



ASX Announcement

15 November 2013

Replacement Prospectus for Entitlement Offer

SubZero Group Limited (ASX: SZG) (**Company**) has today lodged with ASIC a Replacement Prospectus in respect of its previously announced fully underwritten, 1:3 pro rata non-renounceable Entitlement Offer at 10 cents per new share (**Offer**).

The Replacement Prospectus, a copy of which is attached, replaces the prospectus lodged by the Company with ASIC and ASX on 7 November 2013. It includes additional information in respect of the underwriting and sub-underwriting arrangements in respect of the Offer and other disclosures as outlined in section 3.18 of the Replacement Prospectus.

The timetable and terms and conditions of the Offer remain unchanged.

The Replacement Prospectus is scheduled to be sent to Eligible Shareholders together with a personalised Entitlement and Acceptance Form on 19 November 2013.

For further information:

Robert Lojszczyk

Chief Financial Officer

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About SubZero Group Limited

The SubZero Group carries on an established mining service business based in the Hunter Valley, New South Wales. Its clients are almost exclusively involved in the Hunter Valley thermal coal mining industry. SubZero Group's services include Mechanical Support (on and off-site mining machinery support), Structural Support (on and off-site engineering support) and Production Support (mining production support). SubZero has a presence in over 25 coal mines and over 90 clients including Rio Tinto, BHP Billiton and Xstrata. Further information can be found at the SubZero website: <http://subzeroservices.com.au/>



REPLACEMENT PROSPECTUS

For a fully underwritten non-renounceable pro-rata offer to Eligible Shareholders of approximately 63,300,000 New Shares at an issue price of \$0.10 per New Share on the basis of one (1) New Share for every three (3) Shares held to raise approximately \$6,300,000 before costs of the Offer

UNDERWRITER

**Blue Ocean Equities Pty Limited
ACN 151 186 935**

IMPORTANT NOTICE

THIS DOCUMENT IS IMPORTANT AND SHOULD BE READ IN ITS ENTIRETY BEFORE DECIDING WHETHER TO APPLY FOR NEW SHARES. IF YOU DO NOT UNDERSTAND ITS CONTENTS, YOU SHOULD CONSULT YOUR STOCKBROKER, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER WITHOUT DELAY.

IMPORTANT INFORMATION

Authorisation

This replacement Prospectus is dated 15 November 2013 and was lodged with ASIC on the same date. This replacement Prospectus replaces the original prospectus dated 7 November 2013 (**Original Prospectus**). For the purposes of this document, this replacement Prospectus is referred to as the "Prospectus".

ASIC, ASX and their respective officers take no responsibility for the contents of this Prospectus.

The Offer contained in this Prospectus is a non-renounceable pro rata offer of shares in SubZero Group Limited ACN 009 161 522 (**Company**) to Shareholders of the Company. No person is authorised to give information or to make any representation in connection with the Offer or this Prospectus which is not contained in this Prospectus. Any such information or representation not so contained may not be relied upon as having been authorised by the Company.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

Expiry date

No New Shares will be allotted or issued on the basis of this Prospectus later than 13 months after the date of the Original Prospectus. New Shares allotted or issued pursuant to this Prospectus will be allotted or issued on the terms and conditions set out in this Prospectus.

Non-renounceable Entitlement

The Offer is non-renounceable which means that Shareholders will not be able to trade their Entitlements on ASX. Any Entitlement not taken up, in whole or in part, will form the shortfall, which Eligible Shareholders who take up their full Entitlement may apply for and the balance will revert to the Underwriter to be dealt with under the terms of the Underwriting Agreement.

Transaction Specific Prospectus

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

This Prospectus is also being issued to satisfy the requirements of subsection 708A(11)(b) of the Corporations Act in relation to the Placement Shares (refer to section 3.4 for further details).

Overseas shareholders

No action has been taken to permit the offer of Shares under this Prospectus in any jurisdiction other than Australia. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and therefore persons in to whose possession this document comes should seek advice on and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of those laws. This Prospectus does not constitute an offer of Shares in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Prospectus.

The New Shares have not been and will not be registered under the US Securities Act of 1933 and may only be offered, sold or resold in, or to persons in, the United States in accordance with an available exemption from registration.

It is the responsibility of an Eligible Shareholder to ensure compliance with any laws of a country relevant to their application. Return of a duly completed Application Form will be taken by the Company as a representation that there has been no breach of such laws and that the Eligible Shareholder is an Eligible Shareholder.

Risk factors

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for New Shares. A number of key risk factors that investors should consider are outlined in section 5 of this Prospectus.

Availability

This Prospectus will be issued in paper form and also as an electronic prospectus.

This Prospectus is available in electronic format at www.subzeroservices.com.au. The Offer constituted by this Prospectus in electronic form is only available to eligible persons receiving this Prospectus in electronic form within Australia. Persons having received this Prospectus in electronic form may, during the Offer period, obtain a paper copy of this Prospectus (free of charge) by telephoning (02) 6540 9400. Applications for New Shares may only be made on the personalised Application Form which accompanies or is attached to a copy of this Prospectus in its paper form. The Corporations Act prohibits any person from passing on to another person an Application Form unless it is attached to or accompanied by a hard copy of this Prospectus or by the complete and unaltered electronic version of this Prospectus.

Glossary, currency and time

Certain terms and abbreviations used in this Prospectus have defined meanings, which are explained in the Glossary. All references to currency are to Australian dollars and all references to time are to Sydney time, unless otherwise indicated.

Decision to invest

This document is important and should be read in its entirety. If in doubt, you should consult your stockbroker, accountant or other professional adviser before deciding whether to invest.

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1. Corporate Directory

Directors

Mr Malcolm Jackman (Non Exec. Chairman)
Mr Scott Farrell (Managing Director and Chief Executive Officer)
Mr Glenn Molloy (Non Exec. Director)
Mr Bruce Arnott (Non Exec. Director)
Mr Graeme (Joe) Clayton (Non Exec. Director)

Registered Office and Principal Place of Business

Level 1, 39/43 Bridge Street
Muswellbrook NSW 2333
Telephone (02) 6540 9400
Facsimile (02) 6540 9444
Website: www.subzeroservices.com.au

Joint Company Secretaries

Mr Jury Wowk
Mr Andrew Cooke

ASX Code

SZG

Share Registry *

Gould Ralph Pty Limited
Level 42, Suncorp Place
259 George Street
Sydney NSW 2000
Telephone (02) 9032 3000
Facsimile (02) 9032 3088

Underwriter

Blue Ocean Equities Pty Limited
Level 39, Aurora Place
88 Phillip Street
Sydney NSW 2000

Solicitors

HWL Ebsworth Lawyers
Australia Square, Level 14
264-278 George Street
Sydney NSW 2000

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

2. Proposed Timetable

Announcement of Entitlement Offer and lodgement of Appendix 3B with ASX	1 November 2013
Lodgement of Original Prospectus with ASIC and ASX	7 November 2013
Notice containing Appendix 3B details sent to Shareholders	8 November 2013
New Shares quoted on 'ex' basis	11 November 2013
Lodgement of Replacement Prospectus with ASIC and ASX	15 November 2013
Record Date for identifying Shareholders entitled to participate in Offer (7:00 pm Sydney time)	15 November 2013
Despatch of Prospectus to Shareholders	19 November 2013
Offer opens	19 November 2013
Closing Date of the Offer (5:00pm Sydney time)	3 December 2013
Announcement of shortfall	6 December 2013
New Shares issued under the Offer quoted on a deferred settlement basis and dispatch of holding statements	11 December 2013
Commencement of trading of New Shares on ASX	12 December 2013

The above dates are indicative only and may change without notice subject to receipt of approval from ASX. The Company reserves the right to extend the Closing Date of the Offer without notice (in consultation with the Underwriter). The commencement of trading of the New Shares is subject to confirmation from ASX.

3. Details of the Offer

3.1 The Offer

This Prospectus contains a non-renounceable pro rata rights offer to Eligible Shareholders of approximately 63,300,000 New Shares on the basis of one (1) New Share for every three (3) Shares held as at the Record Date at an issue price of \$0.10 each to raise approximately \$6.3 million (before costs of the Offer).

The New Shares will rank equally in all respects with all other Shares on issue at the date of this Prospectus. Please refer to section 6.5 for further information regarding the rights and liabilities attaching to the New Shares.

3.2 No minimum subscription

There is no minimum subscription for the Offer.

3.3 Underwriting and Sub-Underwriting

The Offer is fully underwritten by Blue Ocean Equities Pty Limited ACN 151 186 935 (**Underwriter**). The Underwriter was established in early 2012 by the founders and a number of former directors of Southern Cross Equities Limited. It focuses on the origination and dissemination of discrete, value added investment advice and equity capital markets opportunities to institutional and sophisticated investors. It holds an Australian financial services licence.

The Underwriter is not a related party of, or associated with, the Company or any of its Directors. The Underwriter has advised the Company that neither it, nor any of its associates, has a relevant interest in any Shares as at the Prospectus Date. The Underwriting Agreement was entered into on arm's length terms.

Please refer to section 6.11 for a summary of the material terms of the Underwriting Agreement including the commission payable to the Underwriter for fully underwriting the Offer.

The Underwriter has also advised the Company that the Offer is fully sub-underwritten by more than 20 of the Underwriter's institutional and sophisticated investor clients, none of whom has agreed to sub-underwrite more than 10,000,000 New Shares (being approximately 15.8% of the total number of New Shares). In addition, Wavet Fund No 2 Pty Ltd, a related party of the Company by virtue of being an entity controlled by Glenn Molloy (a Director), has agreed to sub-underwrite the Offer up to 3,250,000 New Shares. Please refer to section 6.12 for details of the sub-underwriting arrangements.

Please also refer to section 4.6 for details of the potential effect of the underwriting and sub-underwriting arrangements on the control of the Company.

3.4 Placement

As announced to the ASX on 11 November 2013, the Company completed the placement of 24,195,000 Shares at an issue price of \$0.10 per Share (**Placement Shares**) to institutional and sophisticated investors (**Investors**) on 11 November 2013, to raise proceeds of approximately \$2.4 million (before costs).

These new Shares rank equally in all respects with existing issued Shares and are entitled to participate in the Offer.

As the Placement Shares are in the same class as the New Shares, this Prospectus will also allow the Investors and any subsequent acquirers of the Placement Shares to on-sell the Placement Shares within 12 months after their issue date under the exemption in subsection 708A(11) of the Corporations Act.

The Underwriter, which acted as the Lead Manager to the Placement, has also advised the Company that prior to the allotment of the Placement Shares none of the allottees, nor any of their associates, had a relevant interest in any Shares and that each of them intends to take up their respective Entitlements in full. Collectively, these Entitlements represent approximately 12.74% of the total number of New Shares offered under the Offer.

3.5 **Purpose of the Offer**

The funds raised by the Offer will be used for the following purposes:

- (a) retire the Company's debtor financing facility;
- (b) increase the Company's working capital;
- (c) assist in funding the continued development and growth of the Group's businesses; and
- (d) to meet the costs of the Offer.

3.6 **Effect of the Offer**

The effect of the Offer on the Company will be to:

- (a) increase the funds available to be applied towards the activities described in section 3.5; and
- (b) alter the capital structure of the Company as described in section 4.4.

3.7 **Entitlement to Offer**

Eligible Shareholders who are on the Company's Share Register on 7.00pm (Sydney time) on the Record Date are eligible to participate in the Offer.

Fractional entitlements will be rounded up to the nearest whole number of New Shares. For this purpose, holdings in the same name will not be aggregated for calculation of Entitlements. If the Company considers that holdings have been split to take advantage of rounding, the Company reserves the right to aggregate holdings held by associated Shareholders for the purpose of calculating Entitlements, to the extent permitted by the ASX Listing Rules.

An Application Form setting out your Entitlement to New Shares accompanies this Prospectus.

3.8 **Acceptances**

The Offer may be accepted in whole or in part prior to 5.00pm (Sydney time) on 3 December 2013 subject to the right of the Company to extend the Offer period.

Instructions for accepting your Entitlement are set out in section 3.14 and on the Application Form which accompanies this Prospectus.

3.9 **No Rights trading**

The Offer is not renounceable. This means the Entitlements or rights of Eligible Shareholders to subscribe for New Shares under the Offer cannot be transferred or on-sold to another person. Eligible Shareholders who choose not to take up their Entitlement will receive no benefit and their shareholding in the Company will be diluted as a result.

Any part of an Entitlement of an Eligible Shareholder not taken up, in whole or in part, and the Entitlements of Non-qualifying Foreign Shareholders will form the shortfall, which Eligible Shareholders who take up their full Entitlement may apply for and the balance will revert to the Underwriter to be dealt with under the terms of the Underwriting Agreement.

3.10 **Applying for Additional New Shares**

Any Entitlements not taken up, in whole or in part, may become available as Additional New Shares. Eligible Shareholders who take up their full Entitlement may, in addition to their Entitlement, apply for such Additional New Shares, regardless of the size of their present holding, by completing the appropriate field in the accompanying Application Form in accordance with the instructions set out on that form.

The Company will only call on the Underwriter's commitment to subscribe for the Shortfall Shares after all applications (if any) for Additional New Shares by Eligible Shareholders are satisfied.

It is possible that there will be few or no Additional New Shares available for issue, depending on the level of take up of Entitlements by Eligible Shareholders. There is also no guarantee that in the event Additional New Shares are available for issue, they will be allocated to all of the Eligible Shareholders who have applied for them.

Applicants for Additional New Shares will be bound to accept a lesser number of Additional New Shares allocated to them than applied for, if so allocated. If a lesser number of Additional New Shares is allocated to them than applied for, excess application money will be refunded without interest. The Company reserves the right to scale back any applications for Additional New Shares in its absolute discretion. However, without limiting the exercise of its discretion, the Company will have regard to the proportional Entitlement of each applicant for Additional New Shares, the best interests of the Company and the obligations and duties of the Company and the Directors under the Corporations Act.

3.11 Allotment and Application Money

New Shares will be issued only after all Application Money has been received and the ASX has granted permission for the New Shares to be quoted. It is expected that New Shares will be issued on 11 December 2013 and normal trading of the New Shares on the ASX is expected to commence on 12 December 2013.

All Application Money received before New Shares are issued will be held in a special purpose account. After Application Money is refunded (if required) and New Shares are issued to Eligible Shareholders, the balance of funds in the account plus accrued interest will be received by the Company.

3.12 Quotation

Application will be made within seven days of the date of issue of this Prospectus for the New Shares to be granted Official Quotation by ASX. If the New Shares are not granted Official Quotation within three months of the Prospectus Date, all application monies in respect of the New Shares will be refunded without interest in accordance with the Corporations Act.

3.13 CHES

The Company participates in the Clearing House Electronic Subregister System, known as CHES. ASTC, a wholly owned subsidiary of ASX, operates CHES in accordance with the Listing Rules and Securities Clearing House Business Rules.

Under CHES, Eligible Shareholders will not receive a certificate but will receive a statement of their holding of Shares.

If you are broker sponsored, ASTC will send you a CHES statement. The CHES statement will set out the number of Shares issued under this Prospectus, provide details of your holder identification number, the participant identification number of the sponsor and the terms and conditions applicable to the Shares. If you are registered on the Issuer Sponsored subregister, your statement will be dispatched by Security Transfer Registrars Pty Ltd and will contain the number of Shares issued to you under this Prospectus and your security holder reference number.

A CHES statement or Issuer Sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their Shareholding changes. Shareholders may request a statement at any other time, however, a charge may be made for additional statements.

3.14 Return of Application Form

Should you wish to accept all of your Entitlement, then applications for Shares under this Prospectus must be made on the Application Form which accompanies this Prospectus or by completing an electronic funds transfer for the applicable Application Money, in accordance with the instructions referred to in this Prospectus and on the Application Form. Please read the instructions carefully.

Please complete the Application Form by filling in the details in the spaces provided and attach a cheque for the Application Monies indicated on the Application Form.

Completed Application Forms must be accompanied by a cheque in Australian dollars, crossed "Not Negotiable" and made payable to "SubZero Group Limited" and lodged and received at any time after the issue of this Prospectus and on or before the Closing Date at the Company's Share Registry at:

By post:

Gould Ralph Pty Limited
Level 42, Suncorp Place
259 George Street
Sydney NSW 2000

If you wish to pay via electronic funds transfer you must follow the personalised instructions in your Application Form. Make sure that you use the specific customer reference number (CRN) on your personalised Application Form. You do not need to return a completed Application Form but are taken to have made the declaration in the Application Form.

If you have more than one shareholding of Shares and consequently receive more than one Application Form, when taking up your Entitlement in respect of one of those Shareholdings only use the CRN specific to that Shareholding as set out in the applicable Application Form. Do not use the same CRN for more than one of your Shareholdings. This can result in your Application Monies being applied to your Entitlement in respect of only one of your Shareholdings (with the result that any application in respect of your remaining Shareholdings will not be valid).

You should be aware that your own financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration when making payment. It is your responsibility to ensure that funds paid by way of electronic funds transfer are received by the Closing Date.

The Company shall not be responsible for any postal or delivery delays or delay in the receipt of payment of the Application Money.

3.15 Allotment and issue of New Shares

The allotment of New Shares to applicants will occur as soon as practicable after the Offer has closed. Thereafter, statements of shareholdings will be despatched. It is the responsibility of applicants to determine their allocation prior to trading in the Shares. Applicants trading New Shares before they receive their statements of shareholding will do so at their own risk. The Company may reject an application where payment of the application monies is not received or a cheque is not honoured.

Subject to the requirements of the Corporations Act and the ASX Listing Rules, the Directors reserve the right, at their discretion, to accept Application Forms received after the Closing Date and/or to place Shares up to the maximum number referred to in this Prospectus after the Closing Date.

3.16 Overseas Shareholders

The Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer other than for Shareholders in Australia. Where the Prospectus has been dispatched to Shareholders domiciled outside Australia and the country's securities code or legislation prohibits or restricts in any way the making of the offers contemplated by the Prospectus, the Prospectus is provided for information purposes only.

3.17 Taxation implications

The Directors do not consider it appropriate to give Shareholders advice regarding the taxation consequences of subscribing for New Shares under this Prospectus.

The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Shareholders. As a result, Shareholders should consult their professional tax adviser in connection with subscribing for New Shares under this Prospectus.

3.18 **Replacement Prospectus**

This replacement Prospectus primarily amends the Original Prospectus to include additional information and disclosures in relation to the underwriting and sub-underwriting arrangements (in sections 3.3 and 4.6), the proposed use of the funds raised from the Offer and the Placement (in section 4.1) and the effect of the Offer on the Company's "going concern" status and associated risks (in section 5(a)). It has also been updated to reflect the fact that the Placement Shares were issued on 11 November 2013 (as announced to the ASX on that date).

3.19 **Enquiries**

Any questions concerning the Offer should be directed to Robert Lojszczyk, on (02) 6540 9400.

4. Purpose and effect of the Offer

4.1 Purpose of Offer

The purpose of the Offer is to raise approximately \$6.3 million before costs of the Offer.

The funds raised from the Offer are planned to be used in accordance with the table* set out below.

tem	Proceeds of Offer	Full Subscription (\$)	%
1.	Expenses of Offer**	457,000	7.25
2.	Retirement of debtor financing facility***	1,200,000	19.05
3.	Working capital <ul style="list-style-type: none">• creditors• funding work in progress	3,500,000 1,143,000	55.55 18.15
	Total	6,300,000	100

* The table assumes that the Entitlements are taken up in full.

**Expenses of the Offer include the Underwriter's fees, legal fees, administrative expenses, ASX fees, ASIC fees and Share Registry fees. Refer to section 6.14 for further details of the estimated expenses of the Offer.

***The limit under the relevant debtor financing facility is \$11 million. Prior to recent debtor concentration and customer contract term issues affecting the financier's willingness to lend against the Company's invoices, the average amount drawn under the facility was between \$6 - \$7 million. As at the date of this Prospectus, the amount owing under the facility is approximately \$1.2 million. In effect, the additional working capital to be raised under the Offer will primarily be in substitution for the financing which has previously been available under the facility.

The proceeds of the Placement (being approximately \$2.4 million) have been used to augment the Company's working capital.

In the event that circumstances change or other opportunities arise, the Directors reserve the right to vary the proposed use of funds to maximise benefits to Shareholders.

4.2 Effect of Offer

The principal effect of the Offer, assuming all Entitlements are accepted, will be to:

- (a) increase the cash reserves by approximately \$5,890,000 (after deducting the estimated expenses of the Offer) immediately after completion of the Offer;
- (b) decrease the level of debt by approximately \$1,200,000; and
- (c) increase the number of Shares on issue from 190,095,455 to approximately 253,460,606 Shares immediately after completion of the Offer.

4.3 Pro Forma Statement of Financial Position

Set out below is the Historical Consolidated audited Balance Sheet of the Company as at 30 June 2013, and the Pro Forma Historical Consolidated Balance Sheet of the Company as at 30 June 2013 (unaudited) assuming all Entitlements are accepted and includes estimated expenses of the Offer.

The significant accounting policies upon which the Historical Consolidated audited Balance Sheet and the Pro Forma Historical Consolidated Balance Sheet are based are contained in the 2013 Annual Financial Report.

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

	Historical Consolidated	Pro - Forma Consolidated
	Balance Sheet 30 June 2013	Balance Sheet 30 June 2013
ASSETS		
Current assets		
Cash and cash equivalents	125,078	8,874,578
Trade and other receivables	14,961,076	14,961,076
Inventories	2,600,648	2,600,648
Total current assets	17,686,802	26,436,302
Non-current assets		
Property, plant and equipment	17,430,676	17,430,676
Deferred tax assets	166,456	334,456
Financial assets	300,000	300,000
Intangible assets	1,390,955	1,390,955
Total non-current assets	19,288,087	19,456,087
Total assets	36,974,889	45,892,389
LIABILITIES		
Current liabilities		
Trade and other payables	18,012,492	18,577,492
Borrowings	9,296,521	9,296,521
Current tax liabilities	423,725	423,725
Provisions	44,074	44,074
Total current liabilities	27,776,812	28,341,812
Non-current liabilities		
Borrowings	7,511,403	7,511,403
Provisions	227,116	227,116
Total non-current liabilities	7,738,519	7,738,519
Total liabilities	35,515,331	36,080,331
Net assets	1,459,558	9,812,058
EQUITY		
Share capital	10,286,940	18,639,440
Reserves	(501,922)	(501,922)
Retained earnings	(8,325,460)	(8,325,460)
Total equity	1,459,558	9,812,058

Notes

- Column 1 represents the Historical Consolidated audited Balance Sheet of the Company as at 30 June 2013.
- Column 2 represents the Pro Forma Historical Consolidated Balance Sheet of the Company as at 30 June 2013 following the issue of all the Placement Shares and assuming the Offer goes ahead. The following events will occur resulting in total capital raised of approximately \$9.3 million :
 - An entitlement offer to raise approximately 6.3 million whereby Eligible Shareholders will be able to subscribe for 1 New Share for every 3 Shares at an issue price of 10 cents per New Share.
 - Costs of capital include legal and brokerage fees of approximately \$0.565 million

4.4 Effect on capital structure

The effect of the Offer on the capital structure of the Company, assuming all Entitlements are accepted, is set out below:

	Number of Shares
Shares on issue as the date of this Prospectus	190,095,455
Shares offered pursuant to the Offer	63,365,152
Total Shares on issue after completion of the Offer and the issue of the Placement Shares	253,460,606

As at the date of this Prospectus, a total of 35,014,848 issued Shares are subject to voluntary escrow until 10 April 2014 and a total of 35,014,848 issued Shares are subject to voluntary escrow until 10 April 2015.

4.5 Details of substantial holders

Based on publicly available information as at 14 November 2103, those persons who (together with their associates) have a relevant interest in 5% or more of the Shares on issue as at the date of this Prospectus (being after the issue of the Placement Shares) are set out below:

Shareholder	Shares	%
Scott Farrell	54,751,200	28.80
Butler-Jones Project Management Pty Ltd (atf McTaggart Family Trust)	10,446,368	5.49
BT Investment Management Limited / Westpac Banking Corporation	15,023,500	7.90

As announced to the ASX on 1 November 2103, Scott Farrell has elected not to take up any of his Entitlements (or any Entitlements of his associates) in order to allow institutional investors to acquire equity in the Company.

4.6 Potential effect on control of Company

Eligible Shareholders who take up their Entitlements in full will not have their interest in the Company materially diluted by the Offer. The potential effect of the Offer on the control of the Company is as follows:

- as a consequence of Scott Farrell and his associates not taking up any of their Entitlements (as noted in section 4.5), his voting power in the Company will reduce to approximately 21.6% (assuming all Entitlements are accepted) and their Entitlements will form part of the Shortfall.
- if some other Shareholders do not take up all of their Entitlements (because they are not Eligible Shareholders or otherwise), then their equity interests in the Company will be diluted and their Entitlements will be added to the Shortfall.
- as noted in section 3.4, the Underwriter has advised the Company that each of the allottees of the Placement Shares intends to take up their respective Entitlements in full, which collectively represent approximately 12.74% of the total number of New Shares. As noted in section 6.9, each of the Directors (other than Scott Farrell) intends to take up their respective Entitlements in full, which collectively represent approximately 5.26% of the total number of New Shares. Accordingly, assuming the allottees and the Directors do so, the maximum Shortfall will be approximately 82% of the total number of New Shares.
- as noted in sections 3.3, 6.11 and 6.12, the Offer is fully underwritten by the Underwriter and fully sub-underwritten by more than 20 sub-underwriters, none of whom has agreed to sub-underwrite more than 10 million New Shares (being approximately 15.8% of the total number of New Shares).
- The Shortfall will first be allocated to Eligible Shareholders who take up their full Entitlement and apply for Additional New Shares (see section 3.10 for details). The balance (if any) will revert to the Underwriter to be dealt with under the terms of the Underwriting Agreement. The effect that the placement of the Shortfall may have on the control of the Company will depend on whether any Additional New Shares which are issued and the allocations made

by the Underwriter from any remaining balance of the Shortfall, including to any of its sub-underwriters.

- however, based on the structure of the Offer, the level of sub-underwriting commitments and the current shareholdings of the sub-underwriters (where applicable), the Offer is not expected to have a material effect or consequence on the control of the Company..
- if none of the Eligible Shareholders (including the allottees of the Placement Shares and the Directors) take up their Entitlements and none of the sub-underwriters perform their sub-underwriting obligations, the voting power of the Underwriter resulting from the performance of its obligations under the Underwriting Agreement will be approximately 25%.
- if all of the allottees of the Placement Shares and the Directors (other than Scott Farrell) take up their Entitlements in full, no Additional New Shares are issued and none of the sub-underwriters perform their sub-underwriting obligations, the voting power of the Underwriter resulting from the performance of its obligations under the Underwriting Agreement will be approximately 20%.
- the Underwriter has advised the Company that because the Offer is fully sub-underwritten it does not expect to acquire any New Shares under the Underwriting Agreement. It has also advised the Company that if it does acquire any New Shares under the Underwriting Agreement it does not intend to attempt to influence the management or conduct of the Company's business.

5. Risks

To appreciate the risk factors associated with an investment in the Company, this Prospectus should be read in its entirety. The risk factors outlined in this section and elsewhere in this Prospectus should be carefully considered by applicants when evaluating an investment in the Company.

Any of the risk factors set out in this section or any other risk factors identified in this Prospectus may materially affect the financial performance of the Company and the market price of the Shares. To that extent, the Shares carry no guarantee with respect to the payment of dividends, return on capital or return of capital.

Investors should note that risks are associated with any investment in the stock market. Returns from investments in the Company will depend on the conditions of the market as well as the performance of the Company. There are a number of risk factors, both relating to the general business environment and specific to the Company, which may adversely impact on the operating performance, financial position and prospects of the Company.

No account has been taken of the particular objectives, financial situation or needs of recipients of this Prospectus. Because of this, recipients of this Prospectus should have regard to their own objectives, financial situation and needs. Recipients should make their own independent investigation and assessment of the Company, its business, assets and liabilities, prospects and profits and losses, and the risks associated with investing in the Company. Independent expert advice should be sought before any decision is made to accept the Offer.

Risk factors include, but are not limited to, the following:

(a) **Going Concern Risk**

The Company's auditor, PricewaterhouseCoopers, noted that the Company's financial report for the year ended 30 June 2013 indicated that the Company incurred a net loss of \$6,064,000 during the year ended 30 June 2013 and, as of that date, the Company's current liabilities exceeded its current assets by \$10,090,000 and that the Group is currently pursuing refinancing initiatives. They also noted that these conditions, along with the other matters set forth in Note 1 to the financial report, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern and therefore the Company may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report.

Notwithstanding the material uncertainty regarding 'going concern' included in the financial report for the year ended 30 June 2013, with the Company's strong contract pipeline and work flow the Directors believe that upon successful completion of the Offer and the Placement (see section 3.4 for further details), the Company will have sufficient funds to adequately meet the Company's current commitments and working capital requirements.

(b) **Future funding requirements**

There can be no assurance that the Company will be able to raise additional equity and/or debt capital to finance its future activities on acceptable terms or in a timely manner. Any inability to obtain finance may adversely affect the business and financial condition of the Company and, consequently, its performance.

As a result of the above, no guarantee can be given in respect of the future earnings or asset valuations of the Company's investments, nor may anything be asserted about the outlook for the Company's share price.

However, as announced to the ASX on 1 November 2013, the Company is in the process of finalising its review of alternate financing proposals which will provide the Company with funding at more competitive rates and additional working capital to fund growth.

(c) **Competition**

The thermal coal mining services market in the Hunter Valley region and New South Wales more broadly is characterised by a number of medium sized companies and numerous small, independent companies. These companies may have the financial and technical capability to increase their competitiveness.

Increased competition could make it more challenging for the Company to continue to obtain engagements on similar terms to existing arrangements. Competitors may offer more innovative fee arrangements, including fixed costs. If the Company is required to agree to less advantageous terms with clients due to competing pressures, the margins on certain contracts could be smaller and thereby negatively impact the Company's profitability. In addition, increased competition from new and existing competitors may have an adverse effect on the operating and financial performance and/or financial position of the Company.

(d) **Loss of revenue from key clients**

The Company relies upon relationships with a number of clients within the coal mining industry and related industries in order to maintain and grow its market share and deliver its revenue and profit performance. The Company is reliant on a number of key clients for the majority of its total revenue and profitability.

As there are relatively limited opportunities to seek significant levels of alternative work in the Hunter Valley region, if one or more of those clients do not continue to award work to the Company or award less work to the Company, its ability to continue to sustain its revenue streams could be significantly impacted.

(e) **Early termination of customer contracts and other contractual risks**

The Company is a party to a number of contracts for the provision of mining services to coal mining and mining related companies in the Hunter Valley region. Most of the Company's contracts can generally be terminated by the customer at short notice and with minimal financial compensation. If one of the Company's key clients terminates such a contract for convenience, then the Company will cease work on the relevant project and, in the case of a master services agreement being terminated, it will not receive any further purchase orders under that agreement and current purchase orders will cease. A customer's termination of, or default under, a contract, could result in a loss of expected revenues, and possibly additional expenses (e.g. non billable time of permanent staff). The termination of, or default under, a contract by any of the Company's clients could have an adverse effect on the Company's business, financial performance and/or financial position.

The Company's contracts generally contain provisions whereby the Company has indemnified clients against certain liabilities, losses or claims relating to the provision of mining services and breaches of contract. Further, the level of liability is often uncapped. The Company maintains public and product liability and professional indemnity insurance. However, the Company's insurance and contractual arrangements may not adequately protect it against liability for all losses. The Company may also be unable to maintain insurance at levels of risk coverage or with deductible that it considers appropriate. Any loss falling outside the scope of insurance may adversely affect the Company's performance.

(f) **Coal industry risk**

The Company's business is sensitive to the performance of companies in the Hunter Valley and broader New South Wales thermal coal sector, which in turn directly relates to coal demand and coal prices. Coal demand and prices have varied significantly over recent years and are difficult to predict.

The level of activity in the industry can be cyclical and sensitive to a number of factors beyond the control of the Company.

There is also a risk that unforeseen disruption to major coal infrastructure, such as rail and/or port loading facilities, could be encountered by clients, which could impact clients' production levels. In turn, this could adversely affect the financial performance and/or financial position of the Company.

(g) **Reduction in outsourcing**

The Company's growth depends on its client continuing to outsource mining services requirements. If there is a decline in outsourcing in the NSW coal industry, this may negatively impact the Company's future revenue and profitability, as well as its prospects for growth.

(h) **Mine closure by clients**

Early or unforeseeable closure of a mine (due to industry related economics or other unanticipated factors) could result in the loss of expected revenues, and possible additional expenses for such items such as non billable time of permanent staff. Accordingly, this may have an adverse effect on the financial performance and/or financial position of the Company.

(i) **Reliance on key personnel**

The Company's business development has been, and is likely to continue to be, largely dependent upon the expertise and effectiveness of its senior management. The loss of key personnel, or the failure to recruit high calibre additional personnel, could have materially adverse effect on the Company.

As a result of a strong resources cycle in the Hunter Valley region, competition for skilled personnel has been and is expected to continue to be high for the foreseeable future, potentially resulting in higher personnel turnover and higher costs to the Company.

If the Company is not able to attract and retain sufficient skilled personnel, it may not be able to meet expanding client demand which could result in termination of contracts and be detrimental to its reputation and ability to secure further work.

(j) **Increased labour costs**

Labour costs account for a substantial amount of the Company's costs. If the Company incurs increased labour costs in the future, which cannot be passed on to clients, this may adversely affect the financial performance and/or financial position of the Company.

It is not possible to anticipate the effect on the Company's business from any changes to industrial relations legislation. Changes to this legislation may have an adverse impact on the financial performance and/or financial position of the Company.

(k) **Occupational health and safety**

The mining services industry involves the provision of services to clients who engage in high risk activities. The Company's personnel work both on clients' mine sites and in the Company's workshops and this exposes them to potential workplace accidents, which could result in serious injury or death.

It is not possible to anticipate the effect on the Company's business from any changes to workplace occupational health and safety legislation. Changes to this legislation may have an adverse impact on the financial performance and/or financial position of the Company.

(l) **Growth**

There is a risk that the Company may be unable to manage its future growth successfully. If the Company undertakes any future acquisitions of assets or businesses, it may face risks in integrating those new assets or businesses. The Company may be unable to obtain funding for acquisitions on favourable terms or at all.

In addition, a merger or acquisition may not perform to the level anticipated. Accordingly, a failure to identify and successfully execute suitable mergers and acquisitions may have an adverse effect on the financial performance and/or position of the Company.

(m) **Inability of clients to secure funding**

Some of the Company's clients may require equity or debt funding to fund their capital expenditure on mining projects and related infrastructure. If any of the Company's clients are unable to secure such funding, which is dependent upon debt and equity market conditions that have in the past been, and may in the future be, volatile, it may adversely impact their ability to implement mining projects and related infrastructure which, in turn, may detrimentally affect the Company's profitability and growth.

(n) **Disruption of business operations**

The Company and its clients are exposed to a range of operational risks relating to operations. Such operational risks include equipment failures, information technology system failures, external services failure, industrial action or disputes and natural disasters.

Whilst the Company endeavours to take appropriate action to mitigate these operational risks, the Company cannot control the risks its clients are exposed to, nor can it completely remove all possible risks relating to its own business. A disruption to the operations of the Company or its clients may have an adverse impact on the financial performance and/or financial position of the Company.

(o) **Environmental**

The Company's operations are subject to State and Commonwealth environmental legislation. Whilst the Company monitors environmental issues, has appropriate environmental licences for its operations and has environmental management procedures, there is no assurance that the Company's operations will not be affected by an environmental incident or subject to environmental liabilities.

(p) **Economic**

The financial performance and value of the Company may be influenced by various economic factors such as commodity prices, inflation, interest rates, domestic and international economic growth, taxation policies, legislative change, political stability, stock market conditions in Australia and elsewhere, changes in investor sentiment towards particular market sectors, exchange rate fluctuations and acts of terrorism.

(q) **Market risk**

The value of the Shares can be expected to fluctuate depending upon various factors including general worldwide economic, political and general stock market conditions as well as the performance of the Company. Inflation, currency fluctuation, interest rates, supply and demand and changes in legislation can affect operating costs and stock market values.

The New Shares carry no assurance about the payment of dividends, return of capital or the market value of the New Shares.

(r) **Dilution risk**

At the date of this Prospectus, the Company has 165,900,455 Shares on issue. The number of Shares on issue immediately after the issue of the Placement Shares will increase to 190,900,466. Under the Offer, Eligible Shareholders can apply for up to approximately 63,365,152 New Shares. Assuming the Offer closes fully subscribed, total Shares on issue at completion of the Offer will be 253,460,606.

An Eligible Shareholder who participates in the Offer by taking up their full Entitlement will not have their shareholding (after the issue of the Placement Shares) diluted. An Eligible Shareholder who participates in the Offer by taking up part of their Entitlement may have their shareholding diluted. An Eligible Shareholder who does not participate in the Offer could have their shareholding significantly diluted.

(s) **Liquidity risk**

The eventual admission of the New Shares to trading on the ASX should not be taken for granted or as implying that there will be an ongoing liquid market for the securities.

(t) **Regulation**

The Company may be adversely affected by changes in government policy or legislation. These changes may require the Company to hold more capital or incur other costs and any of these events may have an adverse impact on the financial performance and/or financial position of the Company.

(u) **Foreign exchange risk**

The Company is and will in the future be exposed to foreign exchange fluctuations. Foreign currency transactions are converted to Australian dollars at the rates of exchange applicable to the dates of the transactions.

6. Additional information

6.1 Continuous disclosure obligations

The Company is a disclosing entity for the purposes of the Corporations Act and is therefore subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules. Those obligations require the Company to continuously notify ASX of information about specific events and matters as they arise for the purpose of ASX making the information available to the securities exchange conducted by ASX. The Company has an obligation under the ASX Listing Rules (subject to certain limited exceptions) to notify ASX immediately of any information concerning the Company of which it becomes aware that a reasonable person would expect to have a material effect on the price or value of its Shares.

Having taken such precautions and having made such enquiries as it considers reasonable, the Company believes that it has complied with the general and specific requirements of the Corporations Act and ASX, as applicable from time to time, throughout the 12 months before the date of this Prospectus.

Copies of documents lodged with the ASIC in relation to the Company may be obtained from, or inspected at, an office of the ASIC.

Any person may request, and the Company will provide free of charge, a copy of each of the following documents during the application period of this Prospectus:

- (a) the financial statements of the Company for the financial year ended 30 June 2013 (**2013 Annual Financial Report**), being the most recent annual financial report of the Company lodged with ASIC before the lodgement of this Prospectus with ASIC; and
- (b) any continuous disclosure notices given by the Company since the lodgement of the 2013 Annual Financial Report and before lodgement of this Prospectus. Continuous disclosure notices given by the Company since the lodgement of the 2013 Annual Financial Report to the Prospectus Date are listed in section 6.2.

6.2 ASX announcements

The following announcements (continuous disclosure notices) have been made by the Company to ASX since 30 September 2013 (i.e. date of lodgement with ASIC of the Company's annual financial report for the financial year ended 30 June 2013).

<u>Date</u>	<u>Headline</u>
13/11/2013	Becoming a substantial holder from WBC
13/11/2013	Becoming a substantial holder from BTT
12/11/2013	Form 604 – Change of Interest Substantial Holder – SZG in itself
12/11/2013	Form 604 – Change of Interest Substantial Holder – Scott Farrell
11/11/2013	Appendix 3B - \$2.4M Placement
11/11/2013	SZG Completes \$2.4M Placement
08/11/2013	Entitlement Offer – Letter to Shareholders
07/11/2013	Entitlement Offer Prospectus
01/11/2013	Appendix 3B – Entitlement Offer
01/11/2013	\$8.7 m Capital Raising – Share Placement & Entitlement Offer
01/11/2013	Frank O'Halloran to join SubZero Board
31/10/2013	Trading Halt
25/10/2013	Annual Report to shareholders
25/10/2013	Notice of Annual General Meeting/Proxy Form
25/10/2013	SZG Convertible Notes Not Proceeding
30/09/2013	Full Year Statutory Accounts

Any person may request, and the Company will provide free of charge, a copy of any of the above announcements during the application period of this Prospectus.

The Company may make further announcements to ASX from time to time. Copies of announcements are released by ASX on its website, www.asx.com.au, (ASX Code SZG). Copies of announcements can also be obtained from the Company upon request.

6.3 Legal proceedings

The Directors are not aware of any litigation of a material nature pending or threatened, which may significantly affect the Company other than a dispute with the Office of State Revenue in relation to payroll tax.

Seven subsidiaries of the Company have received Assessment Notices from the Office of State Revenue claiming an additional \$2,325,121.38 in payroll tax, penalties and interest for the period 1 July 2007 to 30 June 2013. The Company disputes approximately \$1.7 million of this liability and has the benefit of a full indemnity against any such liability from the vendor shareholders from whom it acquired the shares in SubZero Holdings Pty Ltd in April 2013.

6.4 7 February 2013 Prospectus – Balance Sheet Error

The Prospectus dated 7 February 2013 issued by the Company (**February Prospectus**) contained on page 54 a Pro Forma Consolidated Balance Sheet as at 30 June 2012 (**Prospectus Balance Sheet**). The Prospectus Balance Sheet disclosed current liabilities of \$17,095,445 and non-current liabilities of \$20,767,590.

The Prospectus Balance Sheet was extracted from the audited financial statements of the Company and the SubZero Group entities ultimately acquired by the Company as at 30 June 2012. The pro forma aggregated financial statements of the SubZero Group entities were audit reviewed and reviewed by the Investigating Accountants (see page 51 and section 8 of the February Prospectus).

In the preparation of the Company's 2013 Annual Financial Report the Company and the Directors became aware that there had been a misclassification between current liabilities and non-current liabilities in the Prospectus Balance Sheet.

The Company's 2013 Annual Financial Report as lodged with the ASX on 30 September 2013 on page 11 stated the correct current liabilities and non-current liabilities, namely that the consolidated entity had current liabilities of \$27.270 million and non-current liabilities of \$12.151 million as at 30 June 2012.

The liabilities incorrectly classified as non-current comprised loans from related parties and a portion of the Group's lease liabilities. The total of these incorrectly classified liabilities was approximately \$9.5 million

6.5 Rights attaching to the New Shares

The New Shares issued under this Prospectus will be fully paid ordinary shares in the Company and will have the same voting and other rights as the existing Shares of the Company. The rights attaching to Shares in the Company are set out in the Constitution, the ASX Listing Rules and the Corporations Act. A copy of the Constitution has been lodged with ASIC. The Constitution contains provisions common for public companies in Australia and is taken to be included in this Prospectus by the operation of section 712 of the Corporations Act. Any person may request, and the Company will provide free of charge, a copy of the Constitution during the application period of the Prospectus.

All New Shares issued under this Prospectus will rank equally in all respects with, and will have the same terms as, the Company's then issued Shares.

A summary of the more significant rights attaching to the Shares is set out below. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of Shareholders.

(a) **Voting Rights**

Subject to any special rights (at present there are none), at any general meeting of the Company, each Shareholder present in person or by proxy has one vote on a show of hands, and on a poll has one vote for each Share held.

(b) **Dividends**

Subject to any special rights (at present there are none), any dividends that may be declared by the Company are payable on all Shares in proportion to the amount paid up.

(c) **Transfer of Shares**

Subject to the Constitution, the Corporations Act, the ASX Listing Rules and other relevant laws, the Shares are freely transferable.

(d) **Meetings and notice**

Each Shareholder is entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, the Corporations Act and any other laws.

(e) **Winding up**

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

- divide among the Shareholders the whole or any part of the Company's property; and
- decide how the division is to be carried out between the Shareholders.

Subject to any special rights (at present there are none), any surplus assets (following full satisfaction of all creditors' debts) on a winding up are to be distributed to Shareholders in proportion to the number of Shares held by them irrespective of the amounts paid or credited as paid.

(f) **Variation of rights**

The rights attaching to the Shares may only be varied by the consent in writing of the holders of three-quarters of the Shares, or with the sanction of a special resolution passed at a general meeting.

6.6 **Current Directors**

The Directors of the Company at the date of this Prospectus are:

- Mr Malcolm Jackman (Non Exec. Chairman);
- Mr Scott Farrell (Managing Director and Chief Executive Officer);
- Mr Glenn Molloy (Non Exec. Director);
- Mr Bruce Arnott (Non Exec. Director); and
- Mr Graeme (Joe) Clayton (Non Exec. Director).

6.7 **Directors' Interests**

Except as disclosed in the Prospectus, no Director or proposed Director has, or has had within two years before the lodgement of this Prospectus with ASIC, any interest in

- (a) the formation or promotion of the Company; or
- (b) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or

(c) the Offer,

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

6.8 Remuneration

Directors are entitled to receive directors' fees and other remuneration (which may include consulting fees) from the Company in relation to services provided to the Company. Details of the remuneration paid to Directors during the financial year ended 30 June 2013 are set out in the 2013 Annual Financial Report. The table below sets out details of the remuneration received by, or payable to current Directors, as fees and remuneration in the past two completed financial years.

Director	2012 financial year	2013 financial year
Malcolm Jackman	Nil	\$Nil
Scott Farrell	Nil	\$414,300*
Bruce Arnott	Nil	\$12,500
Graeme (Joe) Clayton	Nil	\$12,500
Glenn Molloy	Nil	\$12,500

* base salary including superannuation

As at the date of this Prospectus, the fees (inclusive of superannuation contributions) payable to or for the benefit of the Chairman (Malcolm Jackman) and each of the other non-executive directors for their ordinary services as Directors are \$75,000 per annum and \$50,000 per annum respectively.

6.9 Securities and Other Interests

As at the date of this Prospectus, the direct and indirect interests of the Directors in Shares, together with their respective Entitlement, are as follows:

Director	Shares	Entitlement
Malcolm Jackman	1,344,525	448,175
Scott Farrell	54,751,200	18,250,400
Glenn Molloy	7,060,144	2,353,382
Bruce Arnott	250,000	83,333
Graeme (Joe) Clayton	1,344,525	448,175

As announced to the ASX on 1 November 2103, Scott Farrell has elected not to take up any of his Entitlements (or any Entitlements of his associates) in order to allow institutional investors to acquire equity in the Company. Each of the other Directors intends to take up their respective Entitlements in full. Collectively, these Entitlements represent approximately 5.26% of the total number of New Shares offered under the Offer.

As noted in section 6.12, Wavet Fund No 2 Pty Ltd (**Wavet**), an entity controlled by Glenn Molloy, has entered into a sub-underwriting agreement with the Underwriter under which Wavet has agreed

to sub-underwrite the Offer up to 3,250,000 New Shares (**Sub-Underwritten Shares**) or \$325,000 (**Sub-Underwritten Amount**) for a sub-underwriting fee payable by the Underwriter equal to 3% of the Sub-Underwritten Amount.

6.10 **Disclosure of interests and fees of advisers**

Except as disclosed in this Prospectus, no person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus holds or has held at any time within two years before lodgement of this Prospectus with ASIC any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of those persons for services rendered by him or her in connection with the formation or promotion of the Company or the Offer.

HWL Ebsworth has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay HWL Ebsworth approximately \$35,000 (excluding GST and disbursements) for these services.

6.11 **Summary of Underwriting Agreement**

The Company and the Underwriter are parties to an underwriting agreement dated 1 November 2013 (**Underwriting Agreement**) pursuant to which the Underwriter has agreed to underwrite the Offer. The Underwriter may appoint sub-underwriters to assist in the performance of its obligations.

(a) **Fees and indemnity**

In consideration of the Underwriter performing its obligations under the Underwriting Agreement, the Company has agreed to pay a cash underwriting fee of \$380,191 (being 6% of the total issue price of all New Shares offered under the Offer). Fees payable to sub-underwriters will be at the sole discretion of the Underwriter. The Company will not be responsible for the payment of any fees to sub-underwriters.

Subject to certain exclusions relating to gross negligence, fraud, recklessness, wilful misconduct or breach of the Underwriting Agreement, the Company has agreed to indemnify the Underwriter and its officers, employees, advisers, and related bodies corporate (**Indemnified Parties**) against all claims, demands, damages, losses, costs, expenses and liabilities incurred directly or indirectly as a result of any material breach of the Company's obligations under the Underwriting Agreement, any representation or warranty made by the Company under the Underwriting Agreement being materially untrue or incorrect or any claim that an Indemnified Party has a liability under the Corporations Act or any other law in relation to the Offer.

(b) **Representations, warranties and undertakings**

Under the Underwriting Agreement, the Company gives certain representations, warranties and undertakings in a form that is usual for agreements of this kind, including those described below.

The Underwriting Agreement contains various obligations on the Company, including that the Company must not, without the prior written consent of the Underwriter, at any time after the date of the Underwriting Agreement, allot or agree to allot or indicate in any way that it may or will allot any Shares or other securities convertible into or exchangeable for equity securities other than pursuant to an employee share or option plan implemented by the Company or as contemplated under the Prospectus.

The Company has also undertaken to ensure that the Prospectus and the Offer comply in all material respects with all applicable laws and the ASX Listing Rules.

(c) **Termination events**

Subject to the qualification specified at the end of this paragraph (c), the Underwriter may terminate the Underwriting Agreement at any time after the date of the Underwriting Agreement by written notice to the Company if any one or more of the following occurs:

- (i) a statement in the Prospectus is found to be misleading or deceptive, or a matter is omitted from the Prospectus or the issue of the Prospectus is misleading or deceptive;
- (ii) any adverse change occurs in the assets, liabilities, financial position and performance, profits, losses or prospects of the Company and the Group (insofar as the position in relation to an entity in the Group will or may affect the overall position of the Company) including any adverse change in the assets, liabilities, financial position and performance, profits, losses or prospects of the Group;
- (iii) there is introduced or there is announced a proposal to introduce into the Parliament of Australia or any State of Australia in which the Company offers products or services a new law or any authority of the Commonwealth or any State in which the Company offers products or services adopts or announces a proposal to adopt a new policy, any of which does or is likely to adversely affect the successful promotion of those products or services or the industry in which the Company conducts its business;
- (iv) at any time after the issue of Prospectus:
 - (A) an event occurs in relation to the Company or the Group (in so far as the position in relation to an entity in the Group will or may affect the overall position of the Company), as set out in sections 652C(1) and (2) of the Corporations Act; or
 - (B) the Company withdraws the Prospectus or the Company fails to lodge the Prospectus with ASIC within the time required by the Corporations Act and the ASX Listing Rules to do so;
- (v) hostilities not presently existing commence (whether war has been declared or not) or a major escalation in existing hostilities occurs (whether war has been declared or not) involving any one or more of Australia, New Zealand, the United States of America, the United Kingdom, the Republic of India, Japan or the Peoples' Republic of China;
- (vi) the S&P/ASX 200 Index decreases to a level that is at least 20% below the level of that Index as at the close of trading on the business day prior to the date of the Underwriting Agreement and remains at or below that level for 3 consecutive business days;
- (vii) there is introduced or there is announced a proposal to introduce into the Parliament of Australia or any State of Australia a new law or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt a new policy, any of which does or is likely to prohibit or regulate, in a materially adverse way, the principal business of the Company, the Offer, capital issues generally or stock markets generally;
- (viii) there occurs any material adverse change or disruption to the financial markets of Australia, the United States of America or other major international financial market, or there occurs any change in national or international political, financial or economic conditions, in each case the effect of which is such as to make it, in the reasonable judgment of the Underwriter, impracticable to market the Offers or to enforce contracts to purchase the Shares or is reasonably likely to materially and adversely affect the success of the Offers;

- (ix) a director of the Company is charged with an indictable offence or is disqualified from managing a corporation under Part 2D.6 of the Corporations Act;
- (x) a change is made to the board of directors of the Company, except as previously notified to the Underwriter;
- (xi) there occurs a contravention by the Company or any entity in the Group of the Corporations Act, its constitution or any of the ASX Listing Rules;
- (xii) approval to the quotation of all of the New Shares on the ASX is refused, not granted or granted subject to any condition which is unacceptable to the Underwriter (acting reasonably) on or before completion of the Offer;
- (xiii) approval to the official quotation of all of the New Shares on the ASX is withdrawn or qualified on a basis which the Underwriter reasonably considers unacceptable before Completion;
- (xiv) an insolvency event occurs in relation to the Company or the Group;
- (xv) ASIC issues an order or indicates an intention to hold a hearing arising out of or in connection with the Offer or ASIC commences an examination of any person or requires any person to produce documents arising out of or in connection with the Offer or the Company under Sections 19 or 30 to 33 of the Australian Securities and Investments Commission Act;
- (xvi) an application is made by ASIC for an order under Section 1324B of the Corporations Act in relation to the Offer;
- (xvii) any person (other than the Underwriter) who has previously consented to the inclusion of its name in the Prospectus withdraws that consent;
- (xviii) there is a default by the Company in the performance of any of its material obligations under the Underwriting Agreement;
- (xix) a representation or warranty contained in the Underwriting Agreement on the part of the Company is or becomes untrue or incorrect in any material respect and the matters rendering the warranty untrue or incorrect are not remedied to the satisfaction of the Underwriter prior to the issue of the shortfall notice; or
- (xx) any litigation, arbitration or other legal proceeding is commenced against any entity in the Group.

The Underwriter may not terminate the Underwriting Agreement after the occurrence of an event referred to above unless it believes (acting reasonably) that the event has or is likely to have a materially adverse effect on the Company or the Group or the outcome of the Offer or could give rise to a material liability of the Underwriter under any law or regulation.

- (d) The Company must also pay all of the Underwriter's costs and expenses in connection with the Underwriting Agreement including its legal costs (capped at \$15,000 excluding GST).

6.12 **Sub- Underwriting (including by a related party)**

As noted in section 3.3, the Underwriter has advised the Company that the Offer is fully sub-underwritten by more than 20 of the Underwriter's institutional and sophisticated investor clients, none of whom have agreed to sub-underwrite more than 10,000,000 New Shares (being approximately 15.8% of the total number of New Shares).

In addition, Wavet Fund No 2 Pty Ltd (**Wavet**), a related party of the Company by virtue of being an entity controlled by Glenn Molloy (a Director), has entered into a sub-underwriting agreement with the Underwriter under which Wavet has agreed to sub-underwrite the Offer up to 3,250,000 New Shares (**Sub-Underwritten Shares**) or \$325,000 (**Sub-Underwritten Amount**) for a sub-underwriting fee payable by the Underwriter equal to 3% of the Sub-Underwritten Amount.

The Sub-Underwritten Shares represent approximately 5.1% of the total number of New Shares offered under the Offer. As noted in section 6.9, as the date of this Prospectus Date Glenn Molloy has direct or indirect interests in 7,060,144 Shares and intends to take up his Entitlement in full. Assuming he does so, all of the Sub-Underwritten Shares are issued to Wavet and the balance of the New Shares is issued, his voting power will be approximately 5.0%.

The terms and conditions of the sub-underwriting agreement between the Underwriter and Wavet are customary in nature and offer Wavet a general sub-underwriting position in the Offer up to the number of Sub-Underwritten Shares. Under the terms of the sub-underwriting agreement, Wavet has no rights of termination. However, if the Offer does not proceed or the Underwriting Agreement is terminated, the sub-underwriting agreement will also terminate without any obligation on Wavet.

6.13 Share trading history

The highest, lowest and last closing market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with ASIC and the respective dates of those sales are set out in the table below.

	Price	Date
Highest	\$0.14	25 October 2013
Lowest	\$0.09	2 October 2013
Last	\$0.105	14 November 2013

6.14 Costs of the Offer

If the Offer is fully subscribed, the total expenses of the Offer are estimated to be \$456,925 (excluding GST) and are expected to be applied towards the items set out in the table below:

ASIC fees	\$2,225
ASX fees	\$15,200
Underwriter's fees	\$380,000
Legal fees	\$50,000
Share Registry fees	\$6,500
Printing and other expenses	\$3000
Total	\$456,925

6.15 Taxation

Recipients of the Offer should seek and obtain taxation advice before applying for New Shares so that they may first satisfy themselves of any taxation implications associated with acquiring New Shares under the Offer and of any subsequent sale of New Shares. Neither the Company nor any of its officers accepts any liability or responsibility in respect of the taxation consequences of subscribing for New Shares under the Offer or any other taxation consequences connected with an investment in the Company.

6.16 Privacy

Personal information is collected on the Application Forms by the Company and its Share Registrar for maintaining registers of security holders, facilitating distribution payments and other corporate actions and communications. As the investor is a Shareholder, the Company and the Share Registry already hold personal information of the investor. If Shareholders apply for New Shares under the Offer, the Company and the Share Registry may update that personal information or collect

additional personal information. Applications might not be processed efficiently, or at all, if the information requested is not provided. Personal information about applicants may be disclosed to external service providers such as print or mail service providers as required or permitted by law.

An applicant who would like details of their personal information held by the Company or its Share Registry, or who would like to correct information that is incorrect or out of date, should contact the Share Registry's Privacy Officer at the address shown in the Corporate Directory on page 1. In accordance with the Corporations Act, applicants may be sent material (including marketing material) in addition to general corporate communications. Applicants may elect not to receive marketing material by contacting the Share Registry's Privacy Officer. Applicants can also request access to, or corrections of, personal information held by the Company by writing to the Company.

6.17 **Consents**

Each of the parties referred to in this section 6.17

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

Each of the following has consented to being named in the Prospectus in the capacity noted below and has not withdrawn their consent prior to the lodgement of this Prospectus with ASIC:

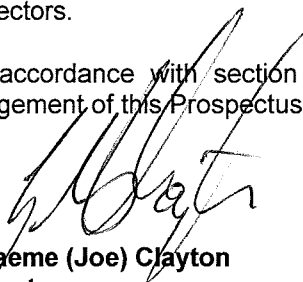
- (a) HWL Ebsworth as solicitors to the Offer; and
- (b) Blue Ocean Equities Pty Limited as underwriter to the Offer.

There are persons referred to elsewhere in this Prospectus who are not experts and who have not made statements included in this Prospectus, nor are there any statements made in this Prospectus on the basis of any statements made by those persons. These persons did not consent to being named in the Prospectus and did not authorise or cause the issue of the Prospectus.

7. Directors' Authorisation Statement

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with ASIC.



Graeme (Joe) Clayton
Director
For and on behalf of SubZero Group Limited

8. Glossary

2013 Annual Financial Report	the annual financial report and financial statements of the Company for the financial period ended 30 June 2013 lodged with the ASX and ASIC on 25 October 2013
Additional New Shares	New Shares in addition to an Eligible Shareholder's Entitlement for which an applicant makes an Application
Application	an application for New Shares pursuant to the Application Form
Application Form	the Entitlement and Acceptance Form attached to this Prospectus through which with an application for New Shares can be made
Application Money	the money received from Eligible Shareholders in respect of their Application
ASIC	Australian Securities and Investments Commission
ASX	ASX Limited ABN 98 008 624 691 or the financial market operated by it known as Australian Securities Exchange (as the context requires)
ASX Listing Rules	the official listing rules of ASX, as amended from time to time
Closing Date	5.00pm (Sydney time) on 3 December 2013
Company	SubZero Group Limited ACN 009 161 522
Constitution	Constitution of the Company
Corporations Act	<i>Corporations Act</i> 2001 (Cth)
Director	a director of the Company
Eligible Shareholder	a Shareholder as at the Record Date other than a Non-qualifying Foreign Shareholder
Entitlement	the entitlement to one New Share for every three Shares held at 7:00pm (Sydney time) on the Record Date
Group	the Company and its controlled entities
New Share	one Share to be issued pursuant to the Offer under this Prospectus
Non-qualifying Foreign Shareholder	means a Shareholder whose registered address is not situated in Australia or New Zealand
Offer	the non-renounceable pro-rata offer of one New Share for every three Shares held by Shareholders at an issue price of \$0.10 per New Share to raise up to approximately \$6.3 million (before costs)
Placement Shares	24,195,000 Shares issued to Investors at an issue price \$0.10 per Share on 11 November 2013 (see section 3.4 for details)
Prospectus	this replacement prospectus dated 15 November 2013 which replaces the Original Prospectus dated 7 November 2013
Prospectus Date	15 November 2013
Record Date	7.00pm (Sydney time) on 15 November 2013
Share	one fully paid ordinary share in the capital of the Company
Shareholder	holder of Shares
Share Registry	Gould Ralph Pty Limited
Shortfall	the number of New Shares not applied for under the Offer (if any)
Underwriter	Blue Ocean Equities Pty Limited ACN 151 186 935
Underwriting Agreement	the underwriting agreement between the Company and the Underwriter dated 1 November 2013