an investor would find in a prospectus or which an investor would expect to make an informed decision as to whether or not to accept this offer. If you do not understand its content or are in doubt as to the course of action you should follow, you should consult your stockbroker or professional adviser without delay.

No person is authorised to give any information or to make any representation in connection with this offer which is not contained in this document. Any information or representation not so contained may not be relied upon as having been authorised by the Company in connection with this offer.

CONTENTS

- 1. Chairman's Letter**
- 2. Details of the Offer**
- 3. The Company's Business**
- 4. Effect of Rights Issue on the Company**
- 5. Risk Factors**
- 6. Definitions & Glossary**

CHAIRMAN'S LETTER

Dear Shareholder

On 7 December 2016 Jatenergy Limited (The Company) announced a rights issue to fund the continuing operations of the business.

The rights issue will raise up to \$156,602 (before costs) through issue of 15,660,185 new shares in the company. The new shares will be issued at a cost of \$0.01 each and will be offered to existing shareholders on a one new share for every 11 existing shares held.

Proceeds from the Rights Issue will be used as general working capital, including the costs of office and corporate administration.

Full details of the Issue are contained in the Offer Document dated 7 December 2016 which is attached to this letter. Key dates that shareholders should note are as follows:

- Record Date for Offer 12 December 2016
- Opening Date for Offer 13 December 2016
- Closing Date for Offer 22 December 2016
- Anticipated Issue Date 30 December 2016

You are urged to read the offer document in full and to consult your stockbroker or financial adviser in relation thereto before deciding whether to accept the offer.

Shareholders who do not participate in this offer should be aware that the level of their existing proportion of share capital in the Company may be significantly diluted as a result of a shortfall in the number of shareholders accepting this offer for further share in the Company and other persons or entities taking up such shortfall.

Yours faithfully

Tony Crimmins
Executive Chairman

1. TIMETABLE AND INVESTMENT SUMMARY

1.1. Timetable for the Offer

The timetable for the issue is as follows:

Announcement of Rights Issue and Lodgement of Appendix 3B and Section 708AA Cleansing Notice with ASX	7 December 2016
Notice to security holders containing the information required by Appendix 3B and details of the timetable for issue sent to shareholders	7 December 2016
"Ex" date from which shares commence trading without entitlement to participate in the Rights Issue	9 December 2016
Record Date	12 December 2016
Offer and entitlement documents sent to shareholders	13 December 2016
Opening of Offer	13 December 2016
Last day to extend the offer closing date	19 December 2016
Last day for acceptance (close date)	22 December 2016
Securities quoted on a deferred settlement basis	23 December 2016
ASX notified of under subscriptions	29 December 2016
Issue Date (deferred settlement trading ends)	30 December 2016
Normal trading commences	3 January 2017
Holding Statements sent to shareholders	3 January 2017

All dates are subject to change and accordingly are indicative only. In particular, the Company has the right to vary the dates of the offer, without prior notice. Investors are encouraged to submit their Entitlement and Acceptance Forms as soon as possible.

1.2. Offer Statistics

Number of New Shares to be issued and offered to:

Shareholders	15,660,185
Issue Price	1.0 cents per New Share

1.3. How to Accept Entitlements to New Shares

Entitlements to New Shares can be accepted in full or in part by completing and returning the Entitlement and Acceptance Form which accompanies this Offer Document in accordance with the instructions set out below and on the entitlement and Acceptance Form.

This Offer Document also is available in electronic form on the Internet at www.jatenergy.com. If you wish to obtain a free copy of this Offer Document please contact the Share Registry on (08) 9315 2333.

Eligible shareholders may also apply for more than their Entitlement by completing the "Additional New Shares" section on the Entitlement and Acceptance Form with the number of Additional New Shares you wish to apply for, lodging the completed form and paying the applicable Application Monies. If you are paying by BPAY® you should make the payment for the total number of Entitlement Shares and Additional New Shares applied for.

If you request Additional New Shares then, subject to this Prospectus, including Jatenergy's absolute discretion to scale back your allocation of Additional New Shares (in whole or part), you will be issued these at the same time as other shares issued as part of the Offer. The decision of Jatenergy on the number of Additional New Shares to be allocated to you will be final.

Your BPAY® payment or your Entitlement and Acceptance Form with full payment must be received by the Registry by the Closing Date, 5.00pm (WST) 22 December 2016. Applications received after that date may not be accepted.

1.4. Important Notice

This document is dated 7 December 2016.

This Offer is being made without a Prospectus in accordance with Section 708AA of the Corporations Act, as modified by Class Order (CO08/35). This Offer Document is not a Prospectus or any other form of disclosure document and has not been lodged with ASIC. Accordingly, this Offer Document does not contain all of the information which a prospective investor may require to make a decision as to whether to subscribe for New Shares. Further, this Offer Document does not contain all of the information which would otherwise be required to be disclosed in a Prospectus or other form of disclosure document.

The document is important and requires your immediate attention. It should be read in its entirety. If you do not understand its contents or are in doubt as to the course you should follow, you should consult your stockbroker or professional advisor without delay.

This offer opens on 13 December 2016 and closes at 5.00pm WST on 22 December 2016.

Valid acceptances must be received before the closing date.

Please read the instructions in this document and on the accompanying Entitlement and Acceptance Form regarding the acceptance of your Entitlement.

The Company has not made any investigation as to the regulatory requirements that may prevail in countries outside Australia and New Zealand, in which the Company's Shareholders may reside. The distribution of this offer Document in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Offer Document should seek advice on and observe those restrictions. Any failure to comply with such restrictions might constitute a violation of applicable securities laws.

It is the responsibility of overseas Applicants to ensure compliance with all laws of any country relevant to their Acceptance. A number of terms and abbreviations

used in this Offer Document have defined meanings, which are explained in the Glossary. Money as expressed in this Offer Document is in Australian dollars or else as indicated.

No person named in this Offer Document, nor any other person, guarantees the performance of Jatenergy Limited, the repayment of capital or the payment of a return on the New Shares.

Information about the Company is publicly available and can be obtained from ASIC, ASX and other sources. Any such publicly available information is not incorporated into this Offer Document and does not form part of the Offer. This Offer Document is intended to be read in conjunction with publicly available information in relation to the Company that has been notified to ASIC and ASX. Investors should have regard to that information prior to making a decision to subscribe for New Shares pursuant to the Offer.

The information contained in this Offer Document is not and should not be considered to be financial product advice. The information is general only and has been prepared without any actual or implied knowledge or consideration of the investment objectives, financial situation, taxation position or other particular needs or requirements of you or any other person.

The information contained in this Offer Document is not a recommendation by the company (or its officers, employees, agents or advisers) to any person that they should subscribe for new Shares pursuant to the Offer.

To the maximum extent permitted by law, no representation, warranty or undertaking, express or implied, is made, and to the maximum extent permitted by law, no responsibility or liability is assumed by the Company or its related entities or by any of its officers, employees, agents or consultants or any other person as to the adequacy, accuracy, completeness, accuracy, completeness or reasonableness of this Offer Document. To the maximum extent permitted by law, no responsibility is accepted for errors or omissions from this Offer Document.

The information set out in this section is not intended to be comprehensive and should be read in conjunction with the full text of this Offer Document.

1.5. The Offer

This Offer Document is for the non-renounceable rights issue of 15,660,185 New Shares at an issue price of 1.0 cents each, on the basis of One (1) New Share for every 11 Shares held by Shareholders on the Record Date.

Shareholdings are to be determined as at the Record Date of 12 December 2016.

Eligible Shareholders will also be entitled to apply for Additional New Shares, to take up any shortfall created by not all of the other Eligible Shareholders taking up all or any of their entitlement under this Offer. If the Board of Jatenergy exercises its discretion to make up any shortfall under this Offer, then it may do so under this Prospectus as a separate offer to third parties of its choosing but only at the issue price of 1.0 cents.

The Company has applied for listing of the New Shares on the ASX.

1.6. Minimum Subscription

There is no minimum subscription to the Issue.

1.7. Additional Shares

If you do not wish to take up any part of your entitlement under the Entitlement Offer, you are not required to take any action. That part of your entitlement not taken will form part of the Shortfall and will be dealt with in accordance with this Section. In these circumstances, you will receive no benefit. Accordingly, it is important that you take action if you want to accept your entitlement in accordance with the instructions in Section 1.3.

Eligible Shareholders are also entitled to apply for Additional Shares in excess of their entitlement, at an issue price of \$0.01 per Share, which is the issue price at which the Entitlement Offer has been made to Eligible Shareholders. The Shares issued as Additional Shares will have the same rights as attached to existing Shares.

1.8. New Share Terms

Each New Share will rank equally with all existing Shares then on issue and will have the same rights as attached to existing Shares.

1.9. Acceptance of Entitlement to New Shares

The number of New Shares to which each Shareholder is entitled is shown on the Entitlement and Acceptance Form accompanying this Offer Document. This Offer Document is for the information of Shareholders who are entitled and may wish to apply for the New Shares.

Entitlements to New Shares can be accepted in full or in part by completing and returning the Entitlement and Acceptance Form which accompanies this Offer Document in accordance with the instructions set out below and on the entitlement and Acceptance Form.

1.10. Offer Underwritten

The Offer is partially underwritten by Mr Anthony Crimmins, Mr Wilton Yao and Mr Adam Hajek.

The Underwriters' present relevant interests and changes under several scenarios are set out in the tables below. Each scenario assumes that the underwriters subscribe for their full entitlement. For the last two scenarios, the underwriters will also subscribe for their underwritten shares.

Mr Crimmins is a current shareholder of the Company, holding 28,958,849 ordinary fully paid shares or 16.81% of the ordinary shares on issue. Mr Crimmins take up his full entitlement under the offer or 2,632,623 shares subscribing \$26,326. Top Cat Consulting Services Pty Ltd, a company related to Mr Crimmins has agreed to underwrite further 2,367,400 shares or subscribe a further \$23,674.

The written underwriting agreement with Top Cat Consulting Services Pty Ltd states that it will subscribe for 2,367,400 of any shortfall shares to this Rights Issue. In the advent of a shortfall in this pro-rata issue being greater than 5,238,106 shares it will subscribe for 2,367,400 shares within 15 business days of the Close of the Offer. Should the shortfall in this pro rata Offer be less than 5,238,106 shares then it will underwrite 45.20% of the shortfall within 15 business days of the close of the Offer.

There are no clauses in the agreement whereby Top Cat Consulting Services Pty Ltd will not subscribe for 2,367,400 shares in any shortfall. Neither Top Cat Consulting Services Pty Ltd or Mr Crimmins will be paid any fee in relation to this underwriting agreement.

Shares	Shares owned by Mr Crimmins	Shares issued to Mr Crimmins as Underwriter	Total Shares on issue	Voting Power of Mr Crimmins
As at date of Offer	28,958,849		172,262,035	16.81%
Completion of Entitlement Offer				
- Fully Subscribed	31,591,472	0	187,922,220	16.81%
- 50% Subscribed	31,591,472	2,367,400	185,330,233	18.32%
- Only Mr Crimmins, Mr Yao and Mr Hajek subscribe	31,591,472	2,367,400	183,262,035	18.53%

Mr Yao is a current shareholder of the Company, holding 3,500,000 ordinary fully paid shares or 2.03% of the ordinary shares on issue. Mr Yao take up his full entitlement under the offer or 318,182 shares subscribing \$3,182. Jin & Yao Investments Pty Ltd, company related to Mr Yao has agreed to underwrite further 681,818 shares or subscribe a further \$6,818.

The written agreement with Jin &Yin Investments Pty Ltd states that it will subscribe for 681,818 of any shortfall shares to this Rights Issue. In the advent of a shortfall in this pro-rata issue being greater than 5,238,106 shares it will subscribe for 681,818 shares within 15 business days of the Close of the Offer. Should the shortfall in this pro rata Offer be less than 5,238,106 shares then Jin & Yao Investments Pty Ltd will underwrite 13.02% of the shortfall within 15 business days of the close of the Offer.

There are no clauses in the agreement whereby Jin &Yao Investments Pty Ltd will not subscribe for 681,818 shares in any shortfall. Neither Mr Yao or Jin & Yao Investments Pty Ltd will be paid any fee in relation to this underwriting agreement

Shares	Shares owned by Mr Yao	Shares issued to Mr Yao as Underwriter	Total Shares on issue	Voting Power of Mr Yao
As at date of Offer	3,500,000		172,262,035	2.03%
Completion of Entitlement Offer				
- Fully Subscribed	3,818,182	0	187,922,220	2.03%
- 50% Subscribed	3,818,182	681,818	185,330,233	2.43%
- Only Mr Crimmins, Mr Yao and Mr Hajek subscribe	3,818,182	681,818	183,262,035	2.45%

Mr Hajek is a current substantial shareholder of the Company, holding 30,922,235 ordinary fully paid shares or 17.95% of the ordinary shares on issue. Mr Hajek take up his full entitlement under the offer or 2,811,112 shares subscribing \$28,111. Austratronics Pty Ltd, a company related to Mr Hajek has agreed to underwrite further 2,188,888 shares or subscribe a further \$21,889.

The written agreement with Austratronics Pty Ltd states that Austratronics will subscribe for 2,188,888 of any shortfall shares to this Rights Issue. In the advent of a shortfall in this pro-rata issue being greater than 5,238,106 shares it will subscribe for 2,188,888 shares within 15 business days of the Close of the Offer. Should the shortfall in this pro rata Offer be less than 5,238,106 shares then Austratronics Pty Ltd will underwrite 41.78% of the shortfall within 15 business days of the close of the Offer.

There are no clauses in the agreement whereby Mr Hajek will not subscribe for 2,188,888 shares in any shortfall. Neither Austratronics Pty Ltd or Mr Hajek will be paid any fee in relation to this underwriting agreement

Shares	Shares owned by Mr Hajek	Shares issued to Mr Hajek as Underwriter	Total Shares on issue	Voting Power of Mr Hajek
As at date of Offer	30,922,235		172,262,035	17.95%
Completion of Entitlement Offer				
- Fully Subscribed	33,733,347	0	187,922,220	17.95%
- 50% Subscribed	33,733,347	2,188,888	185,330,233	19.38%
- Only Mr Crimmins, Mr Yao and Mr Hajek subscribe	33,733,347	2,188,888	183,262,035	19.60%

The underwriters are not acting together but as individual shareholders.

Therefore the maximum voting power of each of the underwriters' in the event that they are the only shareholders that takes up their entitlements is:-

- 18.53% - Mr Crimmins
- 2.45% - Mr Yao; and
- 19.60% - Mr Hajek.

It is highly unlikely that no Shareholders will take up their entitlement.

2. DETAILS OF THE OFFER

2.1. Offer to Shareholders

The Directors of Jatenergy Limited have approved a non-renounceable rights issue of 15,660,185 New Shares at 1.0 cents per New Share to raise approximately \$156,602 (less expenses associated with the Issue).

Shareholders are entitled to subscribe for one (1) New Share for every 11 Share held. Only those Shareholders shown on the share register at 5:00pm (WST) on the Record Date will be entitled to participate in the Issue.

Jatenergy has applied to ASX for official quotation of the New Shares on the ASX. Official quotation of the New Shares is expected to occur on or about 3 January 2017. ASX Participating Organisations (as defined in the ASX Business Rules) cannot deal in the New Shares either as principal or agent until official quotation is granted.

2.2. Important Dates

Record Date for the Offer	12 December 2016
Offer document sent to shareholders	13 December 2016
Opening Date of Offer	13 December 2016
Closing Date of Offer	22 December 2016
Expected date of sending out New Shareholding Statements	3 January 2017

2.3. What to do with your Entitlement

Sections 2.3 and 2.7 inclusive DO NOT apply to Shareholders with registered addresses outside Australia or New Zealand. Such Shareholders should refer to Section 2.12 of this Offer Document.

The number of New Shares to which you are entitled under this Offer Document (Your Entitlement) is shown on the accompanying Entitlement and Acceptance Form.

2.4. No Rights Trading

The rights to New Shares under the Issue are non-renounceable. Accordingly, there will be no trading of rights on ASX and you may not dispose of your rights to subscribe for New Shares under the Issue to any other party. If you do not take up your Entitlement to New Shares under the Issue by the Closing Date, the Offer to you will lapse.

2.5. If your Entitlement is not taken up

If you do nothing, any part of your Entitlement that is not taken up by 22 December 2016 will lapse and the New Shares that would otherwise have been issued pursuant to the taking up of your Entitlement will form part of the shortfall.

2.6. Payment

The number of New Shares to which Shareholders are entitled is shown on the Entitlement and Acceptance Form which accompanies this Offer Document.

Entitlements to New Shares can be accepted in full or in part by completing and returning the Entitlement and Acceptance Form which accompanies this Offer Document in accordance with the instructions set out in this Offer Document (refer above) and on the Entitlement and Acceptance Form and forwarding the completed Form together with your cheque, bank draft or BPAY® for the full

amount payable so as to reach the Share Registry by no later than 5:00pm (WST) on the Closing Date.

The issue price of 1.0 cents per New Share is payable in full on acceptance of part or all of your Entitlement.

Cheques should be in Australian currency and made payable to "Jatenergy Limited" and crossed "not negotiable". Completed forms and accompanying cheques should be lodged at or forwarded to the following address:

Jatenergy Limited
c/- Security Registries Pty Ltd
PO Box 535
APPLECROSS WA 6953

Payment by BPAY® must be made according to the instructions set out on your personalised Entitlement and Acceptance Form.

If paying by BPAY®, Eligible Shareholders do not need to submit a completed Entitlement and Acceptance Form.

If you have multiple holdings you will have multiple BPAY® reference numbers. You must use the specific customer reference number shown on each personalised Entitlement and Acceptance Form when paying for any Shares that you wish to apply for in respect of that holding. If you inadvertently use the same customer reference number for more than one of your Entitlements, you may be deemed to have applied for the Entitlement to which that customer reference number applies and any excess amount may be treated as an application for Additional New Shares.

Applicants should be aware that their own financial institution may implement early cut off times with regards to BPAY® payment, and therefore should take this into consideration when making payment. You may also have your own limit on the amount that can be paid via BPAY®. It is your responsibility to check that the amount you wish to pay via BPAY® does not exceed your limit.

No brokerage or stamp duty is payable by Applicants in respect of their applications for New Shares under this Offer Document. The amount payable on acceptance will not vary during the period of the Offer and no further amount is payable on allotment. Acceptance Monies will be held in trust in a subscription account until allotment of the New Shares. The subscription account will be established and kept by the Share Registrar on behalf of the Applicants. Any interest earned on the Acceptance Monies will be retained by the Company irrespective of whether allotment takes place.

2.7. Allotment and Allocation Policy

Jatenergy will proceed to issue and allot New Shares as soon as possible after the Closing Date. Successful Applicants will be notified in writing of the number of New Shares allocated to them by 3 January 2017.

In the case that there is less than full subscription by shareholders for their Entitlements under this Offer Document, the Directors may place any shortfall to

such eligible persons or entities as they shall determine other than to Directors or related parties at an issue price not less than that at which such shares were offered to shareholders under this rights issue.

The Directors reserve their rights to reject any Entitlement and Acceptance Form which is not complete in any particular or the processing of which would result in a contravention of any relevant law including, without limitation, any contravention of the takeover provisions set forth in the Corporations Act.

It is the responsibility of Applicants to confirm the number of New Shares allocated to them prior to trading New Shares. Applicants who sell New Shares before they receive notice of the number of securities allocated to them do so at their own risk. No New Shares will be allotted or issued on the basis of this Offer Document later than 13 months after the date of issue of the Offer Document.

2.8. ASX listing

Jatenergy has applied for the listing and quotation of the New Shares on ASX. If granted, quotation and trading of the New Shares will commence as soon as practicable after allotment.

2.9. Investment Risks

Investors should carefully read Risk Factors outlined in Section 5. An investment of this kind involves a number of risks, a number of which are specific to Jatenergy and the industry in which it operates.

2.10. CHESS

Jatenergy will apply to the ASX Settlement and Transfer Corporation Pty Ltd (ASTC) to have the New Shares issued under this Offer Document participate in the Securities Clearing House Electronic Sub-register System known as CHESS. After allotment of the New Shares, those who are issuer sponsored holders will receive an issuer sponsored statement and those who are CHESS holders will receive an allotment advice.

The CHESS statements, which are similar in style to bank account statements, will set out the number of New Shares allotted to each successful Applicant pursuant to this Offer Document. The Statement will also advise holders of their holder identification number. Further statements will be provided to holders which reflect any changes in their holding in Jatenergy during a particular month.

2.11. Overseas Shareholders

This Offer Document and accompanying Entitlement and Acceptance Form does not, and is not intended to, constitute an offer of New Shares in any place outside Australia New Zealand in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Offer Document or the Entitlement and Acceptance Form. The distribution of this Offer Document and the

accompanying Entitlement and Acceptance Form in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Offer Document and the accompanying Entitlement and Acceptance Form should seek advice on and observe those restrictions. Any failure to comply with those restrictions may constitute a violation of applicable securities laws.

The Company has decided that it is unreasonable to make offers under this Offer Document to Shareholders with registered addresses outside Australia and New Zealand having regard to the number of Shareholders in those places, the number and value of the New Shares they would be offered and the costs of complying with the legal and regulatory requirements in those places. Accordingly, the Issue is not being extended to, and does not qualify for distribution and no New Shares will be issued to Shareholders having registered addresses outside Australia and New Zealand. This Offer Document is sent to those Shareholders for information purposes only.

2.12. Electronic Offer Document

An electronic version of this Offer Document is available on the internet at www.jatenergy.com

The Entitlement and Acceptance Form may only be distributed accompanying a complete and unaltered copy of the Offer Document. The company will not accept a completed Entitlement and Acceptance Form if it has reason to believe that the Applicant has not received a complete paper copy or electronic copy of the Offer Document or if it has been altered or tampered with in any way.

While the Company believes that it is extremely unlikely that in the Issue period the electronic version of the Offer Document will be tampered with or altered in any way, the Company cannot give any absolute assurance that it will not be the case. Any Applicant in doubt concerning the validity or integrity of an electronic copy of the Offer Document ought to immediately request a paper copy of the Offer Document directly from the Share Registry.

3. THE BUSINESS OF THE COMPANY

3.1. Introduction

The Board of Jatenergy is pleased to announce and provide this Rights Issue to current shareholders in Jatenergy Limited. I encourage all shareholders to become involved in the Company and take a stake in its future. The basics of the Company are now in order, focusing on cash flow and profit which is now demanded from small capital companies. We have a business network and the right product mix to actively work on projects that provide ready cash flow for our business.

Future and Current Strategy

Jatenergy has been actively involved for the past 12 months in the trading of pharmaceutical supplements, milk powder, infant formula, personal hygiene and other related products from Australia to China. The business has proven to be successful demonstrated with gross sales of over \$2 million on Singles Day (11 November 2016). The critical path in this trading program is having enough supply and having product that has quality verification from the Chinese market.

The Company decided not to continue with its acquisition of Nanyang Electric. This was announced through release on the ASX on 15 July 2016.

Coal Projects

Jatenergy has exited all coal projects in Indonesia as announced through the release on the ASX on 23 December 2015.

The Company has received offers to acquire or in invest in coal projects. both in Australia and overseas but as this stage no projects offered have been sufficiently attractive to warrant the Company undertaking due diligence. The Company remains open to acquiring or investing in coal or energy projects providing they can demonstrate a satisfactory return to shareholders that investment.

Technologies

Coal Plus: Jatenergy currently has the rights to a proprietary coal upgrading technology, which converts low value brown coal into high value energy products. Jatenergy has the license for the Coal Plus technology for Indonesia, with an option to extend into Southeast Asia. Unlike existing coal upgrading technologies, which are mostly at a pilot plant stage, the Coal Plus Technology has been commercially demonstrated.

TTG Energy Material Recovery: Jatenergy has the rights to a technology within Indonesia for the recovery of energy materials from low to poor grade ores such as manganese, lithium, copper and gold. Jatenergy is seeking to extend this license to cover China for the recovery of manganese, which is a key component in the manufacture of current generation batteries.

3.2. Use of Funds

Proceeds from the rights issue will be used as general working capital, including the costs of office, corporate administration.

4. EFFECT OF RIGHTS ISSUE ON THE COMPANY

4.1. Principal Effects

Assuming the Rights Issue is fully subscribed the principal effects are as follows:

1. The Company will issue 15,660,185 New Shares and the total number of Shares on issue will increase to 187,922,220. The New Shares will constitute 8.3% of the expanded issued Share capital of 187,922,220 Shares.
2. The Rights Issue will also increase the Company's cash reserves by \$156,602 assuming all rights are taken up and all shortfall placed (before expenses of the Rights Issue)

4.2. Capital Structure on Completion of the Rights Issue

The pro-forma capital structure of the Company following the Rights Issue is set out below:

Shares	Number
Existing Shares	172,262,035
Maximum number of New Shares to be issued pursuant to this Offer	15,660,185
Total Shares on issue after Rights Issue	187,922,220

4.3. Purpose of the Offer and Use of Funds

The purpose of the Offer is to raise \$156,602.

Proceeds from the rights issue will be used as general working capital, including the costs of office and corporate administration.

However, in the event that circumstances change or other opportunities arise, the Directors reserve the right to vary the proposed use to maximise the benefit to Shareholders.

4.4. Effect of the Offer

The principal effect of the Offer, will be to increase the cash reserves of the Company by \$156,602 immediately after completion of the Offer.

4.5. Pro-forma Consolidated Statement of Comprehensive Income

Set out below is an unaudited Pro-Forma Consolidated Statement of Financial Position of the Company after the completion of the Rights Issue prepared on

the basis of the adjusted accounts of the Company as at 30 June 2016, and adjusted for the following transactions and assumptions:

- A non-renounceable rights issue of 15,660,185 new Jatenergy Share at an issue price of 1.0 cents each, on the basis of one (1) New Share for every 11 Shares held, raising \$156,602.

The Balance Sheet has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below.

The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

JATENERGY LIMITED

Consolidated Statement of Financial Position

	30 June 2016	Rights Issue	Pro Forma
CURRENT ASSETS			
Cash and cash equivalents	235,040	156,602	391,642
Trade and other receivables	357,000		357,000
TOTAL CURRENT ASSETS	592,040	156,602	748,642
NON-CURRENT ASSETS			
Property, plant and equipment	5,464		5,464
TOTAL NON-CURRENT ASSETS	5,464	-	5,464
TOTAL ASSETS	597,504	156,602	754,106
CURRENT LIABILITIES			
Trade and other payables	578,679		578,679
TOTAL CURRENT LIABILITIES	578,679	-	578,679
TOTAL LIABILITIES	578,679	-	578,679
NET ASSETS	18,825	156,602	175,427
EQUITY			
Contributed Equity	27,981,593	156,602	28,138,195
Non-controlling Interest	880,741		880,741
Accumulated losses	(28,843,509)		(28,843,509)
TOTAL EQUITY	18,825	156,602	175,427

4.6. Effects of Rights Issue on control of the Company

If all shareholders take up their entitlements under the Issue then the Issue will have no effect on the control of the Company. Because the Rights Issue is non-renounceable and it cannot be known with certainty which shareholders will take up their rights entitlements the effect on the control of Jatenergy cannot be determined at this time.

Relevant matters which may determine any such effects are:

1. The percentage of issued share capital held by the largest shareholders in the Company
2. The number and identity of large shareholders who take up their rights entitlements
3. The equity holdings associated with directors of the Company and whether the relevant rights entitlements are taken up
 - i. The following directors have declared equity holdings in the Company on either a direct or indirect basis:

	Direct	In-Direct	Total
Anthony Crimmins	15,573,841	13,385,008	28,958,849
Xipeng Li	-	13,411,222	13,411,222
Wilton Yao	-	3,500,000	3,500,000

- (i) The number of new shares forming part of the shortfall which are placed by directors to eligible entities or persons who are neither Directors nor related parties.
- (ii) The fact that New Shares issued pursuant to this Rights Issue will comprise 8.3% of the issued Share Capital of the Company after completion of the rights issue.
- (iii) As at 30 November 2016 there were 800 shareholders in the Company and the largest five shareholders, and the percentage of share capital owned by each, is as follows:
 - Tony Crimmins (16.81%)
 - Adam & Lisa Hajek (12.33%)
 - Zhou Xuan Feng (12.26%)
 - Sheng Run Holdings – L&S Fam A/c (5.30%)
 - Hajek Super PL – Austratronics S/F (4.53%)
- (iv) Depending on which shareholders take up their rights entitlements, and the distribution of the shortfall the ability of certain shareholders to control the Company through their voting rights as shareholders may change.

4.7. Options

The Company has no listed or unlisted options.

4.8. Rights of Directors to allocate Shortfall

The Directors of the Company may nominate those entities or persons who have indicated to the Directors their desire to take up any shortfall. Any shortfall may be allocated by the Directors amongst such applicants for the shortfall as the Directors shall determine but not to Directors, their associate or related parties.

5. RISK FACTORS

5.1. General Risk Factors

An investment in the Company is not risk free and prospective investors should consider the risk factors detailed below, before deciding whether to apply for Shares.

Generally the Company's Business may be adversely affected by:

- Local and international factors such as fluctuation in interest and inflation rates, rise and fall in prices, currency fluctuations, rise and fall in the world equity markets, and changes in demand for those products and licences sold by the Company.
- Varying and changing governmental and regulatory factors,
- Availability of key personnel.
- Force Majeure which prevents the Company from supplying its products.
- Claims of adverse interests in intellectual property.

5.2. Technical difficulties

Possible technical difficulties might unexpectedly be encountered in achieving the Company's objectives or manufacture or sale of the Company's products.

These difficulties may be caused by failure to achieve manufacturing standards or market share or changes in compliance requirements or costs of manufacture or compliance.

5.3. Investment Risks

The trading of the Company's range of products is subject to trading conditions in China and is therefore subject to various factors and uncertainties and accordingly an investment in shares should be considered speculative. Investors interested in capital gains should consider that the value of the Company's

shares might fluctuate. Investors interested in an income stream from dividends should recognise that the Company may have a limited revenue stream until products and technologies are developed and sold.

The Directors of the Company do not consider that any such conditions or regulations constitute such a significant risk to the carrying out of the Company's business in respect of its existing activities that would justify not continuing such business.

5.4. Economic Risks

Investors should consider the impacts of supply and demand for our trading products and the impact of fluctuations in prices and exchange rates, Australia's and China's inflation rate and interest rates. All of these factors have a bearing on market conditions, operating costs, potential revenue and share prices. Market perceptions of the value of the Company's shares alter significantly from time to time. Fluctuations may also occur as a result of factors influencing the price of shares in small cap companies or share prices generally.

5.5. Business Decisions

Decisions regarding which products are suitable for sale in China and the marketing of the technologies involve expressions of judgment based on knowledge, experience and industry practice. Estimates, which were valid when originally calculated, may alter significantly when new information or techniques become available.

In addition, such decisions depend to some extent on interpretations and forecasts, which may prove to be inaccurate. As further information becomes available such forecasts are likely to change. This may result in alterations to trading conditions for a product and sales, which may, in turn adversely affect the Company's operations.

5.6. Prices and Exchange Rate Risks

Prices fluctuate for the trading products and are affected by numerous factors beyond the control of the Company. These factors include demand for products, exchange rates and regulatory approvals.

Moreover, prices are also affected by macroeconomic factors such as expectations regarding inflation, interest rates and regional demand for, and supply of, a product as well as general economic conditions.

These factors may have an adverse effect on the Company's trading activities, as well as on its ability to fund those activities.

Furthermore, the international prices of some of the Company's products are denominated in United States dollars, while the Company's cost base is principally in Australian dollars. Consequently, the Company is exposed to the fluctuations and volatility of the rate of exchange between the United States

dollar and the Australian dollar as determined in the international markets.

5.7. Financing Risks

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company may require further financing in addition to amounts raised pursuant to this capital raising. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the range of products and marketing the technology programmes as the case may be.

5.8. Personal Risk Factors

The investment detailed in this Offer Document may not be suitable for all its recipients. Potential investors should consider carefully whether an investment in the Company is suitable for them in the light of their personal circumstances and the financial resources available to them and their personal taxation obligations.

Prospective investors should be aware that the market price of shares may be influenced by many unpredictable factors and that subscribing for shares involves various risks. While some of the risks can be minimised by the use of safeguards and appropriate systems, some are outside the control of the Company. The value of the Company's securities on ASX may rise and fall depending on factors beyond the control of the Company.

5.9. Share market and Liquidity Risk

Investors will be able to offer their shares for sale freely on ASX, however, there is no assurance of the price at which listed shares will trade or that there will be any buyers at all. New investors should therefore be prepared to hold their shares for extended periods pending the development of the Company and potential opportunities emerging in the future.

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

The market price of shares may be subject to general movements in local and international stock exchanges, economic conditions, prices of materials, currency fluctuations and interest rates. The shares may trade at a price above or below the issue price depending on a range of factors including the performance of the securities market generally, the performance of the industrial sector of the market, national and international economic performance, market perceptions of the Company, the degree of success in the Company's business endeavours, results of future development for products manufactured and/or developed by the Company and the financial performance of the Company.

6. DEFINITIONS AND GLOSSARY

Terms and abbreviations used in this Offer Document have the following meanings:

Acceptance	An acceptance of Entitlements
Acceptance Monies	The Issue Price multiplied by the number of New Shares accepted
AEST	Australian Eastern Standard Time
Applicant	A person who submits an Entitlement and Acceptance form
Associates	Has the meaning ascribed to it in Section 9 of the Corporations Act.
ASX	ASX Limited
Board	The board of directors of Jatenergy Limited
Closing Date	The date by which valid acceptances must be received by the Share Registry being 22 December 2016 or such other date determined by the Board
Company	Jatenergy Limited (ACN 122 826 242)
Corporations Act	Corporations Act 2001 (Cth)
Directors	The Directors of Jatenergy from time to time
Eligible Shareholder	A shareholder of the Company that holds shares in the Company on the Record Date
Entitlement and Acceptance Form or Form	An entitlement or acceptance form in the form attached to this Offer Document
Entitlements	The entitlement to accept New Shares under this Offer Document
Issue or Offer	The issue of New Shares in accordance with this Offer Document
Issue Price	1.0 cents for each New Share for which application is made
JAT or Jatenergy	Jatenergy Limited (ACN 122 826 242)
Listing Rules	The official listing rules of the ASX
Offer	The offer to subscribe for New Shares as provided for under the Offer Document
Offer Document	This Offer Document dated 7 December 2016 and any electronic copy of this Offer Document
Official List	The official list of entities that ASX has admitted and not removed
Official Quotation	Quotation on the Official List
Opening Date	The date of commencement of Offer in respect of New Shares (13 December 2016)

Record Date	12 December 2016 at 5:00pm AEST
Securities	Has the same meaning as in section 92 of the Corporations Act
Share Registry	Securities Registry Pty Ltd
Shares	The fully paid ordinary shares on issue in Jatenergy from time to time
Shareholders	The holders of Shares from time to time
Shortfall	Those New Shares for which the Entitlement lapses
WST	Western Standard Time

7. CORPORATE DIRECTORY

Directors

Anthony Crimmins
Xipeng Li
Wilton Yao

Company Secretary

Graeme Hogan

Registered Office

Level 6, Suite 8
55 Miller Street
PYRMONT NSW 2009

Share Registrar

Security Transfer Registries Pty Limited
770 Canning Highway
APPLECROSS WA 6153
Phone: +61 8 9315 2333
Fax: +61 8 9315 2233