AUSTRALIAN RENEWABLE FUELS LIMITED
ACN 096 782 188

ASX Announcement: **11 November 2016** ASX Code: **ARW**

AUSTRALIAN RENEWABLE FUELS LIMITED
NOTICE OF 2016 ANNUAL GENERAL MEETING

Pursuant to ASX Listing Rule 3.17 please find following a copy of documents which have been mailed to shareholders today:

Notice of Annual General Meeting to be held:	~~Friday, 25 November 2016,~~ Friday, 9 December 2016, at 11:00am Melbourne time at *Arnold Bloch Leibler* Level 21, 333 Collins Street Melbourne Vic 3000
Copy of Proxy form	

The Company is in the process of finalising its audited financial accounts for the year ended 30 June 2016 and expects to lodge this with ASX on 11 November 2016.

Please direct enquiries to:
Craig Smith
Company Secretary
craig.smith@thorney.com.au

AUSTRALIAN RENEWABLE FUELS LIMITED
ACN 096 782 188

Notice of annual general meeting

Notice is given that the annual general meeting of Australian Renewable Fuels Limited (**Company**) will be held at Arnold Bloch Leibler, Level 21, 333 Collins Street, Melbourne, Victoria, 3000 on Friday, 9 December 2016 at 11:00 am (Melbourne time).

Ordinary business

Annual financial and other reports

To receive the Company's financial report, directors' report and auditor's report for the financial year ended 30 June 2016.

Resolution 1 — adoption of remuneration report

To consider and if thought fit pass the following resolution as an **ordinary resolution**:

> "That the remuneration report for the year ended 30 June 2016 be adopted."
>
> **Note:** The remuneration report is set out in the Company's 2016 annual report. The vote on this resolution is advisory only and does not bind the directors of the Company.

Resolution 2 — election of Mr Martin Casey

To consider and if thought fit pass the following resolution as an **ordinary resolution**:

> "That Mr Martin Casey, who was appointed in accordance with clause 13.5 of the Company's constitution and Listing Rule 14.4, and being eligible for election, be elected as a director of the Company."

Resolution 3 — election of Mr Alex Waislitz

To consider and if thought fit pass the following resolution as an **ordinary resolution**:

> "That Mr Alex Waislitz, for the purposes of Listing Rule 14.4, and being eligible for election, be elected as a director of the Company."

Resolution 4 — election of Mr Jeremy Leibler

To consider and if thought fit pass the following resolution as an **ordinary resolution**:

> "That Mr Jeremy Leibler, for the purposes of Listing Rule 14.4, and being eligible for election, be elected as a director of the Company."

Special business

Resolution 5 — adopt new constitution

To consider and if thought fit pass the following resolution as a **special resolution**:

> "That the existing constitution of the Company be repealed and in its place a constitution in the form presented to the meeting, and signed by the chair for the purpose of identification, be adopted as the Company's new constitution, effective at the close of this meeting."

Resolution 6 — Change in nature of activities

To consider and if thought fit pass the following resolution as an **ordinary resolution**:

> "That for the purpose of Listing Rule 11.1.2 and for all other purposes, approval is given for the Company to make a significant change in the nature of its activities, including for the purposes of becoming an Investment Entity, as described in the Explanatory Statement accompanying this Notice of Meeting."

Resolution 7 — share consolidation

To consider and if thought fit pass the following resolution as an **ordinary resolution**:

> "That for the purposes of section 254H of the Corporations Act, Listing Rule 7.20 and for all other purposes, the issued shares in the Company be consolidated with effect at 9:00 am (Melbourne time) on the 8th business day after this resolution is passed on the basis that all of the shares held by each shareholder of the Company at that time be converted into a smaller number of shares equal to one one-hundredth of the number of the shareholder's shares, or if that is a fractional number, the next whole number above that fractional number."

Resolution 8 – change of name

To consider and if thought fit pass the following resolution as a **special resolution**:

> "That, subject to the passing of Resolution 6, the name of the Company be changed to Thorney Technologies Ltd, and the Company adopt that name as its new name."

Resolution 9 — approval of investment management agreement with Thorney Management

To consider and if thought fit pass the following resolution as an **ordinary resolution**:

"That, subject to the passing of Resolution 6, the entry by the Company into an investment management agreement with Thorney Management Services Pty Ltd in the form or substantially in the form presented to the meeting the terms of which are summarised in the Explanatory Statement, the establishment of the Company's investment policy and objectives, and the appointment by the Company of Thorney Management Services Pty Ltd as manager on the terms of the investment management agreement, be approved:

(a) as the giving of a financial benefit to a related party for the purpose of section 208 of the Corporations Act; and

(b) as a significant change for the purpose of Listing Rule 11.1 and for all other purposes."

Resolution 10 — approval of asset sale agreement, acquisition of Seed Investments from the Thorney Entities and issue of Consideration Shares to Thorney Holdings under asset sale agreement

To consider and if thought fit pass the following resolution as an **ordinary resolution**:

"That, subject to:

(a) the issued shares in the Company being consolidated in accordance with Resolution 7; and

(b) the passing of Resolution 6,

the entry by the Company into an asset sale agreement with the Thorney Entities and the acquisition of Seed Investments from the Thorney Entities and the issue of up to 27,404,091 Shares (on a post-consolidated basis) to Thorney Holdings pursuant to the asset sale agreement in the form or substantially in the form presented to the meeting and as described in the Explanatory Statement be approved:

(c) as the giving of a financial benefit to a related party for the purpose of section 208 of the Corporations Act; and

(d) for the purpose of Listing Rules 10.1 and 10.11 and for all other purposes."

Resolution 11 — approval of issue of shares to Thorney Holdings under placement offer and/or retail offer

To consider and if thought fit pass the following resolution as an **ordinary resolution**:

"That, subject to:

(a) the issued shares in the Company being consolidated in accordance with Resolution 7; and

(b) the passing of Resolution 6,

the issuance by the Company of up to 91,684,341 Shares (on a post-consolidated basis) to Thorney Holdings under the placement offer and/or the retail offer on the terms and conditions set out in the Explanatory Statement be approved:

(c) as the giving of a financial benefit to a related party for the purpose of section 208 of the Corporations Act; and

(d) for the purpose of Listing Rule 10.11 and for all other purposes."

Resolution 12 — approval of issue of shares under placement offer to other sophisticated and professional investors

To consider and if thought fit pass the following resolution as an **ordinary resolution**:

"That, subject to:

(a) the issued shares in the Company being consolidated in accordance with Resolution 7; and

(b) the passing of Resolution 6,

the issue of up to 454,545,454 ordinary shares in the Company that:

(c) are offered under a placement offer pursuant to a disclosure document under part 6D.2 of the Corporations Act; and

(d) are issued after the share consolidation has been effected;

to sophisticated and/or professional investors as fully paid shares at the price of $0.22 per share and otherwise on the terms summarised in the Explanatory Statement, to raise up to $100 million, be approved for the purpose of Listing Rule 7.1, as a significant change for the purpose of Listing Rule 11.1 and for all other purposes."

Resolution 13 — approval of issue of shares under retail offer

To consider and if thought fit pass the following resolution as an **ordinary resolution**:

"That, subject to:

(a) the issued shares in the Company being consolidated in accordance with Resolution 7; and

(b) the passing of Resolution 6,

the issue of ordinary shares in the Company up to an amount equal to 568,181,818 less the number of ordinary shares issued under the placement offer (on a post-Share Consolidation basis) that:

(c) are offered under a retail offer pursuant to a disclosure document under part 6D.2 of the Corporations Act; and

(d) are issued after the share consolidation has been effected,

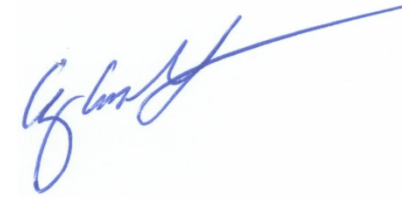
to investors as fully paid shares at the price of $0.22 each and otherwise on the terms summarised in the Explanatory Statement, to raise up to $125 million, be approved for the purpose of Listing Rule 7.1, as a significant change for the purpose of Listing Rule 11.1 and for all other purposes."

Resolution 14 – Appointment of auditor

To consider and if thought fit pass the following resolution as a **special resolution**:

> "That, the firm Ernst & Young be appointed as auditor of the Company in place of Deloitte Touche Tohmatsu under section 327B of the Corporations Act."

Dated: 10 November 2016
By order of the board



Craig Smith
Company Secretary

Notes:

1. A member entitled to attend and vote at this meeting is entitled to appoint one proxy or, if the member is entitled to cast two or more votes at the meeting, two proxies to attend and vote on behalf and instead of the member.

2. Where two proxies are appointed and the appointment does not specify the proportion or number of the member's votes each proxy may exercise, each proxy may exercise half of the votes.

3. A proxy need not be a member.

4. A proxy form accompanies this notice. To be valid it must be received by the Company's share registrar, Boardroom Pty Ltd, or by the Company at its registered office, together with the power of attorney or other authority (if any) under which the form is signed, or a certified copy of that power or authority, not less than 48 hours before the time for holding the meeting, namely by 11:00 am (Melbourne time) on Wednesday, 7 December 2016. Delivery details are as follows:

   b) To the Company's share registrar:

      1. By hand delivery to:
         Australian Renewable Fuels Limited
         c/o Computershare Investor Services Pty Ltd
         Yarra Falls Level 8, 446 Collins Street
         452 Johnston Street
         Abbotsford VIC 3067
      2. By post to:
         Australian Renewable Fuels Limited
         c/o Computershare Investor Services Pty Ltd
         GPO Box 242, Melbourne VIC 3001
      3. By facsimile on 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia
         ii. To the Company's registered office:
      4. By hand delivery or post to:
         Australian Renewable Fuels Limited
         Level 39, 55 Collins Street
         Melbourne VIC 3000

5. Regulation 7.11.37 determination: A determination has been made by the board of directors of the Company under regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that those persons who are registered as the holders of shares in the Company as at 7:00 pm (Melbourne time) on 7 December 2016 will be taken to be the holders of shares for the purposes of determining voting entitlements at the meeting.

Voting exclusion statement:

The Company will disregard any votes cast on:

1. Resolution 1 (adoption of remuneration report):
   a) by or on behalf of a member of the key management personnel for the Company (**KMP Member**) (details of whose remuneration are included in the remuneration report, and includes each director of the Company), or a closely related party of a KMP Member, regardless of the capacity in which the vote is cast; and
   b) as a proxy by a member of KMP or a closely related party of a KMP Member;
2. Resolution 6 (change in nature of activities) by any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed, or an associate of such person;
3. Resolution 9 (approval of investment management agreement with Thorney Management) by or on behalf of Thorney Management, or an associate of Thorney Management;
4. Resolution 10 (approval of acquisition of Seed Investments from the Thorney Entities and issue of Consideration Shares to Thorney Holdings under asset sale agreement) by the Thorney Entities and Thorney Holdings, or their associates;
5. Resolution 11 (approval of issue of shares to Thorney Holdings under placement offer) by or on behalf of Thorney Holdings, or an associate of Thorney Holdings;
6. Resolution 12 (approval of issue of shares under placement offer to sophisticated and professional investors) by any person who may participate in the issue or might obtain a benefit, except solely in the capacity of a holder of ordinary shares, if the resolution is passed, or an associate of any such person; and
7. Resolution 13 (approval of issue of shares under retail offer) by any person who may participate in the issue or might obtain a benefit, except solely in the capacity of a holder of ordinary shares, if the resolution is passed, or an associate of any such person.

However, for Resolutions 1, 6, 9 - 13 (inclusive), the Company need not disregard a vote:

a) if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or

b) the person voting is the Chair of the meeting, and the Chair votes as a proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

For the purposes of Resolution 13, in determining those persons who are excluded from voting on the basis that they are "a person who may participate in the proposed issue", the person's votes need only be excluded if it is known that the person will participate in the proposed issue. Where it is not known who will participate in the propose issue, those persons will not be excluded from voting.

The chair of the meeting intends to vote undirected proxies held by him in favour of each resolution. Please refer to the proxy form accompanying this notice of meeting for more information.

AUSTRALIAN RENEWABLE FUELS LIMITED
ACN 096 782 188

Explanatory Statement

In relation to the ordinary business at Australian Renewable Fuels Limited's annual general meeting and special business for the proposed recapitalisation of Australian Renewable Fuels Limited

YOUR DIRECTORS RECOMMEND THAT YOU VOTE IN FAVOUR OF ALL RESOLUTIONS RELATING TO THE PROPOSAL, IN THE ABSENCE OF A SUPERIOR PROPOSAL*

This Explanatory Statement is an explanation of, and contains information about, the resolutions to be considered at the Annual General Meeting. It is given to shareholders of Australian Renewable Fuels Limited to help them determine how to vote on the resolutions set out in the accompanying Notice of Annual General Meeting.

***Except in respect of resolutions where the Thorney Group is excluded from voting, where Mr Martin Casey and Mr Craig Smith have abstained from providing a recommendation on those resolutions. Refer to section 1.3 of this Explanatory Statement for further information.**

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION

IF YOU DO NOT UNDERSTAND ITS CONTENTS OR ARE NOT SURE WHAT TO DO, PLEASE CONSULT YOUR LEGAL, FINANCIAL OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

IMPORTANT NOTICES

This explanatory statement is an important document and should be read carefully. It comprises part of, and should be read in conjunction with, the notice of the AGM of Australian Renewable Fuels Limited ACN 096 782 188 (**Company**) to be held on 9 December 2016 at 11:00 am.

Shareholders are encouraged to read this explanatory statement and the accompanying material in its entirety before making a decision on how to vote on any of the proposed resolutions.

Disclaimer
The information in this explanatory statement should be read in conjunction with the Company's other periodic and continuous disclosure announcements and other announcements to ASX which are available at www.asx.com.au.

In preparing this explanatory statement, the Company has not taken into account the investment objectives, financial situation or particular needs of any particular person. Accordingly, before acting on this explanatory statement, you may need to obtain independent legal, financial and/or taxation advice in light of your own financial circumstances.

Responsibility for information
The information in this explanatory statement has been prepared by the Company partly from information provided by the Thorney Group. Except as outlined below, no member of the Thorney Group or any of its directors, officers, employees, agents or advisers assumes any responsibility for the accuracy or completeness of any information in this explanatory statement. The Company has assumed for the purpose of preparing this explanatory statement that the information in sections 6, and in statements attributed or relating to any member of the Thorney Group or its intentions, business or affairs and other information provided to the Company by the Thorney Group (**Thorney Statements**) is correct. The Thorney Statements are the responsibility of the Thorney Group. None of the Company, or any of its directors, officers, employees, agents, advisers and persons engaged by the Company in the preparation of this explanatory statement takes responsibility for anything in the Thorney Statements or anything else prepared or distributed by the Thorney Group, except to the extent required by law.

PKF Corporate Finance (NSW) Pty Ltd (**PKF Corporate Finance**) has provided and is responsible for the information contained in its independent expert report set out in appendix 1 of this explanatory statement. PKF Corporate Finance does not assume any responsibility for the accuracy or completeness of any information in this explanatory statement other than that contained in the independent expert report.

Forward looking statements

The forward looking statements contained in this explanatory statement have been based on expectations at the date of preparation of this explanatory statement about future events. They are, therefore, subject to risks, uncertainties and assumptions that could cause actual results to differ materially from the expectations. These factors may include matters not yet known or not currently considered material. Nothing contained in this explanatory statement is, or may be relied on as, a promise or representation as to the accuracy or likelihood of fulfilment of any forward looking statement, except to the extent required by law. You are therefore cautioned not to place undue reliance on any such forward looking statement.

Unless otherwise stated, a monetary reference in this explanatory statement is a reference to Australian currency.

Defined terms
A number of terms used in this explanatory statement are defined in the glossary at the end of this explanatory statement.

Prospectus statement
A Prospectus for the Placement Offer and Retail Offer will be made available when the Shares are offered by the Company under the Placement Offer and Retail Offer. Any person interested in acquiring Shares to be offered under the Placement Offer or Retail Offer should consider the Prospectus in deciding whether to acquire the Shares, and anyone who wants to acquire the Shares will need to complete the application form that will be in or will accompany the Prospectus. A copy of the Prospectus will be sent to Shareholders (and TOP Shareholders) who have a priority entitlement to participate in the Retail Offer after the record date to determine which Shareholders (and TOP Shareholders) have priority entitlements. Anyone else will be able to obtain a copy of the Prospectus by contacting the company secretary, Craig Smith, by telephone on +61 3 9921 7171, by facsimile on +61 3 9921 7100 by email at craig.smith@thorney.com.au, or by downloading a copy from the Company's website at www.arfuels.com.au.

Contact details
If you have any questions regarding the matters set out in this explanatory statement (or elsewhere in the notice of AGM), you may contact the company secretary, Craig Smith, by telephone on +61 3 9921 7116, by facsimile on +61 3 9921 7100 by email at craig.smith@thorney.com.au or the Company's share registrar as follows:

Telephone:	1800 783 447 (within Australia) +61 3 9473 2555 (outside Australia) between 8:30 am and 5:00 pm (Melbourne time), Monday to Friday

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KEY DATES AND TIMETABLE

Event	Date
Record date to determine priority entitlements of Shareholders (and TOP Shareholders) under Retail Offer	13 November 2016 at 7:00 pm (Melbourne time)
Lodge Prospectus for the Placement Offer and Retail Offer with ASIC and provide a copy to ASX	14 November 2016
Lodge re-admission application with ASX	14 November 2016
Despatch Prospectus to Shareholders (and TOP Shareholders)	15 November 2016
Latest date for receipt of proxy forms	Wednesday, 7 December 2016 at 11:00 am (Melbourne time)
Hold general meeting	Friday, 9 December 2016 at 11:00 am (Melbourne time)
Lodge notice of resolution to change to the new name and lodge New Constitution with ASIC	12 December 2016
Last day for receipt share transfers on pre-consolidation basis	12 December 2016
Last day to register share transfers on a pre-consolidation basis	14 December 2016
Effective date of Share Consolidation (and shareholdings adjusted to reflect Share Consolidation)	21 December 2016 at 9:00 am (Melbourne time)
Send notice to Shareholders of number of Shares held pre- and post-Share Consolidation	21 December 2016
Closing date of Placement Offer	21 December 2016 at 5:00 pm (Melbourne time)
Issue of Consideration Shares and Shares under Placement Offer	22 December 2016
Suspension of quotation ends and quotation of Shares issued under the Placement Offer commences (subject to ASX confirmation of re-compliance with admission requirements)	23 December 2016
Closing date of Retail Offer	31 January 2017 at 5:00 pm (Melbourne time)
Issue Shares under Retail Offer	1 February 2017

Dates and times are indicative only and subject to change. The Company reserves the right, subject to the *Corporations Act 2001* (Cth) and the ASX Listing Rules, to change any date. If the Company decides to change the above timetable it will be announced through the ASX. Further details of the timing of the Placement Offer and Retail Offer will be set out in the Prospectus to be despatched to relevant Shareholders.

AUSTRALIAN RENEWABLE FUELS LIMITED
ACN 096 782 188

CHAIRMAN'S LETTER

11 November 2016

Dear Shareholders

This has been a tumultuous year for the Company. The Company's previous business of renewable bio-fuels suffered early this year due to volatility in the oil and tallow prices, and this led to the Company being placed into Administration on 20 January 2016.

I am pleased to provide details of a proposal from Thorney Group to recapitalise and reposition the Company as an ASX-listed investment entity with a focus on technology investments and other disruptive business models.

The Thorney Group was founded by its Executive Chairman, Mr Alex Waislitz. In 2013, the Thorney Group backed the transformation and recapitalisation of Thorney Opportunities Ltd (formerly Wentworth Holdings Ltd). The Thorney Group has a range of investments across many asset classes with a total market value in excess of $1 billion. The Thorney Group has an extensive investment network in both Australia and overseas markets, notably the USA and Israel.

The Thorney Group has been a long term shareholder of the Company. When the Company was placed into Administration in January 2016, the Thorney Group advised the Administrators of the Company that it had been working on plans to establish a listed investment company and we are pleased that the Thorney Group entered into a transaction with the Company's creditors so that the Company could avoid liquidation, and for this proposal to be developed. The Thorney Group has been funding the Company since the Company emerged from Administration on 22 September 2016 with no business or assets.

Whilst the previous business of the Company collapsed, and Administration of the Company resulted in shareholder value being lost, we are pleased that shareholders will have the opportunity to participate, if they wish, alongside Thorney Group and other investors in a proposed capital raising by the Company as it is re-purposed as a technology focussed investment company.

Full details of the proposal are set out in the explanatory statement. The proposal includes:

- (**Change to investment entity and appointment of Thorney Management**) changing the nature of the Company's activities to an ASX 'investment entity' that focusses on technology investments and other disruptive business models, including listed and non-listed investments, to be managed by Thorney Management. This will provide individual investors with exposure via their investment in the Company to Thorney Management's deal flow in Australia and overseas;

- (**Acquisition of seed investments**) the acquisition of seed investments from the private Thorney Group, which allows the Company to start its new business focus with a portfolio of investments. The seed investments (which have been reviewed by the Independent Expert) comprise a portfolio of listed and unlisted investments which the Thorney Group believes it has strong knowledge of, have upside potential and which it

believes are suitable investments for the Company. Thorney Management, as the proposed investment manager, has recommended these investments for the Company;

- (**Capital Raising**) a recapitalisation of the Company to raise up to $50 million, with the ability to accept up to a further $75 million in oversubscriptions, comprising:
  - a placement of up to $50 million to sophisticated and professional investors, with the ability to accept up to a further $50 million in oversubscriptions. Under the Placement, the Thorney Group intends to invest alongside other investors at the same share price of $0.22 per Share, with the intention to hold approximately 20% of the issued capital of the Company once the proposal is implemented (including the issuance of approximately $6 million worth of Shares to Thorney Holdings as consideration for the sale of the seed investments to the Company); and
  - a $25 million retail offering to the public, with the ability to accept oversubscriptions provided that the total Capital Raising does not exceed $125 million. The retail offering will include a priority allocation for eligible shareholders of the Company and eligible shareholders of Thorney Opportunities Ltd ("**TOP**"). The Thorney Group has advised that even though it and other shareholders essentially lost all of the value of their previous investment in the Company, the Thorney Group wants all shareholders to have the ability to participate in the capital raising of the Company. The Thorney Group also wants to provide a priority allocation to shareholders of TOP, as it had held a pre-existing investment in the Company, and given TOP's connection to the Thorney Group. Thorney Group may also participate in the retail offer.

  The capital raising is not underwritten. The Capital Raising is subject to the raising of minimum offer proceeds of $20 million.

I have been Chairman of the Company since 2014, and my fellow directors are Mr Martin Casey and Mr Craig Smith who both joined the Board as part of the Company emerging from Administration.

I am excited to announce that as part of the Thorney Group proposal, Mr Alex Waislitz, founder of the Thorney Group and Mr Jeremy Leibler, Partner at Arnold Bloch Leibler, have agreed to join the Board as proposed Non-executive Chairman and Non-executive director, respectively. Martin Casey and I will remain as directors, and Mr Craig Smith will resign as a director but remain as Company Secretary.

For the reasons set out in this explanatory statement, the Proposal (together with the other ordinary business of the AGM) requires shareholder approval. Your Directors are therefore requesting that Shareholders vote on the resolutions set out in the notice of meeting accompanying this explanatory statement to implement the Proposal.

The Company has retained PKF Corporate Finance, to provide an Independent Expert Report on the proposed investment management agreement with Thorney Management and the acquisition by the Company of Seed Investments from the Thorney Group in consideration for the issue of shares in the Company. A copy of the report is set out in appendix 1 of this explanatory statement. PKF Corporate Finance has concluded that the Proposal as a whole is not fair, but is reasonable, to Shareholders (as a whole) not associated with the Thorney Group.

Having considered the independent expert report, your Directors recommend that Shareholders vote in favour of all the resolutions at the AGM, in the absence of a superior proposal.[1]

[1] Except in respect of the resolutions which the Thorney Group is excluded from voting, where Mr Martin Casey and Mr Craig Smith have abstained from providing a recommendation on those resolutions. Refer to section 1.3 of this Explanatory Statement for further information.

This explanatory statement contains detailed information about the Proposal and associated risks. I recommend that you read this explanatory statement in full.

Your Directors encourage all Shareholders to attend the AGM and vote on the proposed resolutions.

Yours faithfully

Alan Fisher
Non-executive Independent Chairman
Australian Renewable Fuels Limited

1 OVERVIEW OF BUSINESS OF THE MEETING

1.1 Overview of ordinary business

As part of its ordinary business at the AGM, the Company will be seeking:

(a) the adoption of the Company's remuneration report for the year ended 30 June 2016; and

(b) the election of Mr Martin Casey, Mr Alex Waislitz and Mr Jeremy Leibler as directors.

Further detail in respect of each of these resolutions is set out in section 10 of this explanatory statement.

1.2 Overview of special business - Proposal

In relation to the special business of the meeting, the Company is seeking the approval of Shareholders for the Proposal.

A summary of the Proposal is set out in section 2 of this explanatory statement. Full details of the resolutions being put before shareholders in relation to the Proposal are included in the notice of meeting and section 10 of this explanatory statement.

1.3 Director's recommendations for business of the meeting

All Directors have approved this explanatory statement.

Resolutions 1, 3, 4, 5, 6, 7, 8, 12, 13 and 14

Your Directors unanimously recommend that Shareholders not precluded from voting **vote in favour** of **resolutions 1, 3, 4, 5, 6, 7, 8, 12, 13 and 14**, in the absence of a proposal that is superior to the Proposal.

Resolutions 9, 10 and 11 relating to Thorney Group

After having considered the independent expert report, **Mr Alan Fisher** (being the sole director on the Independent Board Sub-Committee) recommends that Shareholders not precluded from voting **vote in favour** of **resolutions 9, 10 and 11**, in the absence of a proposal that is superior to the Proposal. Mr Martin Casey and Mr Craig Smith have abstained from providing a recommendation in relation to these resolutions.

Resolution 2

All Directors (other than Mr Martin Casey, who is standing for election) **unanimously recommend** that Shareholders **vote in favour** of **resolution 2**.

2 DESCRIPTION OF THE PROPOSAL

2.1 Overview

You should read this explanatory statement, including the risks set out in section 7, in its entirety before making a decision in relation to the Proposal.

The key terms of the Proposal are:

(a) The Company will make a significant change to the nature of its activities by becoming an investment entity that focusses on technology investments and other disruptive business models - see sections 2.2 and 10.6.

(b) Thorney Management, a wholly owned subsidiary of Thorney Holdings, will be appointed by the Company as its investment manager pursuant to an Investment Management Agreement - see sections 2.3, 9.9 and 10.9.

(c) Pursuant to the Investment Management Agreement, Thorney Management will adopt a broad investment objective focussed on technology investments and other disruptive business models and to pursue an absolute return strategy over the medium to long term for the Company and its Shareholders - see sections 2.3, 9.9 and 10.9.

(d) Mr Alex Waislitz, founder and Executive Chairman of the Thorney Group, will be appointed as non-executive Chairman of the Company; Mr Jeremy Leibler, partner at Arnold Bloch Leibler, will be appointed as a non-executive director of the Company; and Mr Craig Smith will resign as a Director of the Company following the close of the AGM - see section 3.8.

(e) Pursuant to the Asset Sale Agreement, the Company will acquire the Seed Investments from the Thorney Entities - which are investments in listed and unlisted technology companies - in consideration for the issuance of the Consideration Shares to Thorney Holdings - see sections 2.4, 9.8 and 10.10.

(f) The Company will seek to raise up to $50 million, with the ability to accept oversubscriptions for up to a further $75 million ("**Capital Raising**") pursuant to a Prospectus, comprising:

  (i) a placement of up to $50 million at an issue price of $0.22 per Share to sophisticated and professional investors, with the ability to accept oversubscriptions for up to a further $50 million (the "**Placement Offer**"); and

  (ii) a $25 million retail offer at an issue price of $0.22 per Share to investors generally, with the ability to accept oversubscriptions provided that the total Capital Raising does not exceed $125 million. Eligible Shareholders of the Company and TOP Shareholders on 13 November 2016 at 7:00 pm (Melbourne time) will be afforded priority to participate in the retail offer (the "**Retail Offer**") - see sections 2.6, 10.11, 10.12 and 10.13.

The Capital Raising is not underwritten. The Capital Raising is subject to the raising of minimum offer proceeds of $20 million.

(g) Thorney Group has expressed an intention to the Company to participate in the Capital Raising such that, following completion of the Capital Raising, it will hold

an interest of approximately 20% in the Company. However, the level of Thorney's participation in the Capital Raising may vary and, accordingly, Thorney Group's interest in the Company may be higher or lower, but will not in any event exceed 29.88% in the Company immediately following completion of the Placement Offer (which may complete before the Retail Offer) and/or the Retail Offer. Notwithstanding this, the Thorney Group may in its discretion (subject to the Corporations Act) acquire or dispose of Shares on-market following the Company's re-listing on ASX.

Accordingly, the Company is seeking Shareholder approval to issue up to a maximum of 91,684,341 Shares to the Thorney Group under the Capital Raising (the "**Thorney Participation**") (in addition to the approval for the issue of the Consideration Shares to Thorney Holdings). If, for example, the Company raises the maximum amount of $125 million under the Capital Raising, and Thorney Group participates to the maximum extent approved by Shareholders, then the Thorney Group's shareholding in the Company immediately following completion of the Capital Raising (and the issuance of the Consideration Shares) will be approximately 20% - see sections 2.6 and 10.11.

The following table is provided for illustration purposes. It highlights the effect of the Capital Raising (in three different scenarios - $50 million, $75 million and $125 million) and the issuance of the Consideration Shares on the share capital of the Company, on the assumption that the Thorney Group will hold 20% of the issued capital following completion of the Proposal.

	$50 million	**$75 million**	**$125 million**
Shares held by Thorney			
Post Share Consolidation (at 1 for 100)	112,766	112,766	112,766
Thorney Group participation in Capital Raising*	23,502,523	46,229,795	91,684,341
Consideration Shares issued for Seed Investments (maximum)**	27,404,091	27,404,091	27,404,091
Total Thorney Shares	**51,019,380**	**73,746,652**	**119,201,198**
	20%	20%	20%
Post Share Consolidation - Shareholders not associated with the Thorney Group	307,314	307,314	307,314
New Shares issued under the Capital Raising to Shareholders not associated with the Thorney Group	203,770,204	294,679,296	476,497,477
Total shares on issue	**255,096,898**	**368,733,262**	**596,005,989**
Thorney cash and seed investment contribution			
Thorney Group participation in Capital Raising*	$5,170,555	$10,170,555	$20,170,555
Seed Investments**	$6,028,900	$6,028,900	$6,028,900
Total Thorney contribution	**$11,199,455**	**$16,199,455**	**$26,199,455**

*Assumes that Thorney Group participates in the Capital Raising such that, following completion of the Capital Raising, it will hold an interest of approximately 20% in the Company. Thorney Group's interest in the Company following completion of the Proposal may be higher or lower.

**The actual number of Consideration Shares, and the value of the Seed Investments is determined in accordance with the formula described in section 9.8. The number of Consideration Shares to be issued to Thorney Holdings will not exceed 27,404,091 Shares. In respect of the value of the Seed Investments, the Company will obtain the benefit of any increases in the share price of the listed securities from 2 November 2016. If the share price for any particular listed investment decreases from 2 November 2016 to the completion date, the Company will obtain the benefit of the lower price.

(h) Prior to completing the Capital Raising, the Company will undertake a share consolidation of the existing Shares on issue on a 1 for 100 basis ("**Share Consolidation"**) - see sections 2.5 and 10.7.

(i) The Company will adopt a new constitution - see sections 2.7, 9.10 and 10.5.

(j) The Company will be renamed as "Thorney Technologies Ltd" - see sections 2.8 and 10.8.

The Proposal is subject to a number of shareholder approvals which are contained in the notice of meeting and which are further described and explained in section 10 of this explanatory statement.

2.2 Change to nature of the Company's activities to become an investment entity

The Proposal, if approved, will involve a change in the strategic direction of the Company from that of a biodiesel producer to an investment entity with a focus on technology investments and other disruptive business models. In particular, entry into the Investment Management Agreement with Thorney Management will amount to a change of nature of the Company's activities, and for the purposes of the ASX Listing Rules, the Company will be treated as an 'investment entity'.

2.3 Appointment of Thorney Management as the Company's investment manager

Under the Investment Management Agreement, Thorney Management is to be appointed by the Company to source and manage investments for the Company.

The proposed investment strategy to be adopted by the Company, pursuant to the terms of the Investment Management Agreement, will be to pursue absolute returns over the medium to long term. This is to be achieved by Thorney Management seeking opportunities from a wide range of asset classes, including investments in:

(a) securities, whether or not quoted on a securities exchange, including notes, options, partly paid securities and convertible notes;

(b) warrants, options, and other derivative contracts as well as short positions and arrangements and other similar financial instruments and arrangements;

(c) interests in unit trusts, managed investment schemes or joint venture arrangements;

(d) participation in underwriting and sub-underwriting of securities and units;

(e) foreign exchange transactions or other hedging arrangements;

(f) corporate debt securities and other fixed interest securities;

(g) cash and bank deposits; and

(h) other financial products to manage the Company's investment portfolio.

Thorney Management will have a broad mandate to consider investment opportunities, with a focus on technology opportunities and disruptive business models. Investments may span the life cycle of business from venture capital, start up, early stage businesses and pre-IPO to listed securities and well established businesses. Investments may include:

- investments in businesses where technology plays a significant role in the business, to other businesses where technology may be an enabler of the business.

- businesses (including well established businesses) and start-ups that adopt a new business model, including potentially a disruptive business model (regardless of whether technology plays a significant role).

The Company and Thorney Management may also consider investments in a wide range of opportunities including:

- investments listed on a recognized stock exchange

- investments in unlisted securities

- investments in a fund or other structure that in turn has an investment focus

- investments in securities or a direct investment in an underlying business or asset

- investments whether Australian based or not.

The Company may, subject to the ASX Listing Rules, cease being an investment entity at some point in the future. Upon ceasing to be an investment entity, the Company and Thorney Management may also pursue investments with an objective to exercise control over or manage an entity, in which it invests.

A summary of the Investment Management Agreement is contained in section 9.9.

A copy of the Investment Management Agreement is contained in appendix 3.

2.4 Acquisition of Seed Investments from Thorney

Under the Asset Sale Agreement, it is proposed that the Company will acquire the Seed Investments from the Thorney Entities in consideration for the issuance of the Consideration Shares to Thorney Group.

The Seed Investments to be acquired by the Company are as follows:

ASX-listed investments

(a) 309,075 ordinary shares in Adacel Technologies Limited

(b) 1,831,745 ordinary shares in OneVue Holdings Limited

(c) 50,385 ordinary shares in Webjet Limited

(d) 297,630 ordinary shares in NextDC Limited

(e) 59,690 ordinary shares in Hub24 Limited

(f) 293,335 ordinary shares in iSelect Limited

(g) 1,001,595 shares of common stock in Updater Inc

(h) 204,650 ordinary shares in Anatara LifeSciences Limited

Unlisted investments

(i) 757,576 ordinary shares in Aglive Group Limited

(j) 1,500,000 ordinary shares in Change Up Holdings Limited

The number of Consideration Shares to be issued to Thorney Holdings will be equal to the value of the Seed Investments being acquired, divided by the issue price of the Shares under the Capital Raising (being $0.22 per Share). The value of the Seed Investments is determined having regard to whether the securities being acquired are listed securities or unlisted securities. In respect of the listed securities, the value is deemed to be the lower of (i) the closing price for each of the listed securities on 2 November 2016 and (ii) the volume weighted average price for each of the listed securities over the 5 business days prior to the completion date under the Asset Sale Agreement. In effect, the Company will obtain the benefit of any increases in the share price of the listed securities from 2 November 2016. However, if the share price for any particular listed investment decreases from 2 November 2016 to the completion date, the Company will obtain the benefit of the lower price. In respect of the unlisted securities, the value is deemed to be the cost price for each of those unlisted securities.

Further details of the Seed Investments, the calculation of the Consideration Shares to be issued to Thorney Holdings and a summary, and copy, of the Asset Sale Agreement is set out in section 9.8 and appendix 4, respectively, of this explanatory statement.

2.5 Share Consolidation

The Company proposes to undertake the Share Consolidation by reducing the number of Shares on issue by a ratio of one-one hundredth (subject to the rounding up of fractional entitlements). The Company's share price is expected to increase in inverse proportion to that ratio following the Share Consolidation being implemented.

Further details of the Share Consolidation are set out in section 10.7 of this explanatory statement.

2.6 Capital Raising

The Company intends to undertake a capital raising of up to $50 million through the issue of Shares, with the ability to accept up to a further $75 million in oversubscriptions.

The offer size and structure of the Capital Raising may be subject to change at the discretion of the Board. The Capital Raising is not underwritten. The Capital Raising is subject to the raising of minimum offer proceeds of $20 million.

Bell Potter has been appointed as lead manager to the Capital Raising.

The Capital Raising consists of the following components:

(a) Placement Offer

The Company is proposing to undertake a placement to sophisticated investors and professional investors to raise up to $50 million, with the ability to accept up to a further $50 million in oversubscriptions under the Placement Offer.

The issue price for Shares under the Placement Offer will be at a fixed price of $0.22 each.

If the resolutions necessary to implement the Proposal are passed, Shares under the Placement Offer will be issued after the Share Consolidation has been completed.

All Shares issued under the Placement Offer will rank equally with existing Shares on issue.

(b) Retail Offer

The purpose of the Retail Offer is to provide the public with the opportunity to participate in the Capital Raising. The Company is proposing to raise $25 million under the Retail Offer, with the right to accept oversubscriptions, provided that the total Capital Raising does not exceed $125 million.

In addition,

(i) eligible Shareholders on the register on 13 November 2016 at 7:00 pm (Melbourne time); and

(ii) eligible TOP Shareholders on the TOP register on 13 November 2016 at 7:00 pm (Melbourne time),

will receive a priority allocation to participate in the Retail Offer.

The issue price for Shares under the Retail Offer will be at a fixed price of $0.22 each.

If the resolutions necessary to implement the Proposal are passed, Shares under the Retail Offer will be issued after the Share Consolidation has been effected and Shares under the Placement Offer have been issued.

The Retail Offer is to be made in a way and on terms to be determined by the Board such that Shareholders of the Company and other investors have the opportunity to apply for Shares on terms that are the same as the terms of the Placement Offer.

The allocation and acceptance of applications for Shares under the Retail Offer will be at the discretion of the Board having regard to the policy that:

(iii) subject to the other provisions of the policy, 100% of the offered Shares will be available for issue to:

(A) Company Shareholders with a registered address in Australia or New Zealand (or any other jurisdiction as the Board determines) and who hold Shares on 13 November 2016 at 7:00 pm (Melbourne time) and who did not participate in the Placement Offer; and

(B) TOP Shareholders with a registered address in Australia or New Zealand (or any other jurisdiction as the Board determines) and who hold shares in TOP on 13 November 2016 at 7:00 pm (Melbourne time) and who did not participate in the Placement Offer,

(**Priority Shareholders**), in priority to any other applicant such that applications for Shares from Priority Shareholders will be accepted in priority to all other applications for Shares, and to the extent those applications are for more Shares than the maximum number of offered

Shares under the Retail Offer, they will be scaled back in a manner that the Board determines will result in those Priority Shareholders being allocated the number of Shares that best approximates a pro rata allocation of the Shares by reference to their respective aggregate holdings of Shares and TOP Shares;

(iv) any Shares that are not allocated to Priority Shareholders will be allocated at the discretion of the Board; and

(v) the Company will not allocate or issue Shares where it is aware that to do so would result in a breach of the Corporations Act, the ASX Listing Rules or any other relevant legislation or law.

All new Shares issued under the Retail Offer will rank equally with existing Shares on issue.

The Retail Offer will be made pursuant to a Prospectus. A copy of the Prospectus is expected to be sent to all eligible Shareholders on the register on 14 November 2016 at 7:00 pm (Melbourne time).

Anyone else will be able to obtain a copy of the Prospectus by contacting the company secretary, Mr Craig Smith, by telephone on +61 3 9921 7116 by facsimile on +61 3 9921 7100, by email at craig.smith@thorney.com.au, or by downloading a copy from the Company's website at www.arfuels.com.au.

(c) Thorney Participation

As described in section 2.1, the Thorney Group intends to participate in the Capital Raising such that, following completion of the Capital Raising, it will hold an interest of approximately 20% in the Company. However, the level of Thorney's participation in the Capital Raising may vary and, accordingly, Thorney Group's interest in the Company may be higher or lower, but will not exceed 29.88% in the Company immediately following completion of the Placement Offer (which may complete before the Retail Offer) and/or the Retail Offer. Notwithstanding this, the Thorney Group may in its discretion (subject to the Corporations Act) acquire or dispose of Shares on-market following the Company's re-listing on ASX.

If, for example, the Company raises the maximum amount of $125 million under the Capital Raising, and Thorney Group participates to the maximum extent approved by Shareholders, then the Thorney Group's shareholding in the Company immediately following completion of the Capital Raising (and the issuance of the Consideration Shares) will be approximately 20%.

It is anticipated that the Thorney Group will participate in either or both the Placement Offer and the Retail Offer.

2.7 Adoption of new constitution

The Company proposes to adopt a new constitution to bring the Company's constitution into line with current law and corporate governance practice.

The key terms of the new constitution are summarised in appendix 2 of this explanatory statement.

2.8 Change of name to Thorney Technologies Ltd

As part of the Proposal, the Company intends to change its name to Thorney Technologies Ltd. The purpose of the change of name is to represent the Company's new relationships with the Thorney Group.

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

Given the Company's change in the strategic direction and the key terms of the Proposal, ASX has informed the Company that it must also re-comply with Chapters 1 and 2 of the Listing Rules, including by:

(a) obtaining ASX approval to the reinstatement of the Company to official quotation on the ASX; and

(b) issuing a prospectus in relation to the Company (pursuant to which the Placement Offer and the Retail Offer will be made).

The Board expects that the Company will be able to satisfy all the conditions for re-admission.

2.10 Consideration of the Proposal by the Company

Mr Martin Casey and Mr Craig Smith notified the Board that aspects of the Proposal may give rise to potential conflicts of interest due to their consultancy and/or employment arrangements with the Thorney Group ("**Relevant Transactions**").

Having regard to the potential for these conflicts to arise and the need to ensure that any conflicts are managed appropriately, the Board of the Company established an Independent Board Sub-Committee (**IBC**) comprising only Mr Alan Fisher, for the purposes of independently coordinating and overseeing the Company's consideration of, and response to the Relevant Transactions.

The IBC considered all aspects of the Proposal separately from the Company's other directors, Mr Martin Casey and Mr Craig Smith ("**Excluded Directors**"). The Excluded Directors did not participate in any IBC decision-making in relation to the Relevant Transactions unless they were specifically requested to do so by the IBC. The IBC took exclusive responsibility for considering the merits, and negotiating the terms, of the Relevant Transactions and for the decision to enter into the Implementation Agreement and commit the Company to the Relevant Transactions.

2.11 Alternatives to the Proposal considered by the Board

The Proposal has been developed by the Thorney Group which provided funds to the Company to enable it to enter into the Deed of Company Arrangement with the Company's creditors, and to avoid liquidation. The Company has not received any alternative proposals for the Company following the ending of its voluntary administration and completion of the Deed of Company Arrangement.

2.12 Consequences if the Proposal does not proceed

If the Proposal does not proceed, the Company will consider the options that are available to it at that time. These will include one or more of the following:

(a) exploring an interim capital raising to raise funds; or

(b) undertaking the winding up of the Company.

In addition, if the Proposal does not proceed, the Company may be required to repay the Thorney Loan. In such circumstances, it is very unlikely that the Company will have sufficient assets to repay the Thorney Loan. Refer to section 9.1 for further details regarding the Thorney Loan.

3 ADVANTAGES OF THE PROPOSAL

The following are reasons why the Directors consider you may choose to vote in favour of the resolutions necessary to implement the Proposal:

3.1 Directors recommend that you vote in favour of the resolutions relating to the Proposal, in the absence of a superior proposal[2]

The Board of the Company established an Independent Board Sub-Committee (IBC) comprising only Mr Alan Fisher, for the purposes of independently coordinating and overseeing the Company's consideration of, and response to, certain aspects of the Proposal which may give rise to potential conflicts of interest for Mr Martin Casey and Mr Craig Smith.

Mr Alan Fisher believes that the Proposal is in the best interests of Shareholders and recommends that Shareholders, in the absence of a superior proposal, vote in favour of all of the resolutions at the AGM.

Mr Martin Casey and Mr Craig Smith also recommend that Shareholders, in the absence of a superior proposal, vote in favour of all resolutions where the Thorney Group is not excluded from voting. Mr Martin Casey and Mr Craig Smith have abstained from providing a recommendation in respect of the resolutions where the Thorney Group is excluded from voting. Mr Martin Casey has also abstained from providing a recommendation in respect of his proposed election as director.

Refer to sections 1.3 and 2.10 of this Explanatory Statement for further information.

In considering whether you wish to follow the Directors' recommendations, you should:

(a) read this explanatory statement, including the independent expert report set out in appendix 1 of this explanatory statement;

(b) consider your individual risk profile, portfolio strategy, tax position and financial circumstances; and

(c) consult your legal, financial or other professional adviser if you believe that is necessary.

3.2 Recapitalisation of the Company

The Proposal includes the Company being recapitalised and repositioned as an ASX-listed investment entity with a focus on technology investments and other disruptive business models. Currently, the Company has no business operations, no assets and is indebted to the Thorney Group.

Further details of this proposed Capital Raising and investment strategy are set out in sections 2.6 and 2.3, respectively, of this explanatory statement.

[2] In respect of all resolutions where the Thorney Group is excluded from voting, Mr Martin Casey and Mr Craig Smith have abstained from providing a recommendation on those resolutions. Refer to sections 1.3 and 2.10 of this Explanatory Statement for further information.

3.3 Enlarged capital base to pursue investments

Following implementation of the Proposal, including the completion of the Capital Raising, the Company will have an enlarged capital base to deploy, providing greater opportunity and flexibility to pursue further investment opportunities pursuant to the Investment Management Agreement.

3.4 Re-commencement of trading on ASX

At present, the Company's Shares are suspended from trading on ASX. If the Proposal is approved by Shareholders, the Company intends to apply to ASX to have its Shares released from suspension from the official list of ASX.

This will, subject to the Company meeting ASX requirements, allow Shareholders to trade their Shares on the official list of ASX.

There is a risk that ASX will not release the Company's Shares from suspension or that the Company cannot meet the requirements set by ASX. See section 7.3 of this explanatory statement for further information.

3.5 Shareholders will have a priority opportunity to participate in the Retail Offer

Shareholders on the register on 13 November 2016 at 7:00 pm (Melbourne time) with registered addresses in Australia or New Zealand (or any other jurisdiction as the Board determines), will be afforded a priority allocation to participate in the Retail Offer.

The Proposal includes a requirement for the Company to provide a priority allocation to eligible Company shareholders. Like all Shareholders, Thorney Group (who is a long term shareholder of the Company) saw the value of its investment lost when the Company was placed in voluntary administration. The Thorney Group has communicated to the Company that it wanted to utilise the Company as the vehicle through which to implement the Proposal so that eligible shareholders of the Company could have the opportunity to participate in the Retail Offer.

3.6 Appointment of Thorney Management to manage and implement investments on behalf of the Company

Thorney Management, a wholly owned subsidiary of Thorney Holdings and part of the Thorney Group, will be responsible for identifying investment opportunities and deploying the Company's capital. Thorney Management is currently the investment manager of Thorney Opportunities Ltd, an investment entity listed on ASX.

The Thorney Group has over 23 years' experience in investing in the Australian market, across a variety of asset classes.

If the Proposal is approved, the Company will have access to the expertise, experience and resources of the Thorney Group through the Investment Management Agreement with Thorney Management.

A brief summary of the key members of the Thorney Group team is contained in section 6.2 of this explanatory statement.

3.7 Improved liquidity in the Company's shares

By virtue of the expanded capital base which will eventuate following completion of the Capital Raising, it is expected that the liquidity in the Company's Shares will improve.

3.8 Appointment of new Directors

Pursuant to resolutions 3 and 4, the Company will seek shareholder approval to elect Mr Alex Waislitz and Mr Jeremy Leibler as Directors, both of whom possess the requisite experience and expertise to supervise the business and affairs of the Company. The Company intends to appoint Mr Waislitz and Mr Leibler as directors immediately before the AGM, so as to satisfy the procedural requirements under the Company's existing constitution and to enable the Company to seek their election by shareholders at the AGM.

Further details of each proposed new Director are set out in section 10 of this explanatory statement.

3.9 Tax losses may be available

The Company has carried forward tax losses that have not been brought to account (approximately $109 million according to the 2015 income tax return). There is the potential for the Company to be able to utilise all or some of these losses but only if the Company is recapitalised and generates future taxable profits. However it should be noted that utilisation of carried forward tax losses is complex and there is no certainty that they will be available in the future (or that the right to carry forward these losses has not already be lost or jeopardised).

3.10 Independent expert has concluded the Proposal as a whole is not fair, but is reasonable, to Shareholders (as a whole) not associated with the Thorney Group

The Board has commissioned an independent expert, PKF Corporate Finance, to provide an independent expert report on the entry by the Company into the Investment Management Agreement, as well as the acquisition of the Seed Investments from Thorney.

PKF Corporate Finance assessed the individual fairness of each of the Investment Management Agreement and the acquisition of the Seed Investments. However, as these transactions are inter-related with other components of the Proposal, PKF Corporate Finance assessed the fairness and reasonableness of the Proposal by considering the overall advantages and disadvantages of the Proposal together and by giving appropriate weighting to each element of the Proposal.

Overall, PKF Corporate Finance determined that the Proposal as a whole is not fair, but is reasonable, to Shareholders (as a whole) not associated with the Thorney Group.

PKF Corporate Finance determined that the acquisition of the Seed Investments is fair and reasonable to Shareholders (as a whole) not associated with the Thorney Group.

PKF Corporate Finance determined that the Investment Management Agreement is not fair but is reasonable to Shareholders (as a whole) not associated with the Thorney Group.

A copy of the independent expert report is set out in appendix 1 of this explanatory statement, which you are encouraged to read in full.

4 DISADVANTAGES OF THE PROPOSAL

The following are reasons why the Directors consider you may choose to vote against the resolutions necessary to implement the Proposal:

4.1 Existing Shareholders who do not participate in the Capital Raising will be diluted

Existing Shareholders who do not participate in the Placement Offer or the Retail Offer will have their shareholding in the Company diluted as a consequence of the Proposal (and, in particular, the issuance of Shares under the Capital Raising (on a post-Share Consolidation basis).

4.2 Thorney Management will have responsibility to identify and manage investments on behalf of the Company

The Company is appointing Thorney Management to be exclusively responsible for the identification and management of the Company's investments, pursuant to the terms of the Investment Management Agreement and so the Company will not have direct control over the investment process.

4.3 Thorney Management will be entitled to management fees

Under the terms of the Investment Management Agreement, the Company will be required to pay fees to Thorney Management, including a base fee and, in certain circumstances, a performance fee and a termination fee.

4.4 Investments undertaken by Thorney Management may not result in an absolute return to Shareholders and may result in a reduction in the net asset value of the Company

The investments undertaken by Thorney Management may not result in an absolute return to Shareholders, and may result in a reduction in the net asset value of the Company.

4.5 Risk of prolonged suspension of Company Shares and ASX re-compliance

There is a risk that even if the Proposal is approved by Shareholders, ASX will not release the Company's Shares from suspension or that the Company cannot meet the requirements set by ASX. In particular, in order to implement the Proposal, the Company is required to re-comply with Chapters 1 and 2 of the Listing Rules.

See section 7.3 of this explanatory statement for further information.

4.6 Risks associated with the Proposal

See section 7 which contains detailed information about the risks associated with the Proposal.

5 OVERVIEW OF AUSTRALIAN RENEWABLE FUELS

5.1 Background and history

The Company was founded in May 2001 and was listed on the ASX in May 2005.

The Company has historically operated as a biodiesel producer. However, on 20 January 2016, the Company was placed into voluntary administration. On 25 May 2016, the Company's administrators entered into a Deed of Company Arrangement pursuant to which all debts payable by, or claims against, the Company (other than amounts owed to the Thorney Group) are discharged on the terms of the Deed of Company Arrangement.

The Deed of Company Arrangement was completed on 22 September 2016. The Company's Shares remain suspended from the official list of ASX.

The Company recently announced that it had entered into an Implementation Agreement with Thorney Holdings to pursue the Proposal.

The Company currently has 41,956,145 Shares on issue.

5.2 Current operations

The Company currently has no operations. Refer to section 8 for further information regarding the Company's financial position.

5.3 Board and management

The Board currently comprises:

Mr Alan Fisher	Non-Executive Independent Chairman
Mr Martin Casey	Non-Executive Director
Mr Craig Smith	Non-Executive Director

The management of the Company currently comprises:

Mr Craig Smith	Company secretary

5.4 Board changes

Shareholder approval will be sought to elect the following as Directors of the Company:

Mr Alex Waislitz	Non-Executive Chairman
Mr Jeremy Leibler	Non-Executive Director

A description of the experience and background for Mr Alex Waislitz and Mr Jeremy Leibler is set out in section 10.

In addition, Mr Craig Smith will retire as a Director at the AGM. Mr Smith will remain as the Company's company secretary.

5.5 Effect of Proposal on share capital structure

If:

(a) the Share Consolidation, Placement Offer and Retail Offer are approved;

(b) the Share Consolidation is implemented by reference to the holdings of Shares on the register as at the date of this notice of meeting with any fractions being rounded up;

(c) the Capital Raising is fully subscribed (including the oversubscription allocation of $75 million) and in consequence 568,181,818 new Shares are issued;

(d) Thorney Holdings is issued 27,404,091 million Shares in consideration for the sale of the Seed Investments to the Company; and

(e) Thorney Holdings subscribes for and is issued 91,684,341 Shares pursuant to the Thorney Participation,

the effect on the Company's share capital of the Proposal will be as follows:

Details	**Total Shares on Issue**	**Shares held by Thorney Holdings or in which it has a relevant interest**	**% of Total Shares on issue held by Thorney Holdings or in which it has a relevant interest (rounded to the second decimal place)**
As at the date of this notice of meeting	41,956,145	11,276,471	26.88%
Post Share Consolidation (at 1 for 100)	420,080	112,766	26.84%
Post Capital Raising and issuance of Consideration Shares (assuming 568,181,818 Shares are issued under the Capital Raising and Thorney Holdings is issued 119,088,432 Shares (including the issuance of 27,404,091 Consideration Shares])	596,005,989	119,201,198	20.00%

As described in section 2.6, the level of Thorney Group's participation in the Capital Raising, and interest in the Company immediately following completion of the Placement and the Retail Offer, may vary. As such, Thorney Group's interest in the Company may be higher or lower than 20%, but will not exceed 29.88% in the Company immediately following completion of the Placement Offer and/or the Retail Offer.

5.6 Top-10 Shareholders pre-Proposal

As at 3 November 2016, the top-10 Shareholders on the register of members of the Company are:

	Shareholder	Number	% (rounded to the second decimal place)
1	NATIONAL NOMINEES LIMITED	8,998,941	21.4%
2	THORNEY HOLDINGS PROPRIETARY LIMITED	4,706,812	11.2%
3	HSBC CUSTODY NOMINEES AUSTRALIA LIMITED	3,897,495	9.3%
4	UBS NOMINEES PTY LTD	3,483,226	8.3%
5	AUSTRALIAN ENTERPRISE HOLDINGS PTY LTD	2,000,000	4.8%
6	SWEET WATER PTY LTD	1,050,000	2.5%
7	PICTON COVE PTY LTD	898,779	2.1%
8	MAMONTOV LIMITED	826,145	2.0%
9	THIRTY-FIFTH CELEBRATION PTY LTD	679,878	1.6%
10	J & M PLAYOUST SUPERANNUATION PTY LTD	550,000	1.3%

5.7 Effect of Proposal on top-10 Shareholders

The Share Consolidation will reduce the Shares on issue from 41,956,145 to 420,080 (by reference to the holdings of Shares on the register as at 3 November 2016 with any fractions being rounded up).

The effect of the Proposal on the top-10 Shareholders will depend on their participation in the Capital Raising and the participation of other parties (including other Shareholders). Thorney Holdings has committed to participate in the Placement Offer. Detail of the effect of Thorney Holdings' participation (together with the issue of Shares to Thorney Holdings in consideration for the sale of the Seed Investments to the Company) is set out in sections 10.10 and 10.11 of this explanatory statement.

5.8 Future intentions concerning the Company

Introduction

This section sets out the Company and Thorney Holdings' intentions concerning the Company if the Proposal is implemented in relation to the following:

(a) the continuation of the Company's business;

(b) any major changes to be made to the Company's business; and

(c) the employees of the Company.

Statements set out in this section are statements of current intention only which may change as new information becomes available or circumstances change. The statements in this section should be read in this context.

Assuming that shareholder approval is obtained for all aspects of the Proposal, it is intended that a number of aspects of the Company's business will change, namely:

Board of Directors

Shareholder approval will be sought for the appointment of Mr Alex Waislitz and Mr Jeremy Leibler as Directors to the Company. It is intended that Mr Waislitz will be appointed Chairman. Further, Mr Craig Smith is expected to resign as a Director. Immediately following the AGM (and subject to the requisite shareholder approvals), the board will comprise Mr Alex Waislitz, Mr Jeremy Leibler, Mr Martin Casey and Mr Alan Fisher.

Further details of each of the proposed new Directors are set out in section 10 of this explanatory statement.

Management

The Management of the Company's capital will become the responsibility of Thorney Management, pursuant to the Investment Management Agreement.

It is initially intended that Thorney Management will provide certain services to the Company, but over time the Board of the Company may determine that some of those services should be assumed by the Company, or that new arrangements might be negotiated with Thorney Management.

Head Office

The registered head office of the Company is Level 39, 55 Collins Street, Melbourne, 3000, being the head office of the Thorney Group.

Intended Use of Funds

The funds to be raised under the Capital Raising will enable the Company to pursue new investments (in addition to the Seed Investments) pursuant to the Investment Management Agreement, as well as to meet the working capital requirements and other expenses of the Company (including expenses of implementing the Proposal and raising new capital).

In addition, pursuant to the terms of the Deed of Company Arrangement entered into by the Company on 25 May 2016, the Company will also use the proceeds of the funds raised under the Capital Raising to repay all loans granted by the Thorney Group to the Company - refer to section 9.1 for further information.

Assuming that $50 million of new capital is raised under the Capital Raising, and the total costs and expenses incurred by the Company in connection with the Proposal do not exceed $2.5 million, the Company is expected to have total deployable new capital of approximately $47.5 million following the Capital Raising. The deployment of this new capital (as well as the Company's existing capital) will be the responsibility of Thorney Management, pursuant to the Investment Management Agreement.

Dividend Policy

It is intended that the Company, under the investment management of Thorney Management pursuant to the Investment Management Agreement, will pursue an absolute return strategy over the medium to long term. Depending on the performance of these investments and income earned by the Company, it is the current intention that, where appropriate, dividends will be paid to Shareholders.

Accounting Policies

No significant changes in accounting policies are anticipated should the Proposal be approved.

6 OVERVIEW OF THORNEY GROUP

6.1 About Thorney Group, Thorney Holdings and Thorney Management

The Thorney Group was founded in 1992 by Alex Waislitz. Mr Waislitz has acted as the Executive Chairman of the Thorney Group throughout this period, over which it has invested across a broad range of asset classes including equities, property and debt instruments.

Thorney Holdings is a member of the Thorney Group and has been a shareholder in the Company since 2 March 2011.

Thorney Management is a wholly-owned subsidiary of Thorney Holdings, and was incorporated on 18 July 2013. Thorney Management holds an Australian Financial Services Licence (**AFSL**) to enable it to provide the services under the Investment Management Agreement.

Thorney Management has also been the investment manager of ASX-listed Thorney Opportunities Ltd ("**TOP**") since November 2013. As at 31 October 2016, the net tangible assets of TOP were $0.713 per share representing annual growth after dividends of approximately 20% since Thorney Management was appointed the investment manager of TOP.

Under the Investment Management Agreement, Thorney Management has an obligation to ensure that it has available resources to perform its functions. Thorney Management does not have its own employees or resources, but will utilise the resources of the Thorney Group, including leveraging off the team within Thorney Group in order to satisfy the obligations under the Investment Management Agreement. The Thorney Group has an extensive investment network in both Australia and overseas markets, notably the USA and Israel.

6.2 Investment Management team of Thorney Group

The following are key employees of Thorney Group, who have involvement in Thorney Group's equities portfolio. It is expected that the resources of the Thorney Group will be relevant for Thorney Management to perform its services under the Investment Management Agreement.

As at the date of this explanatory statement, employees of the Thorney Group with involvement in the management of Thorney's private equities portfolio were:

Alex Waislitz

Alex founded Thorney Group in 1992, and is Executive Chairman. Prior to establishing Thorney, Alex had a number of operational roles within the Pratt Group of Companies having worked for Robert Holmes à Court in New York early in his career. Alex has been the key driver in Thorney Group's growth into a large, diversified, private investment house with interests in equities, property and other investments.

Peter Landos

Peter joined Thorney in 2000, and is the Chief Operating Officer of the Thorney Group. Prior to joining Thorney, Peter worked for an international investment bank specialising in

public company mergers and acquisitions, having commenced his career with an international accounting firm. Peter is Chairman of Adacel Technologies Ltd and a Non-Executive Director of Gale Pacific Ltd.

Craig Smith

Craig joined Thorney in 2008, and is the Chief Financial Officer and Company Secretary of the Thorney Group. Prior to joining Thorney, Craig held a number of finance and operational roles, including with a stockbroking firm and with a listed public company. Craig is currently a Non-Executive Director and Company Secretary of the Company.

Avee Waislitz

Avee commenced with Thorney in 1994. Prior to joining Thorney, Avee commenced his career with a major financial institution in business banking. Avee is part of the investment management team at Thorney.

John Cathcart

John joined Thorney in 2004. Prior to joining Thorney, John held roles as a research analyst with a number of stockbroking firms, was responsible for the banking relationship for several large resources companies for a large investment bank and commenced his career as a mining geologist with a large Australian resources company. John is part of the investment management team at Thorney.

Margaret Ross

Margaret commenced with Thorney in 2005. Prior to joining Thorney, Margaret worked as a research analyst at a number of stockbroking firms. Margaret is part of the investment management team at Thorney.

Dean Higgins

Dean joined Thorney in 2006 and is chiefly responsible for trading and execution of equities trades at Thorney. Prior to joining Thorney, Dean worked at a number of international investment banks in a variety of trading and equity capital markets roles.

Jeremy Davis

Jeremy commenced with Thorney in 2012 and is a member of the investment management team. Prior to joining Thorney, Jeremy worked for several funds management organisations over the past 17 years. Jeremy commenced his career with an international accounting firm.

Martin Pretty

Martin joined Thorney in 2013. Prior to joining Thorney, Martin has acted as a research analyst at a number of stockbroking firms, as well as a financial journalist with a major Australian financial newspaper. Martin is part of the investment management team at Thorney. Martin is a Non-Executive Director of Centrepoint Alliance Limited.

The Thorney Group will continue to manage, and invest in its own equities portfolio and other investments, in addition to Thorney Management performing its role under the Investment Management Agreement. Also, there is no restriction on Thorney Management at a future time performing investment management services for other parties, in addition to its role under the Investment Management Agreement.

6.3 Thorney Group's Shareholding in the Company

Thorney Holdings has been a Shareholder in the Company since 2011. As at the date of the notice of meeting to which this explanatory statement relates, Thorney Holdings owns or has a relevant interest in 26.88% of the Company (rounded to the second decimal place).

6.4 Thorney Group and the Company

The Thorney Group is a diversified investment company with exposure across various asset classes and geographies. Following implementation of the Proposal, the Thorney Group will continue to pursue its own investment strategy and hold investments separate from the Company. Thorney Management currently provides services to TOP and, in the future, may provide services to other persons that are the same as or similar to the services to be provided to the Company under the Investment Management Agreement.

Thorney Management, pursuant to the Investment Management Agreement, will be responsible for the identification and management of investments for the Company and will have a broad discretion to do so. In certain circumstances Thorney Management may make investments for the Company in which members of the Thorney Group also invest, or have previously invested. However, Thorney Management has no obligation to recommend any investment for the Company which Thorney Management or any or any other client of Thorney Management or member of the Thorney Group invests in and Thorney Management may give advice and take action in the performance of its duties for other clients which differ from advice given and action taken in respect of the Company's investment portfolio.

6.5 Investment philosophy of Thorney Management

Under the Investment Management Agreement, Thorney Management has a very broad investment mandate, and wide investment discretions. It is expected that Thorney Management will adopt an initial focus on both listed and unlisted investments that provide exposure to technology investments and disruptive business models. This is expected to include investments exposed to early stage technology businesses as well as to established businesses with potential growth opportunities, and to Australian based investments and offshore based investments. It is expected that Thorney Management will adopt an investment focus of seeking to identify investments where value can be unlocked or grown, or both.

Thorney Management's objective will be to construct and manage a Portfolio of Investments to seek absolute returns over the medium to long term for the Company's Shareholders.

Thorney Management may consider investments in a wide range of opportunities including:

- investments listed on a recognized stock exchange
- investments in unlisted securities
- investments in a fund or other structure that in turn has an investment focus
- investments in securities or a direct investment in an underlying business or asset
- investments whether Australian based or not

Under the Investment Management Agreement, Thorney Management and the Board may agree, from time to time, particular investment parameters or decisions that should be referred to the Board for its input and consideration. However, in the absence of agreement on this from time to time, Thorney Management's investment mandate under the Investment Management Agreement is broad.

6.6 Persons who will have a relevant interest in any Shares issued in respect of the Thorney Participation and in consideration for the sale of the Seed Investments

Any Shares issued in respect of the Thorney Participation will be issued to Thorney Holdings. In addition, the Consideration Shares issued in consideration for the sale of the Seed Investments will be issued to Thorney Holdings. Upon issue of these Shares, those entities, Mr Alex Waislitz, other members of the Thorney Group and other private entities associated with Mr Alex Waislitz will also have a relevant interest in these Shares.

7 RISK FACTORS

There are a number of risks, both specific to the Company and general investment risks, which may materially and adversely affect the future operating and financial performance of the Company and the value of the Company's Shares. Shareholders should be aware of these risks in considering each Director's recommendations contained in this explanatory statement.

While the Company believes that prudent management of the Company's affairs will minimise the risks to Shareholders, the business activities of the Company, particularly as those activities are primarily in the nature of financial investments, will be subject to a number of risks that may impact on its future performance. All Shareholders should be aware that an investment in securities involves various risks. There are general risks associated with owning securities in publicly listed entities. The price of securities can go down as well as up due to factors outside the control of the Company.

This section describes risks associated with the Company's Shares and risks which are relevant to your consideration of the Proposal and each Director's recommendation. Shareholders should note that the list of risks in this explanatory statement is not exhaustive. Shareholders should read this explanatory statement in its entirety.

7.1 Specific business risks

Business specific risks that may impact significantly on the Company following the implementation of the Proposal, and the performance and price of the Shares in the Company include the following:

(a) **Investment strategy**

The risks inherent in the investment strategy that Thorney Management will pursue for the Company pursuant to the Investment Management Agreement. If the Proposal is approved, the success and profitability of the Company depends almost entirely on the ability of Thorney Management to identify, execute and manage investments which increase in value over time. The performance fees payable to Thorney Management under the Investment Management Agreement may create an incentive for Thorney Management to make investments that are riskier or more speculative than would be the case in the absence of any performance fees.

In addition, the investments made by Thorney Management on behalf of the Company may be in businesses that are in the early stages of development. These early-stage businesses may not have well-developed business strategies in place, may not yet be in a position of profitability, and may not generate consistent revenue. As such, there is a risk that the investments will not deliver returns for Shareholders.

(b) **Retention of Key Personnel within the Thorney Group**

The risk that following the implementation of the Proposal the Thorney Group may not be able to retain, nor replace, key investment management personnel and thus the experience and expertise of those people will not be available to the Company through its relationship with Thorney Management. The ongoing involvement of Mr Alex Waislitz is a critical factor in the performance of the Thorney Group.

(c) **Investment returns**

The risk that the investments pursued and managed by Thorney Management pursuant to the Investment Management Agreement may not result in an absolute return to the Company and Shareholders, and may result in a reduction in the net asset value of the Company and potentially in the value of Shares in the Company.

There is also a risk that Thorney Management may not deploy the capital of the Company on a timely basis thereby reducing the investment returns of the Company.

(d) **Timing of investments**

The risk that the investments pursued and managed by Thorney Management pursuant to the Investment Management Agreement may not result in an absolute return to the Company and Shareholders, and may result in a reduction in the net asset value of the Company and potentially in the value of Shares in the Company.

(e) **Lack of diversification**

The risk that the investment portfolio of the Company managed by Thorney Management pursuant to the Investment Management Agreement may be less diversified than the investment portfolios of other listed entities investing in international and Australian entities. As such there is a risk that any other investment may take time to execute and the value of the Company will be dependent on the underlying Seed Investments acquired under the Asset Sale Agreement.

While Thorney Management is authorised to pursue a broad investment policy, it is expected that the Company's investment portfolio will be concentrated on investments in businesses with a technology focus and other disruptive business models. This concentration risk means that the portfolio may underperform relative to the performance of other asset classes or industries.

(f) **Additional funding needs for investments**

There is a risk that, given the investment portfolio may include investments in early stage businesses and unlisted investments, those businesses may be reliant on private capital to fund ongoing operations, and there is no certainty that private funding may be available as a source of capital on an ongoing basis.

In addition, some of the investments may have limited revenue and may operate at a loss. These investments may require ongoing funding and/or positive operational developments, neither of which may occur. Accordingly, there are a number of risks relating to such businesses, including the risk of insolvency, poor performance and/or not being able to demonstrate or realise future value or investment returns.

(g) **Future events**

The risk that future events may have a negative effect on the value of all types of investments within a particular market, including the investment portfolio of the Company managed by Thorney Management pursuant to the Investment Management Agreement. These events may include changes in economic, social, technological or political conditions, as well as market sentiment.

(h) **Termination of the Investment Management Agreement**

The risk that the Investment Management Agreement between Thorney Management and the Company may be terminated in certain circumstances (including where Thorney Management does not obtain an AFSL or ceases to hold an AFSL), and another party may be responsible for the management of the Company's capital. The financial performance of the Company may be different in these circumstances.

(i) **Borrowings**

The risk that Thorney Management may under the Investment Management Agreement expose the Company's investment portfolio to an investment by way of borrowings or an investment in financial products such as derivatives which give the effect of using borrowings. Actual or effective borrowing will magnify the impact of any movements in the prices of the underlying investments of the Company. It may also create theoretically unlimited losses and positions that cannot be hedged.

(j) **Liquidity of investments**

The risk that Thorney Management may under the Investment Management Agreement include unlisted equity investments and derivative contracts and other financial instruments in the Company's investment portfolio, which are not traded in an organised public market and which may be illiquid. As a result, the Company may not be able to promptly liquidate some of its investments in these instruments at an amount close to their fair value in order to respond to specific events.

7.2 Capital Raising risk

The Capital Raising is not underwritten. The Capital Raising is subject to the raising of minimum offer proceeds of $20 million. There can be no assurance that the Company will raise the amount available under the Capital Raising. The investment strategy that Thorney Management will pursue under the Investment Management Agreement may be impacted by the amount of funds raised under the Capital Raising, and may be required to forgo investment opportunities having regard to the funds that are available for investment.

In order to comply with ASX's re-admission requirements, the Company is required to hold net tangible assets of $15 million after deduction of the costs of the Capital Raising.

7.3 Risk of prolonged suspension of the Company's Shares and de-listing

The Proposal does not in itself guarantee that trading in the Company's Shares on ASX will recommence. The lifting of suspension from trading on ASX will likely only occur following shareholder approval being obtained and completion of the Proposal, other than completion of the Retail Offer, which is expected to remain open following re-admission.

There is a risk that ASX will require further materials and satisfaction before re-admitting the Company to the official list. Such would delay the Company's shares from recommencing trading.

There is also a risk that if the Proposal is not approved, or if the Company does not satisfy the conditions under Chapters 1 and 2 of the Listing Rules, ASX will de-list the Company from the official list.

7.4 General risks

General risks that may impact significantly on the Company following the implementation of the Proposal, and the performance and price of the Shares in the Company include:

(a) economic conditions in Australia and internationally;

(b) investor sentiment and share market conditions;

(c) changes in fiscal and monetary policy;

(d) changes in relevant taxation and other legal regimes; and

(e) availability of credit.

The above risk factors should not be taken as exhaustive of the risks faced by the Company or investors in the Company in connection with the implementation of the Proposal. Those risk factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of any Shares.

8 FINANCIAL INFORMATION

8.1 Historical financial information

The historical financial information below has been extracted from the Company's audited financial statements for the financial year ended 30 June 2016. It is a summary only and does not contain the disclosures provided in annual financial reports in accordance with the Corporations Act. This information does not reflect the impact of the Proposal.

Statement of financial position as at 30 June 2016

	2016 $000's
Assets	
Cash	-
Liabilities	
Trade and other payables	590
Deficiency	**(590)**
Equity	
Issued capital	19,870
Accumulated losses	(20,152)
Deficiency attributable to owners of the company	**(282)**
Non-controlling interests	(308)
Deficiency	**(590)**

Statement of profit and loss and other comprehensive income for the year ended 30 June 2016

	2016 $000's
Revenue	-
Administration cost of continuing operations	(3)
Loss from discontinued operations	(20,457)
(Loss) before income tax	**(20,460)**
Income tax expense	-
(Loss) after income tax	**(20,460)**
Other comprehensive income	-
Total comprehensive income for the year	**(20,460)**

8.2 Material changes to financial position since balance date

To the knowledge of the Directors, the only material changes to the financial position of the Company between 30 June 2016 and the date of the notice of meeting have been the costs incurred or likely to be incurred by the Company in connection with the Proposal which are estimated to be $2,500,000 assuming the Proposal is approved by Shareholders and a total of $20,000,000 is raised under the Capital Raising.

8.3 Pro-forma statement of financial position

If:

(a) the Share Consolidation, Placement Offer and Retail Offer are approved;

(b) the Share Consolidation is implemented;

(c) the Company acquires the Seed Investments and issues 27,404,091 Consideration Shares to Thorney Holdings; and

(d) either $50 million or $125 million is raised under the Capital Raising,

then the effect on the Company's financial position of the Proposal will be as follows:

Australian Renewable Fuels Limited (to be renamed Thorney Technologies Ltd)

Proforma statement of financial position
As at December 2016

		$50 million		$125 million	
	June 2016 $	Prospectus adjustments $	Post adjusts. $	Prospectus adjustments $	Post adjusts. $
Current assets					
Cash and cash equivalents	259	50,000,000	50,000,259	125,000,000	125,000,259
Financial assets	-	5,028,900	5,028,900	5,028,900	5,028,900
Total current assets	**259**	**55,028,900**	**55,029,159**	**130,028,900**	**130,029,159**
Non-current assets					
Financial assets	-	1,000,000	1,000,000	1,000,000	1,000,000
Total non-current assets	**-**	**1,000,000**	**1,000,000**	**1,000,000**	**1,000,000**
Total assets	**259**	**56,028,900**	**56,029,159**	**131,028,900**	**131,029,159**
Current liabilities					
Trade and other payables	590,000	1,910,000	2,500,000	4,160,000	4,750,000
Total current liabilities	**590,000**	**1,910,000**	**2,500,000**	**4,160,000**	**4,750,000**
Total liabilities	**590,000**	**1,910,000**	**2,500,000**	**4,160,000**	**4,750,000**
Net assets	**(589,741)**	**54,118,900**	**53,529,159**	**126,868,900**	**126,279,159**
Equity					
Issued capital (less costs of issue)	19,869,826	54,118,900	73,988,726	126,868,900	146,738,726
Accumulated losses	(20,151,649)	-	(20,151,649)	-	(20,151,649)
Equity attributable to owners of the company	(281,823)	54,118,900	53,837,077	126,868,900	126,587,077
Non-controlling interests	(307,918)	-	(307,918)	-	(307,918)
Total equity	**(589,741)**	**54,118,900**	**53,529,159**	**126,868,900**	**126,279,159**

8.4 Basis of preparation

The above pro-forma statement of financial position has been prepared using the summary historical financial information from the Company's audited financial statements for the financial year ended 30 June 2016 set out in section 8.1 adjusted to reflect the post balance date material changes identified in section 8.2 and the effect of the Proposal as noted in sections 8.3. It is a summary only and does not contain the disclosures provided in annual financial reports in accordance with the Corporations Act.

9 ADDITIONAL INFORMATION

9.1 Deed of Company Arrangement and Thorney Loan

On 20 January 2016, voluntary administrators were appointed to the Company. On 25 May 2016, the Company's voluntary administrators entered into a Deed of Company Arrangement pursuant to which creditors which are bound by the Deed of Company Arrangement may not take any steps to wind up the Company or take any other action against the Company other than in accordance with the Deed of Company Arrangement.

In addition, Tiga Trading Pty Ltd - an entity within the Thorney Group - loaned an initial $540,000 to the Company in order for the Company to complete the Deed of Company Arrangement and come out of voluntary administration. The Thorney Group has loaned additional funds to the Company since 26 May 2016 in order for the Company to meet its expenses. As at 3 November 2016, the Thorney Group is owed $607,680.96 from the Company ("**Thorney Loan**"). It is expected that for the period between the date of the Notice of Meeting and completion of the Capital Raising, the Thorney Group will loan further amounts to the Company in order to meet its expenses. The terms of the Thorney Loan (and any additional amounts loaned to the Company by the Thorney Group) are as follows:

(a) interest is payable at a rate that is 5% above the Reserve Bank of Australia current cash rate target (and which is cumulative every six months);

(b) the Company was required to grant Tiga Trading Pty Ltd a general security interest over all present and after-acquired property of the Company within 90 days of the Deed of Company Arrangement terminating; and

(c) the Thorney Loan is repayable on the earliest of:

(i) 1 June 2021;

(ii) the issuance of new shares in the Company pursuant to a 'disclosure document' within the meaning of section 9 of the Corporations Act; or

(iii) on written demand by Tiga Trading Pty Ltd with no less than 90 days' notice.

Accordingly, it is expected that the Thorney Loan will be repaid shortly after completion of the Capital Raising.

9.2 Directors' relevant interests in Shares of the Company

At the date of this explanatory statement, the Directors have the following relevant interests in Shares of the Company:

Director	**Relevant interest in Shares (pre-Consolidation)**
Mr Alan Fisher	100,000
Mr Martin Casey	Nil
Mr Craig Smith	Nil

9.3 Interests of Thorney Group

As noted in section 2, the Implementation Deed sets out the terms of the Thorney Participation, the proposed issue of 27,404,091 Shares to Thorney Holdings in consideration for the sale of the Seed Investments to the Company, and the requirement for the Investment Management Agreement to be executed if the resolutions necessary to implement the Proposal are passed.

In addition:

(a) subject to Shareholders approving the Proposal, Thorney Holdings will be entitled to be reimbursed from the Company its reasonable costs and expenses in relation to the Proposal and any associated documentation;

(b) pursuant to the Company's Deed of Company Arrangement, the Company entered into the Thorney Loan with Tiga Trading Pty Ltd - an entity within the Thorney Group, which the Company intends to repay out of the proceeds of the Capital Raising.

Other than the components of the Proposal relating to Thorney (including the entry into the Implementation Deed; the investment management services to be provided by Thorney Management pursuant to the Investment Management Agreement; the proposed issue of the Consideration Shares to Thorney Holdings in consideration for the sale of the Seed Investments to the Company; Thorney Group's intention to participate in the Capital Raising; and the Thorney Group's existing shareholdings in the Company (as described in section 6.3), as disclosed in this explanatory statement, there are no other commercial arrangements between the Company and the Thorney Group.

9.4 Interests of proposed Directors

Mr Alex Waislitz controls Thorney Holdings and Thorney Management. Mr Waislitz has relevant interest in the Shares in which Thorney Holdings has or acquires a relevant interest e.g. under the Placement Offer. Apart from these relevant interests, Mr Waislitz does not currently have a relevant interest in any other Shares and will not be participating directly in the Placement Offer or the Retail Offer.

Mr Leibler, Mr Smith and Mr Casey do not currently have a relevant interest in any Shares.

9.5 Bell Potter

Bell Potter has been appointed by the Company as intermediary and lead manager in respect of the Placement Offer and the Retail Offer.

Bell Potter will receive a 2.5% fee on all proceeds raised under the Capital Raising, plus a management fee of $75,000. In addition, Bell Potter will be entitled to reimbursement of its reasonable costs and expenses in relation to the capital raising.

Bell Potter and its associates may hold Shares or acquire Shares in these capital raisings.

9.6 Thorney Consent

Thorney Holdings and Thorney Management have consented to the Thorney Statements being included in this explanatory statement in the form and context in which they are included, and have not withdrawn their consent before the date of this explanatory statement.

9.7 ASX waivers and ASIC relief

The Company has applied to ASX for the following waivers in connection with the Proposal:

(a) a waiver from the 1 month limit under Listing Rule 10.13.3 to allow the Company to issue Share to Thorney Holdings under the Retail Offer up to 3 months after the date of the Company's AGM; and

(b) a waiver from the 5 year limit under Listing Rule 15.16(b) to permit the Thorney Management Agreement to be for a fixed initial term of 10 years.

The Company has applied to ASIC to extend the time by which it must hold its 2016 annual general meeting.

9.8 Summary of Asset Sale Agreement

A key component of the Proposal is the transfer of the Seed Investments to the Company. The Seed Investment comprises a portfolio of listed and unlisted investments which the Thorney Group believes it has strong knowledge of, have upside potential and which it believes are suitable investments for the Company.

The acquisition of the Seed Investments will also allow the Company to start its new business focus with a portfolio of investments.

The key provisions of the proposed acquisition of the Seed Investments and the issuance of the Consideration Shares under the Asset Sale Agreement are summarised below. A full copy of the Asset Sale Agreement is also included in appendix 4 of this explanatory statement.

Conditions precedent to Completion

Completion of the sale and purchase of the Seed Investments is subject to a number of conditions precedent, as follows:

(a) Shareholders approving each of the resolutions in the Notice of Meeting; and

(b) the Company receiving confirmation from ASX that it has successfully re-complied with Chapters 1 and 2 of the ASX Listing Rules.

Both the Company and the Thorney Entities must use all reasonable endeavours to ensure that the conditions precedent are satisfied on or before 28 February 2017 (or such other date agreed by the parties).

Seed Investments

The following listed securities and unlisted securities comprise the 'Seed Investments' to be acquired by the Company under the Asset Sale Agreement. Thorney Group has invested in technology related investments over a long period of time.

The companies comprising the Seed Investments represent a selection of technology-orientated investments which Thorney Management believes possess upside potential and are appropriate investments for the Company. In each case, Thorney Group will continue to retain an investment, and in each case the amount to be transferred as a Seed Investment represents a minority proportion of the total Thorney Group shareholding. In some cases, identified below, Thorney Group is a substantial shareholder. The Seed Investments to be acquired by the Company are as follows:

ASX-listed investments

(a) 309,075 ordinary shares in Adacel Technologies Limited (software engineering)

Adacel is a leading developer of advanced simulation and control systems for aviation and defense. The company operates in the Global Aerospace Systems market including operational Air Traffic Management, Airport and Air Traffic Control Simulation Training, and Airborne Vehicle Systems.

Thorney Group is a substantial shareholder.

(b) 1,831,745 ordinary shares in OneVue Holdings Limited (fintech)

OneVue Holdings Limited operates as a wholesale provider of services to participants in the wealth management industry. It operates through two divisions, Fund Services and Platform Services. The Fund Services division provides outsourced unit registry services and installed software to a range of investment managers, trustees, and custodians. The Platform Services division offers an investment platform for investment administration, tax, and reporting services for superannuation and other investments. It also provides a retail superannuation fund, as well as specialist self-managed super funds compliance and administration services.

Thorney Group is a substantial shareholder.

(c) 50,385 ordinary shares in Webjet Limited (B2B)

Webjet is Australia and New Zealand's leading online travel agency. Webjet enables customers to compare, combine and book the best domestic and international travel flight deals, hotel accommodation, holiday package deals, travel insurance and car hire worldwide.

(d) 297,630 ordinary shares in NextDC Limited (IT infrastructure)

NEXTDC is an ASX200-listed technology company enabling business transformation through innovative data centre outsourcing solutions, connectivity services and infrastructure management software.

As Australia’s leading independent data centre operator with a nationwide network of Tier III facilities, NEXTDC provides enterprise-class colocation services to local and international organisations. With a focus on sustainability and renewable energy, NEXTDC is leading the industry with award-winning engineering solutions for energy efficiency and NABERS 4.5 star certification.

(e) 59,690 ordinary shares in Hub24 Limited (fintech)

HUB24 is a financial services company which provides an investment and superannuation platform. The platform offers a comprehensive range of investment options, with superior transaction and reporting solutions, for all types of investors – individuals, companies, trusts, associations or self-managed super funds.

Thorney Group is a substantial shareholder.

(f) 293,335 ordinary shares in iSelect Limited (B2C)

iSelect is a leading Australian online-driven comparison service. Its service provides comparison of both price and product features for a range of private

health insurance, car insurance, household utilities products and financial products.

(g) 1,001,595 shares of common stock in Updater Inc (B2C)

Updater is a New York City based company that develops technology to improve the residential consumer relocation process. Updater's web-based Mover Product helps consumers in the U.S. organise and complete their moving-related logistics.

Thorney Group is a substantial shareholder.

(h) 204,650 ordinary shares in Anatara LifeSciences Limited (bio tech)

Antara LifeSciences is a company which has a mission to develop oral solutions for gastrointestinal diseases in production animals and humans. Its initial focus is the development and commercialisation of Detach™, a non-antibiotic therapy that prevents and treats diarrhoea (also known as scour) in piglets.

Unlisted investments

(i) 757,576 ordinary shares in Aglive Group Limited (agtech)

Aglive is an early stage company that has developed an evidence based tracking and authentication technology allowing food to be tracked from "paddock" to "plate".

In 2016, the Thorney Group invested participated in a $2 million capital raising round undertaken by Aglive Group Limited. Aglive Group is currently in the process of exploring a potential IPO or trade sale for 2017.

(j) 1,500,000 ordinary shares in Change Up Holdings Limited (payment apps)

Change Up has built a mobile application backed by ASX-listed Touchcorp's payments technology that will enable convenience stores to convert physical change into digital currency and for their customers to both transact with that currency and benefit from promotional offers on the app.

In 2016, the Thorney Group participated in a $12.5 million capital raising round undertaken by Change Up Holdings Limited. Change Up is currently in the process of exploring a potential IPO for completion by 30 June 2017.

If, however, a Thorney Entity reasonably determines that it may be restricted from, or too administratively burdensome to, sell any of the Seed Assets to the Company on completion ("**Restricted Assets**") then the following procedures apply:

(a) as soon as it becomes aware (and in any event no later than 2 business days prior to completion) of any Seed Investments becoming Restricted Assets, it must provide written notice to the Company setting out the reasons for the Restricted Assets being prevented from being sold;

(b) the Company must then respond within 1 business day specifying whether the Company will:

(i) require the relevant Thorney Entity (to the extent permitted by law or contract) to hold the Restricted Assets on trust (on terms reasonably acceptable to the Company), with effect from completion, until the Restricted Assets can be sold to the Company; or

(ii) not buy those Restricted Assets.

If any Seed Investments are not acquired by the Company on the completion date, then the number of Consideration Shares issued to Thorney Holdings will be adjusted to reflect the exclusion of the Restricted Assets (although the Consideration Shares for any Restricted Assets held on trust must still be issued by the Company on the completion date). If any Restricted Assets are held on trust for the Company, then the parties must co-operate with each other and provide all reasonable assistance to the other to effect the sale and purchase of those Restricted Assets as soon as reasonably practicable.

Consideration

In consideration for the sale of the Seed Investments, the Company must issue the Consideration Shares to Thorney Holdings. The number of Consideration Shares to be issued to Thorney Holdings is equal to the value of the Seed Investments being acquired, divided by the issue price of the Shares under the Capital Raising (being $0.22 per Share).

The value of the Seed Investments is calculated as follows:

(a) in respect of the listed securities, the value is deemed to be the lower of:

(i) the closing price for each of the listed securities on 2 November 2016; and

(ii) the volume weighted average price (**VWAP**) for each of the listed securities over the 5 business days prior to the completion date; and

(b) in respect of the unlisted securities, the value is deemed to be the cost price for each of those unlisted securities.

In effect, the Company will obtain the benefit of any increases in the share price of the listed securities from 2 November 2016. However, if the share price for any particular listed investment decreases from 2 November to the completion date, the Company will obtain the benefit of the lower price.

Based on the above, the maximum number of Consideration Shares to be issued to Thorney Holdings is 27,404,091.

Completion

Completion of the sale of the Seed Investments and the issuance of the Consideration Shares will occur on the same date on which Shares are issued under the Placement.

Termination of the Asset Sale Agreement

If the conditions precedent are not met by 28 February 2017, then either party may terminate the Asset Sale Agreement by giving notice in writing to the other party.

Warranties and indemnities

Neither party has provided any representation or warranties under the Asset Sale Agreement.

9.9 Summary of Investment Management Agreement

The key provisions of the Investment Management Agreement are summarised below. A full copy of the Investment Management Agreement is also included in appendix 3 of this explanatory statement.

Appointment and services

Under the Investment Management Agreement, the Company appoints Thorney Management as the manager of the Company for the purposes of exclusively sourcing, investing, managing and reviewing all investments for the Company.

For the purposes of carrying out its functions and duties under the Investment Management Agreement, Thorney Management has the powers in respect of the investment portfolio that it would have if it were the absolute owner of the investment portfolio and acting in its personal capacity.

Investment policy and investment objectives

Thorney Management must manage the investment portfolio and make investments in accordance with the Company's investment policy and investments objectives, of which further details are set out in section 2.3 of this explanatory statement.

Term

The Investment Management Agreement will have a fixed initial term of 5 years or, subject to shareholder approval and a waiver from ASX, 10 years (**Initial Term**). Thorney Management may elect to extend the term of the agreement for further periods of 7 years (provided it is not in breach and it has given the Company at least nine months' written notice of that election) (each an **Extended Term**).

Termination by Thorney Management

(a) Thorney Management may terminate the Investment Management Agreement:

  (i) following the third anniversary of the commencement of the Investment Management Agreement by giving the Company not less than six months' written notice; or

  (ii) if there is a change of control of the Company by giving the Company not less than three months' written notice.

(b) Either party may terminate the Investment Management Agreement by giving not less than three months' written notice to the other party if the other party commits a material breach or an insolvency event occurs in relation to the other party.

(c) The Company may terminate the Investment Management Agreement if:

  (i) while the Company is an investment entity under the ASX Listing Rules, it provides 3 months' prior written notice to Thorney Management following expiry of the Initial Term and approval of the Shareholders to do so; or

  (ii) if Thorney Management extends the Initial Term, at the end of the expiry of the initial Extended Term (that is, 17 years after the commencement of the Investment Management Agreement) or the expiry of any subsequent Extended Term by giving Thorney Management at least 3 months' written notice of termination following approval of the Shareholders to do so.

Fees and expenses

In consideration for Thorney Management providing the service specified under the Investment Management Agreement, Thorney Management will be entitled to:

(a) a base management fee equal to 0.75% of the value of the gross assets of the Company that are managed by Thorney Management in each half financial year (plus GST); and

(b) a performance fee for each six month period, calculated as 20% of the increase in the net value of the investment portfolio (after undertaking certain adjustments and after having first deducted the value of the base fee from that increase in value).

In determining any increases in the net value of the investment portfolio, the value of the investments will be determined in accordance with the accounting standards or a similar standard in respect of non-Australian assets. The Company and Thorney Management may agree that a particular investment (such as an unlisted investment) with limited objective criteria to assist in the determination of value be assessed on a different basis. Further, the Company and Thorney Management may agree that potential increases in the net value of an investment be deferred, ignored, or reduced for the purpose of calculating the increase in the net value of the investment portfolio.

In addition to these fees, Thorney Management is entitled to be reimbursed for reasonable expenses incurred by it in performing its functions under the Investment Management Agreement.

Fees on termination

Thorney Management will be entitled to additional fees in the event of the Investment Management Agreement being terminated in the following circumstances:

(a) In the event of termination by Thorney Management as a result of material breach by the Company or an insolvency event in relation to the Company or the unlawful termination by the Company, the Company must pay a lump sum payment equal to:

  (i) the average base fee for the previous two financial years multiplied by six; and

  (ii) the average performance fee for the previous two financial years multiplied by three.

(b) In the event of termination by Thorney Management as a result of a change of control of the Company, the Company must pay a fee equal to the average base fee for the previous two financial years.

(c) In the event of termination at the request of Shareholders and where the Company has provided 3 months' written notice to Thorney Management, the Company must pay a fee equal to the average base fee for the previous two financial years.

Licence

As the proposed change of name for the Company (as described in Resolution 8) includes the word "Thorney", the Manager has agreed to grant a non-exclusive non-transferable licence to the Company to use the word "Thorney" as part of its name.

The Licence is royalty free during the period of the Investment Management Agreement. Upon termination of the Investment Management Agreement, if the Company continues to use in its name the word "Thorney", then a royalty fee agreed by the parties or be determined by an independent expert will be payable. The Company may change its name, with shareholder approval so as not to include the word "Thorney", in which case the licence will cease and no royalty will be payable.

9.10 Summary of New Constitution

The material provisions of the proposed new constitution of the Company is summarised in appendix 2 of this explanatory statement.

If further information is required, the proposed new constitution and/or existing constitution should be consulted, a copy of which can be obtained by contacting the company secretary, Mr Craig Smith, by telephone on +61 3 9921 7171, by facsimile on +61 3 9921 7100, by email at craig.smith@thorney.com.au, or by downloading a copy from the Company's website at www.arfuels.com.au. The Corporations Act, ASX Listing Rules and general law also govern the rights of Shareholders.

10 DETAILS OF THE PROPOSED RESOLUTIONS

Ordinary business

10.1 Resolution 1 - adoption of remuneration report

There will be an opportunity for Shareholders at the meeting to comment on and ask questions about the remuneration report, which appears on pages 10-15 of the Company's 2016 annual report.

The vote on the proposed resolution adopting the remuneration report is advisory only and will not bind the Company or its Directors. However, the Board will take the outcome of the vote into consideration when reviewing the Company's remuneration policy and practices.

The Corporations Act contains a 'two strikes' rule in relation to remuneration reports. Briefly, if at two consecutive annual general meetings 25% or more votes were cast against the resolution that the Company's remuneration report be adopted, a 'spill resolution' must be put to the vote at that annual general meeting. The spill resolution is that another meeting of Shareholders be held within 90 days to consider the appointment of new directors in place of those directors (other than the managing director) who were directors at the time the resolution was passed to make the directors' report (including the remuneration report).

At the Company's 2015 annual general meeting, less than 25% of votes were cast against the resolution that the remuneration report be adopted. Accordingly, there is no requirement to allow for a possible spill resolution at this year's annual general meeting.

10.2 Resolution 2 - election of Mr Martin Casey

Clause 13.5 of the Company's Constitution provides that the directors have the power at any time to appoint any person to be a director either to fill a casual vacancy or as an addition to the existing directors. Clause 13.5 of the Company's Constitution and Listing Rule 14.4 provides that a director appointed to fill a casual vacancy or as an addition to the board must not hold office (without re-election) past the next annual general meeting of the company.

Accordingly, Mr Casey offers himself for election.

Mr Casey is a corporate adviser, with experience as an investment banker and lawyer and he advises a number of clients including the Thorney Group. Martin is also a partner in VC technology fund Rampersand, a director of several private companies including companies with a technology focus. Martin was previously a Director of Corporate Advisory at investment bank Credit Suisse and before that, a partner in an international law firm (now Norton Rose Fulbright).

10.3 Resolution 3 - election of Mr Alex Waislitz

Clause 13.5 of the Company's Constitution provides that the directors have the power at any time to appoint any person to be a director either to fill a casual vacancy or as an addition to the existing directors. The Board intends to appoint Mr Waislitz as a director of the Company shortly before the AGM.

Clause 13.5 of the Company's Constitution and Listing Rule 14.4 provides that a director appointed to fill a casual vacancy or as an addition to the board must not hold office (without re-election) past the next annual general meeting of the company.

Accordingly, Mr Waislitz offers himself for election.

Mr Waislitz founded Thorney Group in 1992, and is Executive Chairman. Prior to establishing Thorney, Alex had a number of operational roles within the Pratt Group of Companies having worked for Robert Holmes à Court in New York early in his career. Mr Waislitz has been the key driver in Thorney Group's growth into a large, diversified, private investment house with interests in equities, property and other investments.

10.4 Resolution 4 - election of Mr Jeremy Leibler

Clause 13.5 of the Company's Constitution provides that the directors have the power at any time to appoint any person to be a director either to fill a casual vacancy or as an addition to the existing directors. The Board intends to appoint Mr Leibler as a director of the Company shortly before the AGM.

Clause 13.5 of the Company's Constitution and Listing Rule 14.4 provides that a director appointed to fill a casual vacancy or as an addition to the board must not hold office (without re-election) past the next annual general meeting of the company.

Accordingly, Mr Leibler offers himself for election.

Mr Leibler is a partner at Arnold Bloch Leibler specialising in commercial and corporate law with a particular focus on mergers and acquisitions, public and private capital raisings and shareholder activism and board disputes. In 2015, Mr Leibler was appointed by the Governor General, the Hon Sir Peter Cosgrove, as a member of the Australian Takeovers Panel and is a member of the Corporations Committee of the Business Law Section of the Law Council of Australia and a board member of Leibler Yavneh College.

Special business

10.5 Resolution 5 - adopt new constitution

Reasons for adopting a new constitution

The Company's current constitution was adopted in 2004. However, there have been amendments to the Corporations Act and other developments in corporate governance since that time.

In the circumstances, the Directors propose to adopt a new constitution to replace the existing constitution in its entirety. This is intended to bring the Company's constitution into line with current law and corporate governance practice.

A summary of the new constitution is set out in appendix 2 of this explanatory statement.

A company may adopt a new constitution by passing a special resolution. A special resolution requires at least 75% of the votes cast by Shareholders entitled to vote on the resolution to be in favour of it.

Differences between existing constitution and new constitution

The proposed new constitution does not change the principal rights Shareholders enjoy under the existing constitution. For example, Shareholders will continue to be entitled to:

(a) receive notice of meetings of the Company;

(b) attend, speak and vote at meetings (or appoint a proxy or representative to do so);

(c) receive dividends paid or other distributions made by the Company; and

(d) participate in any surplus assets of the Company on a winding up.

However, there are differences between the existing constitution and the proposed new constitution, some of which simply reflect the age of the existing constitution. If further information is required, you should review the proposed new constitution and/or existing constitution, a copy of which can be obtained by contacting the company secretary, Mr Craig Smith, by telephone on +61 3 9921 7171, by facsimile on +61 3 9921 7100, by email at craig.smith@thorney.com.au, or by downloading a copy from the Company's website at www.arfuels.com.au.

Some key differences between the constitutions are as follows:

(e) Under the new constitution, unless the directors of the Company determine otherwise, a quorum of 20 members will be required for a general meeting proposing the removal of a director that is not endorsed by the directors, or the appointment of a director that is not endorsed by the directors. Under the existing constitution, the quorum for all general meetings is 2 members. Under the new constitution, the quorum for any other general meeting is the same as the existing constitution, being 2 members (where the company has more than 1 member).

(f) If an appointment of a proxy is executed under a power of attorney or other authority, the existing constitution requires evidence of the appointment to be forwarded to the Company.The new constitution gives the Directors some discretion in relation to the provision of powers of attorney or other authority, which is designed to ensure that Shareholders are not unreasonably restricted from appointing proxies.

(g) Under the existing constitution, the minimum number of directors of the Company is 3, and the maximum number of directors is 9, unless the company in general meeting decides. Under the new constitution, the minimum will be 3 and the maximum will be 10. The directors of the Company will, subject to the Corporations Act, have the power to reduce the minimum and maximum number of directors.

(h) Under the existing constitution, the Company at general meeting may only re-elect a retiring director or elect another person to an office that has been vacated by a retiring director. Under the new constitution there will be no such restriction and members may, by resolution and subject to the other provisions, appoint a director even if there is no vacating office.

(i) Under the existing constitution, where a member seeks to nominate a person for election as a director of the Company who has not been nominated by the board, a notice of that nomination must be given to the Company at least 30 business days before the meeting at which the nomination is to be considered. Under the new constitution, the period of notice for a nominee who has not been nominated by the board will be 45 business days (or such other period that is fixed by the directors of the Company and notified to the ASX).

(j) Under the new constitution, a person seeking to be appointed as a director that has not been endorsed by the directors must be a member of the Company. There is no equivalent requirement under the existing constitution.

(k) Under the existing constitution, one-third of the directors (if their number is not a multiple of three, then such number as is appropriate to ensure that no director other than the alternate directors and managing director holds office for more than three years) must retire by rotation at each annual general meeting, in addition to any directors who were appointed by the board to fill casual vacancies and who must also retire at that annual general meeting. These provisions are broader than those required by the Corporations Act and the ASX Listing Rules. The directors do not believe it is appropriate for a board the size of the Company's to be subject to such a significant change in the composition of the board of directors at once. The new constitution contains retirement by rotation provisions which reflect the ASX Listing Rules. Under these provisions, potentially only 1 director would need to retire by rotation each year at the AGM.

(l) Under the existing constitution, director remuneration is determined by the Company in general meeting, to be divided among the Directors in such proportions as they agree. Under the new constitution each director is entitled to such remuneration as the Directors determine provided that the aggregate remuneration paid to or for the benefit of the directors does not exceed in a financial year $400,000 (or such other sum as determined by the Company in general meeting).

(m) The new constitution contemplates the Directors implementing one or more employee share plans or employee option plans. No such provision exists under the existing constitution.

Proportional takeover rule

The proposed new constitution contains (in rule 5.7) a proportional takeover approval provision (**Approval Provision**). The existing constitution also contains a proportional takeover bid approval provision (in clause 33), but the application of this provision has expired pursuant to section 648G of the Corporations Act.

If the constitution is adopted, the Approval Provision will enable the Company to refuse to register shares acquired by a bidder under a proportional takeover bid unless a resolution approving the bid (**Approval Resolution**) has been passed at a meeting of Shareholders. A proportional takeover bid is an off-market takeover offer sent to all Shareholders but only in respect of a specified proportion of each Shareholder's shares in the Company. If a Shareholder were to accept a proportional takeover bid, the Shareholder would dispose of the specified proportion of their shares to the bidder, but would retain the balance of the shareholding.

If a company proposes to adopt a constitution which contains an Approval Provision, the Corporations Act requires the Company to provide certain information to Shareholders. The Company provides the following information for this purpose:

Effect of Approval Provision	If a person makes a proportional takeover bid to Shareholders, the registration of a transfer giving effect to a contract resulting from the acceptance of an offer made under the off market bid is prohibited unless and until the Approval Resolution has been passed at a meeting of Shareholders. For the Approval Resolution to be passed, more than 50% of the votes validly cast on the resolution must be in favour of the

	resolution. The bidder and any associates of the bidder are not entitled to vote on the Approval Resolution. If the Approval Resolution is not voted on within 15 days before the offer period for the bid closes, the Approval Resolution is deemed to have been passed. In those circumstances, the Company would be obliged to register transfers of shares acquired by the bidder under the proportional takeover bid. Therefore, Shareholders can collectively only prohibit a proportional takeover bid by voting to reject the Approval Resolution. If the constitution is adopted, the Approval Provision ceases to apply on the 3rd anniversary of the date the constitution was adopted (but it can be renewed with Shareholder approval).
Reasons for Approval Provision	The Directors believe it is important for Shareholders to have the opportunity to consider and vote on a proportional takeover bid because it may result in: • the effective control of the Company changing without the Shareholders being able to dispose of all of their shares; • Shareholders being left with a minority interest in the Company; and • control of the Company passing to a person who has not paid an adequate premium to Shareholders to obtain that control
Potential advantages	• Enables Shareholders to have the opportunity to consider and vote on any proposed proportional takeover bid. • Enables Shareholders to prevent a proportional takeover bid from proceeding if they believe that control of the Company should not be permitted to pass under the bid. • Likely to encourage any proportional bid to be structured so as to be attractive to a majority of Shareholders (and potentially on terms superior to those the bidder would have offered had the constitution not contained an Approval Provision). • Enables the Board to formally ascertain the views of Shareholders in respect of any proportional takeover bid.
Potential disadvantages	• May make the Company a less likely target for a bidder, because a bidder may be less inclined to bid for a company where it will be necessary to obtain Shareholder approval of the bid, which is not guaranteed (in addition to having Shareholders accept the bid). • May deter potential bidders from making proportional takeover bids which may in turn reduce the likelihood of Shareholders receiving a premium for ceding control of the Company. • May restrict the ability of individual Shareholders to deal

	freely with their shares in some circumstances. • Will increase the costs to the Company to convene and hold a meeting each time an Approval Resolution needs to be put to Shareholders.
Present acquisition proposals	As at the date of this notice, none of the Directors are aware of a proposal by a person to acquire, or to increase the extent of, a substantial interest in the Company.

If Resolution 5 is passed, the existing constitution of the Company will be repealed and will be replaced by the new constitution.

10.6 Resolution 6 - change in nature of activities

Background

The Proposal will involve a change in the strategic direction of the Company from that of a biodiesel producer to an investment entity with a focus on technology investments and other disruptive business models. In particular, entry into the Investment Management Agreement with Thorney Management will amount to a change of nature of the Company's activities, and for the purposes of the ASX Listing Rules, the Company will be treated as an 'investment entity'.

Approval for the purpose of Listing Rule 11.1

ASX Listing Rule 11.1.2 provides that the Company must obtain the approval of Shareholders where the Company proposes a significant change to the nature or scale of its activities. The Company proposes to change the nature of its activities to that of an 'investment entity'.

An investment entity is an entity whose principal activities consist of investing (directly or indirectly) in listed or unlisted securities, and whose objectives do not include exercising control over or managing any entity, or the business of any entity, in which it invests.

Pursuant to the Investment Management Agreement, it is intended that the Company's principal activities will consist of making investments in listed or unlisted technology businesses or other disruptive business models. These investments will be passive or non-controlling and, in compliance with the ASX Listing Rules, the investment objectives and investment mandate will not include the exercise of control over or managing these entities.

A summary of the Investment Management Agreement, the Company's proposed investment strategy and the types of investments expected to be made, and a full extract of the Investment Management Agreement are set out in sections 2.3 and 9.9 and appendix 3, respectively, of this explanatory statement.

The Company is seeking Shareholder approval under Listing Rule 11.1.2 to change the nature of the Company's activities to adopt the broad investment policy and to enter into the Investment Management Agreement.

In addition, given the Company's change in the strategic direction and the Proposal, ASX has informed the Company that it must also re-comply with Chapters 1 and 2 of the Listing Rules.

10.7 Resolution 7 - Share Consolidation

The Directors propose to consolidate the Company's share capital on a 1 for 100 basis.

Section 254H of the Corporations Act states that a company may convert all or any of its shares into a smaller number of shares by an ordinary resolution of Shareholders passed at a general meeting.

If Resolution 7 is passed as proposed, the Share Consolidation will take effect at 9:00 am (Melbourne time) on 21 December 2016 on the basis that all of shares in the Company held by each Shareholder at that time will be converted into a smaller number of shares equal to one-one hundredth of the number of the Shareholder's shares. Where that results in a fractional entitlement, the number of shares will be rounded up to the next whole number.

There is not expected to be any material effect on the percentage interest of each individual Shareholder, or on the control of the Company, in consequence of the Share Consolidation.

The Company currently has 41,956,145 ordinary shares on issue. If Resolution 6 is passed and the Share Consolidation proceeds, the number of ordinary shares in the Company on issue will reduce to 420,080 (subject to the rounding up of fractional entitlements) (by reference to the holdings of Shares on the register as at 21 December 2016). While the Company's Shares are currently suspended from trading, the Company's share price theoretically should increase in inverse proportion to the Share Consolidation ratio.

From the date of the Share Consolidation all existing holding statements for Shares will cease to have any effect, except as evidence of entitlement to a certain number of Shares on a post-Share Consolidation basis. After the Share Consolidation becomes effective, the Company will arrange for new holding statements to be issued to Shareholders.

Shareholders are advised to seek their own tax advice on the effect of the Share Consolidation and neither the Company nor the Directors (nor the Company's advisors) accept any responsibility for the individual taxation implications arising from the Share Consolidation.

10.8 Resolution 8 - change of the Company's name to Thorney Technologies Ltd

As part of the Proposal, the Company intends to change its name to "Thorney Technologies Ltd". As the proposed name for the Company includes the word "Thorney", the Company requires a licence from Thorney Management to use the word in its name.

Further details of the rationale for the change of name is set out in section 2.8 of this explanatory statement. Further details of the terms of the licence are set out in section 9.9 of this explanatory statement.

Resolution 8 is a special resolution (pursuant to section 157(1) of the Corporations Act) and requires the approval of at least 75% of the votes cast by Shareholders entitled to vote. If Shareholders approve Resolution 8 (and Resolution 6 is also passed), the Company will apply to ASIC to change its name to Thorney Technologies Ltd.

10.9 Resolution 9 - approval of Investment Management Agreement with Thorney Management

Background

As part of the Proposal, the Company is to appoint Thorney Management to exclusively source and manage investments for the Company pursuant to the Investment Management Agreement.

A summary of the Investment Management Agreement, the Company's proposed investment strategy and the types of investments expected to be made, and a full extract of the Investment Management Agreement are set out in sections 2.3 and 9.9 and appendix 3, respectively, of this explanatory statement.

Approval is being sought for the entry into the Investment Management Agreement by the Company as the giving of a financial benefit to Thorney Management for the purposes of section 208 of the Corporations Act. Approval is also being sought pursuant to Listing Rule 11.1 for a change of the nature of the Company's activities as a result of entry into the Investment Management Agreement.

Approval for the purpose of section 208 of the Corporations Act

Section 208 of the Corporations Act sets out rules requiring approval by the Shareholders of a public company (such as the Company) to give a financial benefit to a related party of the Company.

A "related party" includes (i) entities that control the company; (ii) directors of the company; and (iii) entities controlled by the people referred to in items (i) and (ii) (section 228 of the Corporations Act).

Thorney Management is a related party of the Company because it is controlled by Mr Alex Waislitz (who is seeking election as a director of the Company by Shareholders under Resolution 3).

The grant of contractual rights and benefits to Thorney Management under the Investment Management Agreement will constitute a financial benefit being given to Thorney Management pursuant to section 208 of the Corporations Act.

The giving of a financial benefit does not require shareholder approval under section 208 if it is given on reasonable arm's length terms.

The terms of the Investment Management Agreement have been negotiated between the Company and Thorney Management at arm's length and, therefore, may constitute reasonable arm's length terms.

Nevertheless, the Company is seeking the approval of Shareholders, for the purposes of section 208 of the Corporations Act, to the entry into the Investment Management Agreement.

Section 219 of the Corporations Act requires that the following information is set out in this explanatory statement:

(a) The related parties to whom the proposed resolution would permit the financial benefits to be given

Thorney Management.

(b) The nature of the financial benefits

A summary and copy of the terms of the Investment Management Agreement is set out in section 9.9 and appendix 3 of this explanatory statement. In addition to other rights for Thorney Management under the Investment Management Agreement, Thorney Management will entitled to receive base fees and performance fees for its services.

(c) In relation to each Director of the Company:

- *if the Director wanted to make a recommendation to Shareholders about the proposed resolution - the recommendation and his or her reasons for it;*
- *if not, why not; or*
- *if the Director was not available to consider the proposed resolution - why not.*

See section 1.3.

(d) In relation to each such Director:

- *whether the Director has an interest in the outcome of the proposed resolution; and*
- *if so, what it is.*

See section 1.3.

(e) All other information that:

- *is reasonably required by Shareholders in order to decide whether or not it is in the Company's interests to pass the proposed resolution; and*
- *is known to the Company or any of its Directors.*

The Board is not aware of any additional information not set out in this explanatory statement that would be relevant to Shareholders in deciding how to vote on this resolution.

Shareholders are advised to carefully and fully read the notice of meeting and this explanatory statement, including all appendices to this explanatory statement.

Approval for the purpose of Listing Rule 11.1

ASX Listing Rule 11.1.2 provides that the Company must obtain the approval of Shareholders where the Company proposes a significant change to the nature or scale of its activities. The Company proposes to enter into the Investment Management Agreement and adopt a broad investment strategy (which will be implemented by Thorney Management).

A summary of the Investment Management Agreement, the Company's proposed investment strategy and the types of investments expected to be made, and a full extract of the Investment Management Agreement are set out in sections 2.3 and 9.9 and appendix 3, respectively, of this explanatory statement.

The Company is seeking Shareholder approval under Listing Rule 11.1.2 to change the nature of the Company's activities to adopt the broad investment policy and to enter into the Investment Management Agreement.

Independent Expert's Report

The Company has commissioned PKF Corporate Finance to prepare an Independent Expert's Report to assist Shareholders not associated with the Thorney Group in considering how to vote on various Resolutions in relation to the Proposal.

PKF Corporate Finance assessed the Proposal as a whole, as opposed to the various components, given the inter-conditional relationship of the Proposal.

Overall, PKF Corporate Finance determined that the Proposal as a whole is not fair, but is reasonable, to Shareholders (as a whole) not associated with the Thorney Group.

A more detailed summary of the findings of the Independent Expert is set out in section 3.10 of this Explanatory Memorandum. The Independent Expert's Report is set out in Appendix 1.

If Resolution 9 is passed (and Resolution 6 is also passed) the approval of Shareholders will be obtained to allow the Company to enter into the Investment Management Agreement with Thorney Management.

10.10 Resolution 10 - approval of Asset Sale Agreement, acquisition of Seed Investments from the Thorney Entities and issue of Consideration Shares to Thorney Holdings

Background

As part of the Proposal, the Company has entered into the Asset Sale Agreement to acquire the Seed Investments from the Thorney Entities in consideration for the Company issuing to Thorney Holdings the Consideration Shares pursuant to the Asset Sale Agreement.

A description of the Seed Investments, details of how many Consideration Shares will be issued, and a summary, and copy, of the Asset Sale Agreement is set out in section 9.8 and appendix 4, respectively, of this explanatory statement.

Approval is being sought for the entry into the Asset Sale Agreement (including the acquisition of the Seed Investments and the issue of the Consideration Shares by the Company to Thorney Holdings) as the giving of a financial benefit to the Thorney Entities for the purposes of section 208 of the Corporations Act. Approval is also being sought pursuant to Listing Rule 10.1 for the acquisition of a substantial asset from a substantial shareholder (or its associate) and pursuant to Listing Rule 10.11 for the issue of the Consideration Shares to a related party.

Approval for the purpose of section 208 of the Corporations Act

Section 208 of the Corporations Act sets out rules requiring approval by the Shareholders of a public company (such as the Company) to give a financial benefit to a related party of the Company.

A "related party" includes (i) entities that control the company; (ii) directors of the company; and (iii) entities controlled by the people referred to in items (i) and (ii) (section 228 of the Corporations Act).

A "financial benefit" includes the issue of securities.

Each of the Thorney Entities are related parties of the Company because they are controlled by Mr Alex Waislitz (who is seeking election as a director of the Company by Shareholders under Resolution 3).

The entry into the Asset Sale Agreement will constitute a financial benefit being given to Thorney Management pursuant to section 208 of the Corporations Act.

The giving of a financial benefit does not require shareholder approval under section 208 if it is given on reasonable arm's length terms.

The terms of the Asset Sale Agreement have been negotiated between the Company and the Thorney Entities at arm's length and, therefore, may constitute reasonable arm's length terms.

Nevertheless, the Company is seeking the approval of Shareholders, for the purposes of section 208 of the Corporations Act, to the entry into the Asset Sale Agreement.

Section 219 of the Corporations Act requires that the following information is set out in this explanatory statement:

(a) The related parties to whom the proposed resolution would permit the financial benefits to be given

Thorney Holdings Pty Ltd ACN 006 262 835

TIGA Trading Pty Ltd ACN 118 961 210

Thistle Custodians Pty Ltd ACN 078 027 193

Thorney International Pty Ltd ACN 132 886 698

(together, the "**Thorney Entities**")

(b) The nature of the financial benefits

A summary and copy of the terms of the Asset Sale Agreement is set out in section 9.8 and appendix 4 of this explanatory statement. Thorney Holdings will be issued the Consideration Shares in consideration for the sale of the Seed Investments to the Company.

(c) In relation to each Director of the Company:

- *if the Director wanted to make a recommendation to Shareholders about the proposed resolution - the recommendation and his or her reasons for it;*
- *if not, why not; or*
- *if the Director was not available to consider the proposed resolution - why not.*

See section 1.3.

(d) In relation to each such Director:

- *whether the Director has an interest in the outcome of the proposed resolution; and*
- *if so, what it is.*

See section 1.3.

(e) All other information that:

- *is reasonably required by Shareholders in order to decide whether or not it is in the Company's interests to pass the proposed resolution; and*

- *is known to the Company or any of its Directors.*

The Board is not aware of any additional information not set out in this explanatory statement that would be relevant to Shareholders in deciding how to vote on this resolution.

Shareholders are advised to carefully and fully read the notice of meeting and this explanatory statement, including all appendices to this explanatory statement.

Listing Rule 10.1

Listing Rule 10.1 provides that a company must not, without prior approval of its shareholders, acquire a substantial asset from a related party or a shareholder who holds at least 10% of the voting shares in the company. Listing Rule 10.1.4 extends the restriction in Listing Rule 10.1 to associates of related parties. The Thorney Entities are associates of Thorney Holdings, who is a substantial holder of the Company for the purposes of ASX Listing Rule 10.1.3.

An asset is a substantial asset if its value, or the value of the consideration for it is, or in ASX's opinion is, 5% or more of the equity interests of the company as set out in the latest accounts given to ASX under the Listing Rules. The Seed Investments are a substantial asset for the purposes of the Listing Rules.

Accordingly, Shareholder approval is sought for the acquisition of the Seed Investments by the Company from the Thorney Entities.

Approval for the purpose of Listing Rule 10.11

ASX Listing Rule 10.11 requires shareholder approval for the issue of securities by a company to a related party or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained.

As discussed above, Thorney Holdings is an associate of a related party of the Company and so the issue of the Consideration Shares requires the approval of Shareholders under ASX Listing Rule 10.11.

Listing Rule 10.13 requires the following information concerning the issue of the Consideration Shares to Thorney Holdings be included in the explanatory statement:

(a) The name of the person

Thorney Holdings.

(b) The maximum number of securities to be issued (if known) or the formula for calculating the number of securities to be issued to the person

Up to 27,404,091 Shares (based on the formula described in section 9.8 of this explanatory statement.

(c) The date by which the entity will issue the securities, which must not be more than 1 month after the date of the meeting

The Shares are expected to be issued by 22 December 2016, but in any event no later than 1 month following the date of the AGM.

(d) If the person is not a director, a statement of the relationship between the person and the director that requires the approval to be obtained

Thorney Holdings is controlled by Alex Waislitz.

(e) The issue price of the securities and a statement of the terms of issue

See section 9.8.

(f) A voting exclusion statement

A voting exclusion statement relating to this resolution is included in the notice of meeting.

(g) The intended use of funds raised

Not applicable - Consideration Shares will be issued as consideration for the acquisition of the Seed Investments.

Independent Expert's Report

Listing Rule 10.10 requires that a notice of meeting seeking shareholder approval to approve a transaction under Listing Rule 10.1 must be accompanied by a report from an independent expert stating whether the transaction is fair and reasonable to Shareholders whose votes are not to be disregarded.

The Company has commissioned PKF Corporate Finance to prepare an Independent Expert's Report to assist Shareholders not associated with the Thorney Group in considering how to vote on various Resolutions in relation to the Proposal.

PKF Corporate Finance assessed the Proposal as a whole, as opposed to the various components, given the inter-conditional relationship of the Proposal.

Overall, PKF Corporate Finance determined that the Proposal as a whole is not fair, but is reasonable, to Shareholders (as a whole) not associated with the Thorney Group.

In relation to the Seed Assets, PKF Corporate Finance determined that the acquisition of the Seed Investments is fair and reasonable to Shareholders (as a whole) not associated with the Thorney Group.

A more detailed summary of the findings of the Independent Expert is set out in section 3.9 of this Explanatory Memorandum. The Independent Expert's Report is set out in Appendix 1.

If Resolution 10 is passed (and Resolution 6 is also passed) the approval of Shareholders will be obtained to allow the Company to enter into and complete the Asset Sale Agreement with the Thorney Entities.

10.11 Resolution 11 - approval of issue of Shares to Thorney Holdings under Capital Raising

Background

Resolution 11 seeks approval from Shareholders for the issue of up to 91,684,341 Shares to Thorney Holdings in respect of the Thorney Participation.

Resolution 11 seeks approval for the purposes section 208 of the Corporations Act and Listing Rule 10.11.

Further details relating to the Thorney Participation is set out in section 2.6 of this explanatory statement.

Approval for the purpose of section 208 of the Corporations Act

Section 208 of the Corporations Act sets out rules requiring approval by the Shareholders of a public company (such as the Company) to give a financial benefit to a related party of the Company.

A "related party" includes (i) entities that control the company; (ii) directors of the company; and (iii) entities controlled by the people referred to in items (i) and (ii) (section 228 of the Corporations Act).

A "financial benefit" includes the issue of securities.

Thorney Holdings is a related party of the Company because it is controlled by Mr Alex Waislitz (who is seeking election as a director of the Company by Shareholders under Resolution 3).

The issue of any Shares to Thorney Holdings under the Capital Raising may constitute a financial benefit being given to Thorney Holdings pursuant to section 208 of the Corporations Act.

The Company is seeking the approval of Shareholders, for the purposes of section 208 of the Corporations Act, to the issue of the Shares to Thorney Holdings under the Capital Raising.

Section 219 of the Corporations Act requires that the following information is set out in this explanatory statement in respect of the Shareholder approval that is being sought:

(a) The related parties to whom the proposed resolution would permit the financial benefits to be given

Thorney Holdings.

(b) The nature of the financial benefits

Shareholder approval is sought for the issue of up to 91,684,341 Shares to Thorney Holdings under the Capital Raising. Thorney Group has expressed an intention to the Company to participate in the Capital Raising such that, following completion of the Capital Raising, it will hold an interest of approximately 20% in the Company. However, the level of Thorney's participation in the Capital Raising may vary and, accordingly, Thorney Group's interest in the Company may be higher or lower, but will not exceed 29.88% in the Company immediately following completion of the Placement Offer (which may complete before the Retail Offer) and/or the Retail Offer.

(c) In relation to each Director of the Company:

- *if the Director wanted to make a recommendation to Shareholders about the proposed resolution - the recommendation and his or her reasons for it;*
- *if not, why not; or*
- *if the Director was not available to consider the proposed resolution - why not.*

See section 1.3.

(d) In relation to each such Director:

- *whether the Director has an interest in the outcome of the proposed resolution; and*
- *if so, what it is.*

See section 1.3.

(e) All other information that:

- *is reasonably required by Shareholders in order to decide whether or not it is in the Company's interests to pass the proposed resolution; and*
- *is known to the Company or any of its Directors.*

Shareholders are advised to carefully and fully read the notice of meeting and this explanatory statement, including all appendices to this explanatory statement.

Approval for the purpose of Listing Rule 10.11

ASX Listing Rule 10.11 requires shareholder approval for the issue of securities by a company to a related party or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained.

As discussed above, Thorney Holdings is a related party of the Company and so the issue of any Shares in respect of the Thorney Participation will require the approval of Shareholders under ASX Listing Rule 10.11.

Listing Rule 10.13 requires the following information concerning the issue of the Consideration Shares to Thorney Holdings be included in the explanatory statement:

(a) The name of the person

Thorney Holdings.

(b) The maximum number of securities to be issued (if known) or the formula for calculating the number of securities to be issued to the person

Up to 91,684,341 Shares under the Capital Raising, subject to Thorney Holdings' interest in the Company not exceeding 29.88%.

(c) The date by which the entity will issue the securities, which must not be more than 1 month after the date of the meeting

In respect of any Shares issued under the Placement Offer - 22 December 2016.

In respect of any Shares issued under the Retail Offer - the date on which Shares are issued under the Retail Offer (which is expected to be on or around 31 January 2017) .

(d) If the person is not a director, a statement of the relationship between the person and the director that requires the approval to be obtained

Thorney Holdings is controlled by Alex Waislitz.

(e) The issue price of the securities and a statement of the terms of issue

$0.22 per Share.

(f) A voting exclusion statement

A voting exclusion statement relating to this resolution is included in the notice of meeting.

(g) The intended use of funds raised

See section 5.8.

If Resolution 11 is passed (and Resolution 6 is also passed), the approval of Shareholders will be obtained to allow the Company to issue Shares to Thorney Holdings under the Capital Raising (including under the Placement and/or the Retail Offer).

10.12 Resolution 12 - approval of issue of Shares under Placement Offer

Background

As part of the Proposal, the Company will undertake a Placement Offer pursuant to which the Company will seek to raise up to $50 million from sophisticated and/or professional investors, with the ability to accept up to a further $50 million in oversubscriptions. While the Company is targeting a capital raising of $50 million, shareholder approval is being sought to provide the Company with flexibility to raise up to a further $50 million under the Placement.

Further details of the Placement Offer are set out in section 2.6 of this explanatory statement.

ASX Listing Rule 7.1

Listing Rule 7.1 limits the number of equity securities that a company may issue without shareholder approval during any 12 month period to 15% of:

(a) the total number of the company's fully paid ordinary shares on issue at the start of the 12 month period; plus

(b) any fully paid ordinary shares issued during the period with shareholder approval or under an exception in rule 7.2.

The number of equity securities that the company issues or agrees to issue under rule 7.1 without shareholder approval during the period uses up the 15% capacity for that period and is subtracted from the above calculation. The 15% limit is further adjusted where partly paid ordinary shares become fully paid, or fully paid ordinary shares are cancelled, during the period.

If Resolution 12 is passed (and Resolution 6 is also passed), the Company will issue up to 454,545,454 Shares pursuant to the Placement Offer (after the Share Consolidation has been effected) - comprising an issuance of 227,272,727 Shares to raise $50 million and the ability to accept oversubscriptions up to an additional $50 million by way of the issuance of a further 227,272,727 Shares. The Company will then have the flexibility to issue additional equity securities in the next 12 months up to 15% of the Shares in the Company currently on issue (including those issued under the Placement Offer).

Listing Rule 7.3 requires the following information to be provided to Shareholders when seeking approval for the purposes of Listing Rule 7.1:

(a) Maximum number of securities to be issued

The maximum number of Shares to be issued under the Placement Offer is 454,545,454 (on a post-Share Consolidation basis).

(b) Date by which the entity will issue the securities

The Shares are expected to be issued by 22 December 2016, but in any event no later than 3 months following the date of the AGM.

(c) The issue price of the securities

The Shares under the Placement Offer will be issued at $0.22 each.

(d) Names of allottees (if known) or the basis upon which those allottees will be identified or selected

The Shares under the Placement Offer will be issued to select sophisticated investors and professional investors.

(e) Terms of securities

The Shares to be issued under the Placement Offer will rank equally with all other existing Shares from the date of issue.

(f) Intended use of the funds raised

Refer to section 5.8 of this explanatory statement.

(g) Voting exclusion statement

A voting exclusion statement relating to this resolution is included in the notice of meeting.

ASX Listing Rule 11.1

Listing Rule 11.1.2 provides that the Company must obtain the approval of Shareholders where the Company proposes a significant change to the nature or scale of its activities. The Company is seeking Shareholder approval under Listing Rule 11.1.2 to change the scale of the Company's activities as a result of the Placement Offer.

If Resolution 12 is passed (and Resolution 6 is also passed), the approval of Shareholders will be obtained to allow the Company to issue up to 454,545,454 Shares pursuant to the Placement Offer.

10.13 Resolution 13 - approval of issue of Shares under Retail Offer

Background

As part of the Proposal, the Company will undertake a Retail Offer pursuant to which the Company will seek to raise $25 million from Shareholders and new investors, with the ability to accept oversubscriptions, provided that the total Capital Raising does not exceed $125 million.

Further details of the Retail Offer are set out in section 2.6 of this explanatory statement.

Listing Rule 7.1

Shareholder approval is being sought under Listing Rule 7.1 as the issue of Shares under the Retail Offer will exceed 15% of the number of Shares on issue on the date that is 12 months prior to the Retail Offer.

Refer to section 10.12 of this explanatory statement for a summary of the application of Listing Rule 7.1.

If Resolution 14 is passed, pursuant to the Retail Offer (after the Share Consolidation has been effected), the Company may issue Shares up an amount equal to 568,181,818 less the number of Shares issued under the Placement Offer.

This assumes that no Shares are issued under the Placement Offer and that subscriptions are received and accepted for $125 million under the Retail Offer. The Company will then have the flexibility to issue additional equity securities in the next 12 months up to 15% of the Shares in the Company currently on issue (including those issued under the Placement Offer and Retail Offer).

Listing Rule 7.3 requires the following information to be provided to Shareholders in relation to the issue of Shares under the Retail Offer when seeking approval for the purposes of Listing Rule 7.1:

(a) Maximum number of securities to be issued

The maximum number of Shares to be issued under the Retail Offer will be an amount equal to 568,181,818 less the number of Shares issued under the Placement Offer (on a post-Share Consolidation basis).

(b) Date by which the entity will issue the securities

The Shares are expected to be issued by 31 January 2017, but in any event no later than 3 months following the date of the AGM.

(c) The issue price of the securities

The Shares will be issued at $0. 22 each.

(d) Names of allottees (if known) or the basis upon which those allottees will be identified or selected

See section 2.6.

(e) Terms of securities

The Shares to be issued will rank equally with all other existing Shares from the date of issue.

(f) Intended use of the funds raised

Refer to section 5.8 of this explanatory statement.

(g) Voting exclusion statement

A voting exclusion statement relating to this resolution is included in the notice of meeting.

ASX Listing Rule 11.1

ASX Listing Rule 11.1.2 provides that the Company must obtain the approval of Shareholders where the Company proposes a significant change to the nature or scale of its activities. The Company is seeking Shareholder approval under Listing Rule 11.1.2 to change the scale of the Company's activities as a result of the Retail Offer.

If Resolution 13 is passed (and Resolution 6 is also passed), the approval of Shareholders will allow the Company to issue up to 568,181,818 Shares pursuant to the Retail Offer.

10.14 Resolution 14 – appointment of auditor

Where an auditor of a company ceases to hold office before an annual general meeting of the company, the company may by resolution appoint an auditor to fill the vacancy under section 327B(1) of the Corporations Act, provided that a copy of the notice of nomination of the auditor has previously been sent to the proposed replacement auditor (as well as to the current auditor and each person entitled to receive a notice of meeting).

Section 327C(2) of the Corporations Act further provides that any such auditor appointed to fill the vacancy holds office until the company's next annual general meeting. This is consistent with section 327B(1) of the Corporations Act, which provides that a public company must appoint an auditor of the company at its first annual general meeting and thereafter at each subsequent annual general meeting where an auditor is appointed by the company to fill any vacancy in the office of auditor.

Further, section 328A states that a company must not appoint an auditor unless the auditor has first consented to act as auditor and has not withdrawn that consent before the appointment is made.

As announced by the Company on 3 November 2016, Ernst & Young was appointed as its auditor, following the resignation of Deloitte Touche Tohmatsu.

A notice of nomination of Ernst & Young as the new auditor of the Company has been received by the Company and a copy has been sent to Ernst & Young and Deloitte Touche Tohmatsu. A copy of the notice of nomination is set in appendix 4 of this explanatory statement.

Ernst & Young has given its written consent to act as auditor and, as at the date of the notice of meeting to which this explanatory statement relates, has not withdrawn that consent.

The purpose of Resolution 14 (which is to be passed as a special resolution) is to ratify the appointment of Ernst & Young as auditor of the Company.

APPENDIX 1 - INDEPENDENT EXPERT REPORT

PKF Corporate Finance

Australian Renewable Fuels Limited

Thorney Proposal

Independent Expert's Report

7 November 2016

7 November 2016

The Independent Director
Australian Renewable Fuels Limited
158 Plemings Road
BARNAWARTHA VIC 3688

Dear Sir,

INDEPENDENT EXPERT'S REPORT IN RELATION TO THE PROPOSED MANAGEMENT AGREEMENT WITH THORNEY INVESTMENT GROUP AND PROPOSED ANCILLARY TRANSACTIONS

Introduction

On 9 September 2016 Australian Renewable Fuels Limited ("**ARW**") received a proposal from Thorney Opportunities Ltd ("**TOP**") to repurpose ARW into a Listed Investment Company specialising in the technology sector ("**Thorney Proposal**").

It is anticipated that the Thorney Proposal will incorporate the following:

- ARW will undertake a share consolidation on a 1:100 basis (the "**Share Consolidation**");
- ARW will undertake a capital raising to raise between $20 million and $125 million ("**Capital Raising**") by way of:
  - a placement to sophisticated and/or professional investors ("**Placement Offer**"); and
  - a retail offer with priority offerings to existing ARW and TOP shareholders ("**Retail Offer**").

  Thorney Investment Group will commit to subscribe for new shares in the Placement Offer and/or Retail Offer that will result in Thorney Investment Group (which may include its associated entities including TOP) holding approximately 20% of the issued shares of ARW ("**Thorney Participation**");
- as part consideration of the Thorney Participation, Thorney Investment Group (and/or its associated entities) will seed a number of investments into ARW with a value of approximately $6 million ("**Seed Assets**"). These investments consist of minority interests in a number of Australian Securities Exchange ("**ASX**") listed companies and other unlisted companies ("**Seed Asset Acquisition**");
- ARW will appoint Thorney Management Services Pty Ltd ("**Thorney Management**") as the investment manager of ARW under an investment management agreement ("**Investment Management Agreement**") for an initial fixed term of five (5) years. We note that ARW is currently seeking shareholder approval, and an ASX waiver, to extend the initial term to ten (10) years. We note that Thorney Management is part of the Thorney Investment Group and a related entity of TOP, being the investment manager for TOP; and
- other matters including ARW adopting a new constitution, changing its name to Thorney Technologies Limited and undertaking a re-composition of the ARW board.

The implementation of the Thorney Proposal is subject to receiving approval by the shareholders of ARW that are not precluded from voting ("**Non-Associated Shareholders**") on the various resolutions set out in the Notice of General meeting ("**Notice of Meeting**") to be sent to ARW shareholders, and certain regulatory and other conditions being satisfied.

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For our office locations visit www.pkf.com.au

Further information on the Thorney Proposal is set out in **Section 1** of this report ("**Report**") and in the Notice of Meeting and Explanatory Statement (together, the "**Documents**") issued by ARW, which accompany this Report.

Requirement for an Independent Expert's Report

This Report has been prepared to accompany the Documents to assist the independent director of ARW in relation to their obligations arising under:

- **Chapter 2E** of the Corporations Act which deals with the provision of a financial benefit to a related party. In the present case, Mr. Waislitz will be a common director of ARW, TOP and Thorney Management. There are a number of transactions under the Thorney Proposal that potentially give rise to a financial benefit to a related party including:
  - the Thorney Participation;
  - the Seed Asset Acquisition; and
  - the entering into the Investment Management Agreement.

  There are no express requirements under Chapter 2E of the Corporations Act for an Independent Expert Report. However, Regulatory Guide 76 *Related Party Transactions* ("**RG 76**") issued by the Australian Securities & Investments Commission ("**ASIC**") states that meeting materials provided to shareholders must provide sufficient information to enable them to decide whether or not the financial benefit to be given to the related party is in the interests of the company. The company may commission an Independent Expert Report to satisfy this requirement.
- **ASX Listing Rule 10.1** which prohibits an entity from acquiring or disposing a substantial asset to or from certain persons and/or entities in a position of influence without the prior approval of shareholders. Under the Thorney Proposal, the Seed Assets are likely to be classified as a substantial asset and accordingly, approval from shareholders will be required.

  For the purpose of ASX Listing Rule 10.1, ASX Listing Rule 10.10 requires that the notice of meeting to approve the transaction includes a report from an independent expert which sets out the expert's opinion as to whether the transaction is "fair" and "reasonable" to the Non-Associated Shareholder.

This Report has also been prepared to assist Non-Associated Shareholders in considering how to vote on the various resolutions in relation to the Thorney Proposal.

Our assessment of the Thorney Proposal has been to look at it as a whole, as opposed to the various components, given the inter-conditional relationship of the Thorney Proposal.

Further details of the above regulatory requirements can be found in **Section 1.3** of this Report.

Summary of Conclusions

In our opinion, the Thorney Proposal as a whole is "not fair", but is "reasonable", to the Non-Associated Shareholders as a whole.

The Thorney Proposal comprises the following inter-related elements that are relevant to be addressed by an independent expert report:

- the Seed Asset Acquisition; and
- the Investment Management Agreement.

We assessed the individual fairness of each of component of the Thorney Proposal. However, as the Seed Asset Acquisition and the Investment Management Agreement are inter-related with other components of the Thorney Proposal, we have assessed the fairness and reasonableness of the Thorney Proposal by considering the overall advantages and disadvantages of the Thorney Proposal together and by giving appropriate weighting to each element of the Thorney Proposal.

Set out below are our conclusions in relation to the individual elements of the Thorney Proposal.

Seed Asset Acquisition

Conclusion

In our opinion, the Seed Asset Acquisition is "fair" and "reasonable" to the Non-Associated Shareholders as a whole.

Section 6 of this Report sets out PKFCF's analysis and reasons for this opinion. A summary of our reasons is set out below.

Fairness

We assessed whether the Seed Asset Acquisition is "fair" to the Non-Associated Shareholders by comparing:

- the fair market value of the consideration offered by ARW to Thorney Investment Group for the Seed Assets; with
- the fair market value of the fair market value of the Seed Assets.

In undertaking our assessment, we have split the Seed Assets into two components as follows:

(i) listed Seed Assets (the "**Listed Seed Assets**"); and

(ii) unlisted Seed Assets (the "**Unlisted Seed Assets**").

As set out in **Section 6.3** of this Report, the fair market value of, and the consideration relating to the Listed Seed Assets is to be determined on a date subsequent to the finalisation of this Report. However, we have formed our opinion on "fairness" (as it relates to the Listed Seed Assets) by reaching a view as to whether or not the method used for determining the consideration payable with respect to the Listed Seed Assets will equal, or will result in a lower amount, to their fair market values at the transfer date. Based on this analysis, we have concluded that the method used for determining the consideration payable with respect to the Listed Seed Asset will result in an equal or lower amount to their fair market value.

In relation to the Unlisted Seed Assets, based on the analysis set out in **Section 6.4** of this Report, we have determined that the consideration payable with respect to the Unlisted Seed Assets will be equal to their the fair market value on the transfer date.

We have also considered the number of shares to be issued to Thorney as a result of the Seed Asset Acquisition ("**Consideration Shares**") given that they are calculated by the issue price under the proposed Capital Raising. The issue price under the Capital Raising is that relates to a minority shareholder. In our view, control does not pass to Thorney under the Thorney Proposal by virtue of the overall size of its shareholding post transaction – that is, it will have approximately a 20% shareholding and secondly, the Investment Management Agreement which we believe needs to be administered for the benefit of the overall ARW shareholders and not just Thorney.

Based on the above analysis, we conclude that the Seed Asset Acquisition is "**fair**" to the Non-Associated Shareholders as a whole.

Reasonableness

In order to assess whether the Seed Asset Acquisition is "reasonable", we considered whether it is "fair" and if it is not, whether we believe that there are sufficient reasons for the Non-Associated Shareholders to approve the Seed Asset Acquisition.

As we have concluded that the Seed Asset Acquisition is "**fair**", we also conclude that it is "**reasonable**".

Nevertheless, as the Seed Asset Acquisition forms part of the overall Thorney Proposal, the same advantages and disadvantages as those outlined in **Table 1** below also apply in relation to the Seed Asset Acquisition.

Investment Management Agreement

Conclusion

In our opinion, the Investment Management Agreement is "not fair", but is "reasonable" to the Non-associated Shareholders as a whole.

Secton 6 of this Report sets out PKFCF's analysis and reasons for this opinion. A summary of our reasons is set out below.

Fairness

In assessing whether the Investment Management Agreement is "fair" to the Non-Associated Shareholders, we have compared the terms contained in the Investment Management Agreement with the terms contained in similar agreements in the industry, of which we aware.

In our opinion, the overall terms of the Investment Management Agreement are less advantageous to ARW than those of similar agreements, including the following:

- **Period of the agreement** – the Investment Management Agreement has an initial term of up to five (5) years, with options to extend for further terms of seven (7) years at the end of the initial term and each extension term, at the option of Thorney Management. We note that ARW is currently seeking shareholder approval, and an ASX waiver, to extend the initial term to 10 years.

  In our view, this component of the Investment Management is not in line with industry practice and is favourable to Thorney Management.

- **Base fee** – the Investment Management Agreement provides for an annual base fee of 0.75% per each half year of gross assets, which falls within a range of industry practice, albeit at the high end of observations.

- **Performance fee** – the Investment Management Agreement provides for a performance fee of 20% of the growth in gross assets of the Company.

  At this level, the performance fee falls within an acceptable range when compared to industry practice. However, we note that the performance fee is not subject to any base performance benchmark which is in contrast to industry practice which typically impose a base level of performance before a manager becomes entitled to any performance fees.

- **Termination fee** – the termination fee payable under the Investment Management Agreement is potentially up to:

  - the average base fee for the previous two (2) financial years multiplied by six (6); plus
  - the average performance fee for the previous two (2) years multiplied by three (3).

  In our opinion, the Termination Payment is higher to those termination fees observed for comparable investment management agreements.

Having regard to the above, whilst it is difficult to quantify the exact impact given that they depend upon future outcomes, which cannot be accurately assessed, we consider that these key elements of the Investment Management Agreement are less favourable to the Non-Associated Shareholders than general industry practice, than if the agreement had been entered into with an unrelated party. Accordingly, our opinion is that the Investment Management Agreement is "**not fair**" to the Non-Associated Shareholders as a whole.

Reasonableness

Our opinion is that the Investment Management Agreement is "**reasonable**" to the Non-associated Shareholders for the reason that the entry into the Investment Management Agreement is a required part of the overall Thorney Proposal and to that extent, the same advantages and disadvantages as those outlined in **Table 1** below also apply to the Investment Management Agreement.

Advantages & Disadvantages of the Thorney Proposal

Given the interdependency of the various elements of the Thorney Proposal, we have considered the advantages and disadvantages of each element together. Accordingly, set out below is our summary assessment of the advantages and disadvantages of the Thorney Proposal. Further details are set out in **Section 8** of this Report.

Table 1: Advantages & Disadvantages of the Thorney Proposal

Advantages	Disadvantages
• The Thorney Proposal increases the financial strength of ARW (as a result of the Placement Offer and Retail Offer) and will provide ARW with access to a more diversified investment portfolio with a focus on technology investments. • The Thorney Proposal provides shareholders with an opportunity to avoid the liquidation of the Company, which at this point in time, and in the absence of the Thorney Proposal being approved, appears to be the only remaining option available. • The Thorney Proposal will result in the relisting of ARW on the ASX which, along with an expanded shareholder base, should increase the liquidity of ARW's shares and provide existing shareholders with an exit option. • The Thorney Proposal will align the interests of ARW's major shareholder with the interests of other shareholders. • The Thorney Proposal will provide the company with access to an experienced management team.	• The Thorney Proposal will result in ARW become a listed investment company with a focus on delivering absolute returns through an investment strategy with a focus on technology investments. This is a potentially a high-risk investment strategy, which may not correspond to the risk profile of the previous operations of ARW and may not be suitable to the investment strategies and risk profiles of all current shareholders of ARW. • The Thorney Proposal will result in the dilution of the voting and equity interests of existing ARW shareholders. • The Thorney Proposal will result in ARW becoming liable to pay certain fees under the Investment Management Agreement including, under certain circumstances, a substantial termination fee. • ARW has the option of employing directly, an internal investment management team which would likely be less costly that the Investment Management Agreement. • As a result of approving the Thorney Proposal, ARW may lose the ability to utilise income and capital tax losses which currently amount to approximately $109 million.

Source: Management of ARW; PKFCF analysis

Implications for Non-associated Shareholders of Rejecting the Thorney Proposal

ARW does not currently carry on any business activities, having divested or ceased all of its operations subsequent to being placed into Administration in January 2016. Further, we note that the only asset ARW holds is a small amount of cash amount to approximately $259 (as at 30 June 2016), with liabilities of $590,000 (as at 30 June 2016) comprising a loan from Tiga Trading Pty Ltd ("**Tiga Trading**"), a related party of Thorney Investment Group. We note that as at the date of this Report, this loan has increased to $750,000 as a result of Tiga Trading's continued funding of the Company's operating expenses subsequent to 30 June 2016.

Set out below are the key implications for Non-Associated Shareholders of rejecting the Thorney Proposal:

- in our opinion, the Non-Associated Shareholders will face uncertainty in relation to the future of ARW. As at the date of this Report, PKFCF are not aware of any alternatives that are available to ARW, which would result in any potential shareholder return;
- Non-Associated Shareholders will not get access to the diverse range of technology investments intended to be acquired by ARW through the Seed Asset Acquisition, nor will they get access to future technology investments that will be acquired by ARW through the exercise of the investment strategy contemplated under the Investment Management Agreement;

- Thorney Investment Group currently holds a 26.88% shareholding in ARW. This shareholding represents a significant parcel of voting and equity interests which could prevent the passage of special resolutions, and depending upon the shareholding composition at the time, would also allow influence over ordinary resolutions. If the Thorney Proposal is rejected, Thorney Investment Group's shareholding could impact the ARW boards' ability to implement alternative transactions, if Thorney Investment Group was opposed; and
- Non-Associated Shareholders will not benefit from the expertise of Thorney Management under the proposed Investment Management Agreement.

On the other hand, rejecting the Thorney Proposal preserves the opportunity for a potentially more attractive proposal to be considered. However, it is emphasised that no alternative proposal currently exists, and may not arise in the future.

Conclusion as to Reasonableness

In view of the above, and notwithstanding the conclusion that the Investment Management Agreement is considered to be "**not fair**", given the inter-dependency of each element of the Thorney Proposal, it is our opinion, that the overall advantages to the Non-Associated Shareholders of the Thorney Proposal exceed the disadvantages.

Other Matters

Summary

This section sets out a summary of our Report and its conclusions. You should read our complete Report, which sets out in full the purpose, scope, sources of information, basis of evaluation, limitations, analysis and our findings.

Scope, limitations and use of this Report

Full details of the scope, limitations and other qualifications to this Report are set out in **Section 2**.

The scope of the procedures undertaken in preparing this Report does not include verification work nor constitute an audit or review in accordance with Australian Auditing and Assurance Standards.

The Report was prepared in accordance with APES 225 *Valuation Services* issued by the Accounting Professional and Ethical Standards Board Limited.

The Report has been prepared at the request, and for the benefit, of the Independent Director of ARW and for the benefit of the Non-associated Shareholders of ARW. The Report was not prepared for any purpose or for the benefit of any other party, other than that stated in this Report.

Investors' individual circumstances

Our analysis has been undertaken, and our conclusions are expressed, at an aggregate level. PKFCF has not considered the effect of the proposals on the particular circumstances of individual Non-associated Shareholders.

Some individual Non-associated Shareholders may place a different emphasis on various aspects of the proposals from that adopted in this Report. Accordingly, individual Non-associated Shareholders may reach different conclusions as to whether or not the Thorney Proposal is *"fair"* and "reasonable" in their individual circumstances. As the decision of individual Non-associated Shareholders in relation to the Thorney Proposal may be influenced by their particular circumstances (including their taxation position), Non-associated Shareholders are advised to seek their own independent advice.

Financial Services Guide

A financial services guide is attached to this Report.

Yours faithfully

Vince Fayad
Director

Andrew Jones
Director

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1. The Thorney Proposal

1.1. Components

On 9 September 2016 Australian Renewable Fuels Limited ("**ARW**") received a proposal from Thorney Opportunities Ltd ("**TOP**") to repurpose ARW into a Listed Investment Company specialising in the technology sector ("**Thorney Proposal**").

The Thorney Proposal incorporates the following components:

- ARW will undertake a share consolidation on a 1:100 basis (the "**Share Consolidation**");
- ARW will undertake a capital raising to raise between $20 million and $125 million ("**Capital Raising**") by way of the following:
  - a placement of up to $50 million to sophisticated and/or professional investors with the ability to accept up to a further $50 million in oversubscriptions ("**Placement Offer**"); and
  - a retail offer of up to $25 million with priority offerings to existing ARW and TOP shareholders with the ability to accept oversubscriptions provided that the total Capital Raising does not exceed $125 million ("**Retail Offer**").

  TOP will commit to subscribe for new shares in the Placement Offer and/or Retail Offer that will result in TOP holding approximately 20% of the issued shares of ARW ("**Thorney Participation**");
- as part consideration of the Thorney Participation, TOP (and/or associated entities) will seed a number of investments into ARW with a value of approximately $6 million ("**Seed Assets**"). These investments consist of minority interests in a number of Australian Securities Exchange ("**ASX**") listed companies ("**Listed Seed Assets**") and other unlisted companies ("**Unlisted Seed Assets**") ("**Seed Asset Acquisition**").

  Under the Asset Sale Agreement, the consideration payable with respect to the Listed Seed Assets is to be calculated as the lower of:

  (i) the closing price of each of the Listed Seed Assets as at 2 November 2016;

  (ii) the volume weighted average price ("**VWAP**") for each of the Listed Seed Assets over the five (5) business days prior to the closing of the Placement Offer.

  The following table summarises the Seed Assets and the proposed consideration payable by ARW under the Asset Sale Agreement is (i) above were to apply:

Table 2: Summary of Seed Assets

Company Name	ASX Ticker	Number of Shares to be Transferred	Consideration Payable
Listed Seed Assets			
Adacel Technologies Limited	ASX:ADA	309,075	$ 800,504
Anatara Lifesciences Ltd	ASX:ANR	204,650	$ 263,999
HUB24 Limited	ASX:HUB	59,690	$ 308,000
iSelect Ltd.	ASX:ISU	293,335	$ 510,403
NEXTDC Limited	ASX:NXT	297,630	$ 1,005,989
OneVue Holdings Limited	ASX:OVH	1,831,745	$ 1,153,999
Updater Inc.	ASX:UPD	1,001,595	$ 500,798
Webjet Ltd.	ASX:WEB	50,385	$ 485,208
Unlisted Seed Assets			
Aglive Group Limited	n/a	757,576	$ 250,000
Change Up Holdings Limited	n/a	1,500,000	$ 750,000
Total			**$ 6,028,900**
Placement Offer / Retail Offer Issue Price			$ 0.22
Maximum Number of Consideration Shares to be Issued			**27,404,091**

Source: Asset Sale Agreement; S&P CapitalIQ; PKFCF Analysis

- ARW will appoint Thorney Management Services Pty Ltd ("**Thorney Management**") as the investment manager of ARW under an investment management agreement ("**Investment Management Agreement**") for an initial fixed term of five (5) years. We note that ARW is currently seeking shareholder approval, and an ASX waiver, to extend the initial term to 10 years. We note that Thorney Management is a related entity of TOP and is also the investment manager for TOP; and
- other matters including ARW adopting a new constitution, changing its name to Thorney Technologies Limited and undertaking a re-composition of the ARW board.

The implementation of the Thorney Proposal is subject to receiving approval by the shareholders of ARW that are not precluded from voting ("**Non-Associated Shareholders**") on the various resolutions set out in the Notice of General Meeting ("**Notice of Meeting**") to be sent to ARW shareholders, and certain regulatory and other conditions being satisfied.

1.2. Impact on Shareholder Interests

Implementation of the Thorney Proposal will have a material impact on existing Shareholders' voting and equity participation interests in ARW and the impact will vary, depending upon the circumstances.

Set out below is an analysis of various potential outcomes.

Table 3: Impact of the Thorney Proposal on Existing Shareholder's Voting & Equity Interests

Ordinary Shareholders	Current Position			Post Capital Raising ($20 Million)		Post Capital Raising ($50 Million)		Post Capital Raising ($75 Million)		Post Capital Raising ($125 Million)	
	Number Held (Pre-Share Consolidation)	Number Held (Post-Share Consolidation)	%	Number Held	%	Number Held	%	Number Held	%	Number Held	%
Thorney Investment Group^	11,276,471	112,766	26.88%	27,516,857	23.18%	51,019,380	20.00%	73,746,652	20.00%	119,201,198	20.00%
Non-Associated Shareholders	30,679,674	307,314	73.12%	307,314	0.26%	307,314	0.12%	307,314	0.08%	307,314	0.05%
New Shareholders	-	-	0.00%	90,909,091	76.57%	203,770,204	79.88%	294,679,296	79.92%	476,497,477	79.95%
Total	**41,956,145**	**420,080**	**100.00%**	**118,733,262**	**100.00%**	**255,096,898**	**100.00%**	**368,733,262**	**100.00%**	**596,005,989**	**100.00%**

^ Including associated entities

Source: Draft Notice of Meeting and Explanatory Statement; Management of Thorney Investment Group; PKFCF analysis

1.3. Regulatory Requirements

1.3.1. Shareholder Approvals Required

Implementation of the Thorney Proposal is subject to a number of shareholder approvals which are to be considered at a general meeting of ARW shareholders on or around 9 December 2016. Details of the approvals required are set out in the Notice of Meeting accompanying this Report.

This Report has been prepared in relation to the following required approvals:

- the Thorney Participation, for the purpose of Chapter 2E of the Corporations Act (Resolution 11 set out in the Notice of Meeting);
- the Seed Asset Acquisition, for the purpose of Chapter 2E of the Corporations Act and ASX Listing Rule 10.1 (Resolution 10 set out in the Notice of Meeting); and
- the entering into the Investment Management Agreement by ARW with Thorney Management, for the purpose of Chapter 2E of the Corporations Act (Resolution 9 set out in the Notice of Meeting).

1.3.2. Chapter 2E Corporations Act

If the Thorney Proposal is approved by ARW shareholders, ARW, TOP and Thorney Management will share a common director, Mr. Waislitz, who is proposed to join the board of ARW.

Under Chapter 2E of the Corporations Act, the giving of a financial benefit by ARW to a related party is prohibited, except in certain circumstances, including:

- where approval is received by way of an ordinary resolution passed by ARW's shareholders (other than any party who would obtain a financial benefit (such as Mr. Waislitz) or any associate of Mr. Waislitz (such as TOP or Thorney Management); or
- the arrangement is on arm's length terms (or less favourable to the related party than arm's length terms).

Section 228 of the Corporations Act defines a "related party" of a public company as including (among others):

- directors and their spouses;
- an entity (including an individual) that has reasonable grounds to believe it will become related party in future (such as an individual intending to become a director); and
- an entity (including an individual) if the entity acts in concert with a related party of the public company on the understanding that the related party will receive a financial benefit if the public company gives the entity a financial benefit.

There are a number of transactions under the Thorney Proposal that potentially give rise to the provision of a financial benefit to a related party including:

- the Thorney Participation;
- the Seed Asset Acquisition; and
- the entering into the Investment Management Agreement.

Resolutions 9, 10 and 11 set out in the Notice of Meeting seeks approval of the related party aspects of the Thorney Proposal as required by Chapter 2E.

1.3.3. ASX Listing Rule 10.1

If the Thorney Proposal proceeds, ARW, TOP and Thorney Management will share a common director, Mr. Waislitz, who is proposed to join the board of ARW. We also note that TOP (including its associated entities) currently hold a 26.88% interest in ARW.

ASX Listing Rule 10.1 prohibits ARW from acquiring or disposing a substantial asset to or from any of the following persons without the prior approval of shareholders:

- a related party of ARW;
- a child entity of ARW;
- a substantial holder in ARW, if the person and the person's associates have a relevant interest, or had a relevant interest at any time in the six months before the transaction, in at least 10% of the total votes attached to the voting securities of ARW;
- an associate of any of those noted above; and/or
- a person whose relationship to ARW or a person referred to above, in ASX's opinion, the transaction should be approved by security holders.

ASX Listing Rule 10.2 defines an asset as substantial if its value is 5% or more of the equity interest of the entity.

The assets to be transferred to ARW under the Asset Sale Agreement are likely to be classified as a substantial asset and accordingly, shareholder approval is required under ASX Listing Rule 10.1 in relation to the Asset Sale Agreement.

Resolution 10 sets out in the Notice of Meeting seeks approval of the related party aspects of the Thorney Proposal as required by Listing Rule 10.1.

1.3.4. Requirement for an Independent Expert Report

There are no express requirements under Chapter 2E of the Corporations Act for an Independent Expert Report. However, Regulatory Guide 76 *Related Party Transactions* ("**RG 76**") issued by the Australian Securities & Investments Commission ("**ASIC**") states that meeting materials provided to shareholders must provide sufficient information to enable them to decide whether or not the financial benefit to be given to the related party is in the interests of the company. The company may commission an Independent Expert Report to satisfy this requirement.

For the purpose of ASX Listing Rule 10.1, ASX Listing Rule 10.10 requires that the notice of meeting to approve the transaction includes a report from an independent expert which sets out the expert's opinion as to whether the transaction is "fair" and "reasonable" to the Non-Associated Shareholder.

The independent director of ARW has requested that PKFCF prepare this Report to assist him and Non-Associated Shareholders in relation to their assessment of the Thorney Proposal.

2. Purpose, Scope & Reliance on Information

2.1. Purpose

This Report has been prepared at the request, of and for the benefit, of the independent director of ARW and for the benefit of the Non-Associated Shareholders of ARW, to assist the independent director in fulfilling his obligation to provide shareholders with full and proper disclosure to enable them to assess the merits of the Thorney Proposal and to decide whether to agree by the various resolutions set out in the Notice of Meeting to implement the Thorney Proposal. This Report is to accompany the Notice of Meeting to be provided to the shareholders of ARW.

This Report was not prepared for any other purpose or for use by any other person. PKFCF does not accept any responsibility to any person other than the independent director and Non-Associated Shareholders of ARW or for the use of the Report outside the stated purpose without the written consent of PKFCF. Except in accordance with the stated purpose, no extract, quote or copy of this Report, in whole or in part, should be reproduced without our written consent, as to the form and context in which it may appear.

PKFCF has provided its consent to the Report accompanying the Notice of Meeting. Apart from the Report, PKFCF is not responsible for the contents of the Notice of Meeting, or any other document or announcement associated with the Thorney Proposal. PKFCF acknowledges that its Report may be lodged with regulatory bodies.

Approval or rejection of the Thorney Proposal is a matter for individual Non-Associated Shareholders based on their expectations as to various factors including the value of equity interests in and the future prospects of ARW, the skills of Thorney Management, the terms of the Thorney Proposal, market conditions and their particular circumstances, including risk profile, liquidity preference, portfolio strategy and tax position. Non-Associated Shareholders should carefully consider the Notice of Meeting and this Report. Non-Associated Shareholders who are in doubt as to the action they should take in relation to the Thorney Proposal should consult their professional financial adviser.

2.2. Scope

Our report has been prepared to assist the Directors in fulfilling their requirements under ASX Listing Rule 10.1 and Chapter 2E of the Corporations Act. The scope of the procedures we undertook in forming our opinions was limited to those procedures we believe are required in order to form our opinion.

2.2.1. Sources of Information

Appendix 2 identifies the information referred to, and relied upon, by PKFCF during the course of preparing this Report and forming our opinion.

2.2.2. Reliance on Information

The statements and opinions contained in this Report are given in good faith and are based upon PKFCF's consideration and assessment of information provided by ARW, TOP and Thorney Management. PKFCF believes the information provided to be reliable, complete and not misleading, and we have no reason to believe that any material facts have been withheld.

The information provided has been evaluated through analysis, inquiry and review for the purpose of forming our opinion. The procedures adopted by PKFCF in forming our opinion may have involved an analysis of financial information and accounting records. This did not include verification work nor constitute an audit or review in accordance with Australian Auditing and Assurance Standards and consequently does not enable us to become aware of all significant matters that might be identified in an audit or review. Accordingly, we do not express an audit or review opinion.

It was not PKFCF's role to undertake, and PKFCF has not undertaken, any commercial, technical, financial, legal, taxation or other due diligence, or other similar investigative activities in respect of the Thorney Proposal. PKFCF understands that the ARW directors have been advised by legal, accounting and other appropriate advisors in relation to such matters, as necessary.

PKFCF does not provide any warranty or guarantee as to the existence, extent, adequacy, effectiveness and/or completeness of any due diligence or other similar investigative activities by the ARW directors and/or their advisors.

An opinion as to whether a corporate transaction is "fair" and/or "reasonable" is in the nature of an overall opinion, rather than an audit or detailed investigation and it is in this context that PKFCF advises that it is not in a position, nor is it practical for PKFCF, to undertake a detailed investigation or extensive verification exercise.

It is understood that, except where noted, the accounting information provided to PKFCF was prepared in accordance with generally accepted accounting principles (including adoption of Australian Equivalents to International Financial Reporting Standards) and prepared in a manner consistent with the method of accounting used by ARW in previous accounting periods.

In accordance with normal practice, prior to finalising the Report, we confirmed facts with ARW. This was undertaken by means of providing ARW with a draft report. PKFCF obtained a representation letter from ARW confirming that, to the best knowledge of ARW, the information provided to, and relied upon by, PKFCF was complete and accurate, and that no significant information essential to the Report was withheld.

ARW agreed to indemnify PKFCF and PKF and their partners, directors, employees, officers and agents (as applicable) against any claim, liability, loss or expense, costs or damage, arising out of reliance on any information or documentation provided to PKFCF by ARW and/or TOP and/or Thorney Management, which is false and misleading or omits any material particulars, or arising from failure to supply relevant documentation or information.

2.2.3. Valuation Date

The opinion expressed in this Report is made as at the date of this Report ("**Valuation Date**").

2.2.4. Valuation

Fair market value

The assessment of whether the Thorney Proposal is "fair" and "reasonable" necessarily involves determining the "fair market value" of various securities, assets and interests.

For the purposes of our opinion, the term "fair market value" is defined as the price that would be negotiated in an open and unrestricted market between a knowledgeable, willing, but not anxious purchaser, and a knowledgeable, willing, but not anxious vendor, acting at arm's length.

By its very nature, the formulation of a valuation assessment necessarily contains significant uncertainties and the conclusions arrived at in many cases will be subjective and dependent on the exercise of individual judgement. Therefore, there is no indisputable value and we normally express our valuation opinion as falling within a likely range.

Special value

We have not considered special value in forming our opinion as to whether the Thorney Proposal is "fair". Special value is the amount that a potential acquirer may be prepared to pay for an asset in excess of the fair market value. This premium represents the value to the particular potential acquirer of various factors that may include potential economies of scale, reduction in competition, other synergies and cost savings arising from the acquisition under consideration not available to likely purchasers generally. Special value is not normally considered in the assessment of fair market value as it relates to the individual circumstances of special purchasers.

2.2.5. Current Market Conditions

Our opinions are based on economic, market and other conditions prevailing at the Valuation Date. Such conditions can change significantly over relatively short periods of time. Changes in those conditions may result in any valuation or other opinion becoming quickly out dated and in need of revision. PKFCF reserves the right to revise any valuation or other opinion in the light of material information existing at the Valuation Date that subsequently becomes known to PKFCF.

2.2.6. Assumptions

In forming our opinions, we made certain assumptions, including the following:

- other than as publicly disclosed, all relevant parties have complied, and will continue to comply, with all applicable laws and regulations and existing contracts are in good standing, and will remain so and there is no alleged or actual material breach of the same or dispute in relation thereto (including, but not limited to, legal proceedings), and that there has been no formal or informal indication that any relevant party wishes to terminate or materially renegotiate any aspect of any existing contract, agreement or material understanding;
- ARW remains solvent up to the date of the completion of the Thorney Proposal;
- that Thorney Management will continue to hold an appropriate AFSL;
- that matters such as retention of key personnel and ownership of assets are in good standing, and will remain so;
- any public information used in relation to ARW, TOP and Thorney Management and any other publicly available information relied on by us, is accurate and not misleading and up to date;
- information in relation to the Thorney Proposal that is distributed to shareholders, or any information issued by a statutory body is complete, accurate and fairly presented in all material respects;
- the legal mechanisms proposed to implement the Thorney Proposal are valid and effective; and
- if the Thorney Proposal is implemented, it will be implemented in accordance with the draft transaction documents provided to us.

3. Basis of assessment

3.1. "Fair" and "Reasonable"

In preparing this Report we considered the Regulatory Guides issued by ASIC and in particular, RG 76 and Regulatory Guide 111 *Content of Expert Reports* ("**RG 111**").

RG 111 indicated that, in the context of a "related party transaction", the words "fair" and "reasonable establish two distinct criteria:

- is the offer "fair"; and
- is it "reasonable".

RG 111 states that a related party transaction is considered "fair" if the value of the financial benefit to be provided by the entity to the related party is equal to or less than the value of the consideration being provided to the entity. This comparison should be made:

- assuming a knowledgeable and willing, but no anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length; and
- for control transactions, the comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length, 100% ownership of the 'target' company irrespective of whether the consideration offered is scrip or cash and without consideration of the percentage holding of the offeror or its associates in the 'target' company.

We note that the Thorney Proposal, assuming that it is implemented, will result in Thorney Investment Group holding approximately 20% of the voting and equity interests in ARW. It is problematic if this level of shareholding could be considered to be a control transaction. Moreover, under section 50AA of the Corporations Act, control is defined as follows:

> *"(1) For the purposes of this Act, an entity controls a second entity if the first entity has the capacity to determine the outcome of decisions about the second entity's financial and operating policies.*
>
> *(2) In determining whether the first entity has this capacity:*
>
> > *(a) the practical influence the first entity can exert (rather than the rights it can enforce) is the issue to be considered; and*
> >
> > *(b) any practice or pattern of behaviour affecting the second entity's financial or operating policies is to be taken into account (even if it involves a breach of an agreement or a breach of trust).*
>
> *(3) The first entity does not control the second entity merely because the first entity and a third entity jointly have the capacity to determine the outcome of decisions about the second entity's financial and operating policies.*
>
> *(4) If the first entity:*
>
> > *(a) has the capacity to influence decisions about the second entity's financial and operating policies; and*
> >
> > *(b) is under a legal obligation to exercise that capacity for the benefit of someone other than the first entity's members;*
>
> *the first entity is taken not to control the second entity."*

We consider that under the Investment Management Agreement, Thorney Management would have a fiduciary responsibility in which to act for the benefit of the ARW shareholders as a whole.

Further, where the proposed transaction consists of an asset acquisition by the entity, it is "fair" if the value of the financial benefit being offered by the entity to the related party is equal to or less than the value of the assets being acquired. Where the financial benefit given by the entity is securities in the entity and the consideration is securities in another entity held by a related party, the value of the entity's securities should be compared to the value of the securities it is purchasing. If the expert uses the market price of either of the securities as a measure of their value, it should consider, among other things, the factors set out in RG 111.32(a)–RG 111.32(b).

RG 111 states that a related party transaction is considered to be "reasonable" if it is "fair". If the related party transaction is "not fair" it may still be "reasonable", if the expert believes that there are sufficient reasons for security holders to accept the proposal.

ASIC has identified a number of factors which an expert might consider when determining whether a related party transaction is "reasonable", including the following:

- the financial situation and solvency of the entity;
- opportunity costs;
- the alternative options available to the entity and the likelihood of those options occurring;
- the entity's bargaining position;
- whether there is selective treatment of any security holders, particularly the related party;
- any special value of the transaction to the purchaser, such as particular technology or the potential to write off outstanding loans from the target; and
- the liquidity of the market in the entity's securities.

3.2. PKFCF approach

PKFCF has undertaken the following in assessing each element of the Thorney Proposal.

3.2.1. "Fair"

Seed Asset Acquisition

In our opinion, the Seed Asset Acquisition will be "fair" if the consideration offered by ARW to Thorney Investment Group for the Seed Assets, is equal to or less than the fair market value of the Seed Assets.

Investment Management Agreement

In our opinion, the Investment Management Agreement will be "fair" if the terms of the Investment Management Agreement are no less favourable to ARW than the likely terms of a similar agreement entered into with an unrelated party (determined on the basis of industry practice).

3.2.2. "Reasonable"

Under RG 111, the Seed Asset Acquisition and the Investment Management Agreement will be "reasonable" if they are "fair". They may also be "reasonable" if, despite being "not fair", there are sufficient reasons for security holders to approve the Seed Asset Acquisition and the Investment Management Agreement in the absence of any better opportunities at the time of voting.

Having regard to the factors listed by ASIC in RG 111.62, we considered the following factors in assessing the reasonableness of the Thorney Proposal:

- impact of the Capital Raising on ARW's solvency;
- the opportunity costs of accepting the Thorney Proposal;
- the financial impact of the Thorney Proposal on Non-Associated Shareholders as a whole;
- any alternatives realistically open to Non-Associated Shareholders as a whole;
- impact upon liquidity of ARW's shares; and
- any other advantages and disadvantages of the Thorney Proposal to Non-Associated Shareholders as a whole.

Given the inter-dependency of the elements of the Thorney Proposal, we have assessed the reasonableness of all elements of the Thorney Proposal together and in overall terms.

4. Profile of Australian Renewable Fuels Limited

4.1. Background

ARW is an Australian based public company that listed on the ASX in 2005 raising approximately $20 million. ARW operated in the biodiesel manufacturing industry, deriving revenue from the manufacture and sale of biodiesel fuel to domestic and international customers.

ARW was placed into Administration on 21 January 2016, and control of all assets and liabilities were transferred to the Administrators and Receivers. We understand that the reasons for its insolvency included the following:

- declining world oil prices;
- feedstock supply pricing;
- continued financial stress brought on by destabilising uncertainty over the Federal Government's policies in regard to biodiesel; and
- the increased reliance on debt providers.

We have been advised that on 22 September 2016, the Administrators retired and the Company was handed back to the Directors.

4.2. Directors

As at the date of this Report, the Directors of ARW are as follows:

Table 4: Directors of ARW

Director	Background
Alan David Fisher	Alan Fisher CA, was appointed to the Board as Non-Executive Chairman on 29 August 2014. Mr Fisher has extensive business and corporate experience and in particular has expertise in financial operations restructuring. He is currently the Managing Director of DMC Corporate Pty Ltd and Fisher Corporate Advisory Pty Ltd. Mr Fisher holds 100,000 shares in ARW as at the date of this Report.
Martin John Casey	Mr Casey was appointed a director of ARW on 22 June 2016. Mr Casey is a corporate adviser, with experience as an investment banker and lawyer and he advises a number of clients including the Thorney Group. Martin was previously a Director of Corporate Advisory at investment bank Credit Suisse and before that, a partner in an international law firm (now Norton Rose Fulbright). Mr Casey does not hold any shares in ARW.
Craig Antony Graham Smith	Craig Smith CPA, ACIS was appointed a director and secretary of the Company on 22 June 2016. Mr Smith has been the Company Secretary and Chief Financial Officer of the private Thorney Investment Group since 2008. He is the current Company Secretary of ASX Listed Investment Company, Thorney Opportunities Ltd and was formerly CFO / Company Secretary of Baxter Group Limited and Tolhurst Noall Limited. Mr Smith does not hold any shares in ARW.

4.3. Historical Income Statements

The historical consolidated income statements of ARW for the years ended 30 June 2014, 2015 and 2016, are summarised in the table below:

Table 5: ARW Historical Consolidated Income Statements

$	FY2014 (Audited)	FY2015 (Audited)	FY2016 (Unaudited)
Revenue	71,234,965	51,382,683	0
Costs of goods sold	(57,176,215)	(36,935,644)	0
Gross Profit	**14,058,750**	**14,447,039**	**0**
Gross Profit Margin	*20%*	*28%*	*0%*
Direct costs	(9,610,145)	(7,832,330)	0
Corporate and administrative expenses	(1,954,947)	(1,289,894)	(2,692)
Staff costs	(3,067,448)	(2,382,000)	0
Impairment of assets	(3,650,000)	0	0
Total operating expenses	**(18,282,540)**	**(11,504,224)**	**(2,692)**
Other revenue	2,134,943	307,391	0
Loss after tax from discontinued operations	0	0	(20,456,877)
EBITDA	**(2,088,847)**	**3,250,206**	**(20,459,569)**
EBITDA Margin	*-3%*	*6%*	*0%*
Depreciation and amortisation	(1,772,707)	(1,183,364)	0
EBIT	**(3,861,554)**	**2,066,842**	**(20,459,569)**
EBIT Margin	*-5%*	*4%*	*0%*
Interest expense	(1,720,742)	(1,600,665)	0
Interest income	706	1,026	0
NPBT	**(5,581,590)**	**467,203**	**(20,459,569)**
NPBT Margin	*-8%*	*1%*	*0%*
Income tax	0	0	0
NPAT	**(5,581,590)**	**467,203**	**(20,459,569)**
NPAT Margin	*-8%*	*1%*	*0%*

Source: Annual Reports of ARW for the years ended 30 June 2014, 2015, and 2016; PKFCF analysis

In relation to the above financial information, we note that ARW does not currently trade and its previous business activities have been sold or wound up.

4.4. Historical Statements of Financial Position

The historical consolidated statements of financial position of ARW as at 30 June 2014, 2015 and 2016 are summarised in the table below:

Table 6: ARW Historical Consolidated Statements of Financial Position

$	FY2014 (Audited)	FY2015 (Audited)	FY2016 (Unaudited)
Current assets			
Cash and cash equivalents	953,013	1,736,289	259
Trade and other receivables	2,488,451	2,649,140	0
Inventories	6,207,170	5,800,827	0
Other current assets	1,094,687	1,033,237	0
Total current assets	**10,743,321**	**11,219,493**	**259**
Non-current assets			
Property, plant and equipment	28,764,216	28,744,636	0
Other non-current assets	595,070	553,156	0
Total non-current assets	**29,359,286**	**29,297,792**	**0**
Total assets	**40,102,607**	**40,517,285**	**259**
Current liabilities			
Trade and other payables	(6,247,334)	(6,215,135)	0
Borrowings	0	0	(590,000)
Provisions	(288,575)	(467,992)	0
Amounts payable on acquisition	0	0	0
Total current liabilities	**(6,535,909)**	**(6,683,127)**	**(590,000)**
Non-current liabilities			
Non-current provisions	(254,141)	(48,073)	0
Convertible notes	(13,916,257)	(13,916,257)	0
Total non-current liabilities	**(14,170,398)**	**(13,964,330)**	**0**
Total liabilities	**(20,706,307)**	**(20,647,457)**	**(590,000)**
Net Assets	**19,396,300**	**19,869,828**	**(589,741)**
Equity			
Issued capital	(135,944,302)	(19,869,826)	(19,869,826)
Reserves	(2,440,211)	(223,276)	0
Retained Profits (Accumulated losses)	118,680,726	(84,504)	20,151,650
Equity attributable to owners of the company	**(19,703,787)**	**(20,177,606)**	**281,824**
Non-controlling interests	307,487	307,778	307,917
Total equity	**(19,396,300)**	**(19,869,828)**	**589,741**

Source: Annual Reports of ARW for the years ended 30 June 2014, 2015, and 2016; PKFCF analysis

In relation to the above, we note that the "Borrowings" balance of $590,000 as at 30 June 2016 represents a loan payable to Tiga Trading. Tiga Trading advanced these monies to the Company as part of the DOCA and was used for the benefit of creditors of the Company.

We note that as at the date of this Report, this loan has increased to $750,000 as a result of Tiga Trading's continued funding of the Company's operating expenses subsequent to 30 June 2016.

4.5. Historical Statements of Cash Flow

The historical consolidated cash flow statements of ARW for the years ended 30 June 2014, 2015 and 2016 are summarised in the table below:

Table 7: ARW Historical Consolidated Statements of Cash Flows

$	FY2014 (Audited)	FY2015 (Audited)	FY2016 (Unaudited)
Cash flows from operating activities			
Receipts from customers	82,472,239	56,281,185	30,681,784
Payments to suppliers and employees	(76,877,235)	(52,863,899)	(30,553,305)
Interest received	706	1,026	4
Interest paid	(1,708,194)	(1,600,665)	(941,165)
Cash flows from operating activities	**3,887,516**	**1,817,647**	**(812,682)**
Cash flows from investing activities			
Payments for plant and equipment	(670,567)	(1,037,101)	(270,031)
Loss of cash on Administration	0	0	(1,243,317)
Contingent consideration on acquisition	(135,833)	0	0
Cash flows from investing activities	**(806,400)**	**(1,037,101)**	**(1,513,348)**
Cash flows from financig activities			
Proceeds from borrowings	0	0	590,000
Cash flows from financinag activities	**0**	**0**	**590,000**
Net movement in cash and cash equivalents	3,081,116	780,546	(1,736,030)
Opening cash and cash equivalents	(2,154,156)	953,013	1,736,289
Movement in exchange rates on cash balances	26,053	2,730	0
Closing cash and cash equivalents	**953,013**	**1,736,289**	**259**

Source: Annual Reports of ARW for the years ended 30 June 2014, 2015, and 2016; PKFCF analysis

4.6. Ownership

4.6.1. Overview

As at 25 October 2016, ARW had 41,956,145 ordinary shares on issue.

Set out below are the top twenty (20) Shareholders of ARW as at 25 October 2016:

Table 8: Top twenty (20) Shareholders of ARW as at 25 October 2016

#	Ordinary Shareholder	Balance	% Held
1	National Nominees Limited	8,998,941	21.45%
2	Thorney Holdings Proprietary Ltd	4,706,812	11.22%
3	UBS Nominees Pty Ltd	3,483,226	8.30%
4	HSBC Custody Nominees	3,897,495	9.29%
5	Australian Enterprise Holdings	2,000,000	4.77%
6	Sweet Water Pty Ltd	1,050,000	2.50%
7	Picton Cove Pty Ltd	898,779	2.14%
8	Mamontov Limited	826,145	1.97%
9	Thirty-Fifth Celebration Pty	679,878	1.62%
10	J & M Playoust Superannuation	550,000	1.31%
11	Knightly Pty Ltd	530,750	1.27%
12	Mr Jason Gilbert Riggs	500,000	1.19%
13	Seaspin Pty Ltd	374,928	0.89%
14	Hotlake Pty Ltd	362,858	0.86%
15	Dixson Trust Pty Ltd	345,305	0.82%
16	Mr Vallipuram Santhirasegaram	339,332	0.81%
17	Miniata Technologies Pty Ltd	291,736	0.70%
18	L & A Playoust Superannuation	267,143	0.64%
19	Datamon Pty Ltd	250,000	0.60%
20	Mr Ian John James	230,962	0.55%
Total Top 20 Shareholders		**30,584,290**	**72.90%**
Other Shareholders		11,371,855	27.10%
All Shareholders		**41,956,145**	**100.00%**

Source: ARW Management

We have been advised of the following shareholdings related to Thorney Group:

Table 9: Changes of Substantial Shareholders

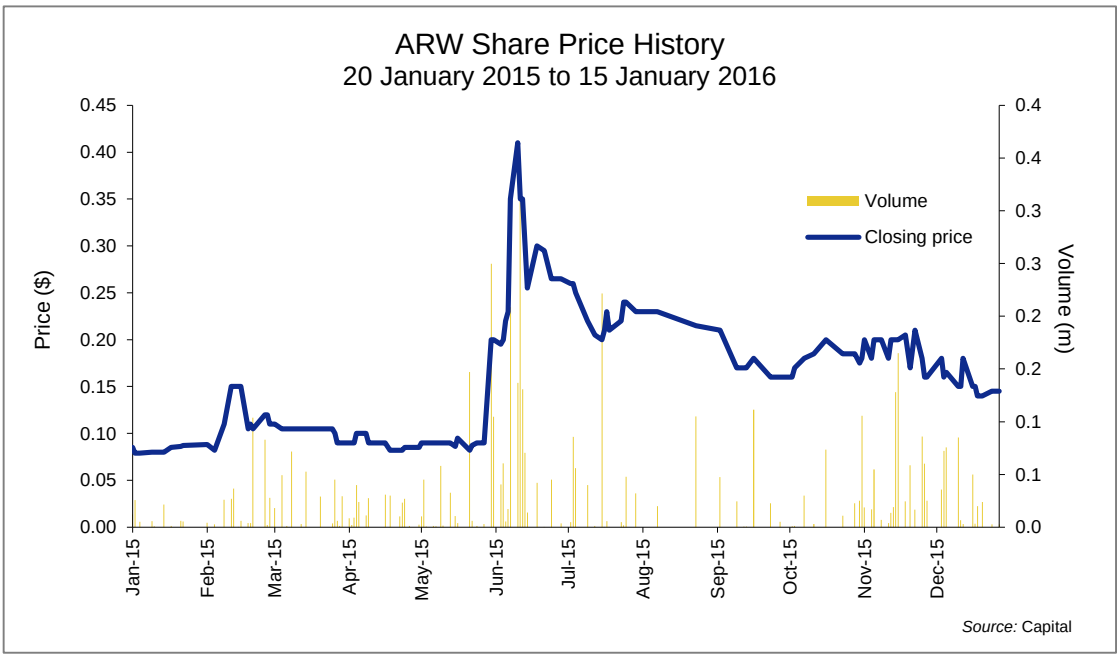
Ordinary Shareholder	Balance	Beneficial Owner	Balance	% Held
Thorney Holdings Proprietary Ltd	4,706,812	Thorney Holdings Proprietary Ltd	4,706,812	11.22%
UBS Nominees Pty Ltd	3,483,226	Tiga Trading Pty Ltd	3,483,226	8.30%
HSBC Custody Nominees	3,897,495	Thorney Holdings Proprietary Ltd	3,086,433	7.36%
Total	**12,087,533**		**11,276,471**	**26.88%**

Source: ARW Management

4.6.2. Trading Analysis

Set out below is a chart setting out movements in the share price and trading volumes pertaining to the ordinary shares of ARW during the period 20 January 2015 to 18 January 2016 (i.e. the last date that ARW's shares traded before being placed into Administration):

Figure 1: ARW Share Price and Trading Volumes



5. Profile of Thorney Investment Group

5.1. Background

Thorney Investment Group is an Australian private company based in Melbourne, operating under its parent and investment holding company, Thorney Investment Group Australia Pty Ltd. Thorney Investment Group has operated as a principal investor since it was founded in 1992, primarily investing in ASX listed companies as well as other asset classes.

In July 2013, Thorney Investment Management was established to act as the long-term investment manager of Thorney Opportunities Ltd ("**TOP**"). Further details of TOP are set out in **Section 5.4** below.

We have been advised that as at 30 June 2016, Thorney Investment Group's equities portfolio (including cash positions) had a market value in excess of $1 billion. Thorney Investment Group holds investments across a range of asset classes including public listed investments, private investments in unlisted companies, property and other financial instruments with Australian and international exposure.

We have also been advised that:

- Thorney Investment Group has achieved overall financial success with its investment activities since establishment. As a result of its own investment activities, Thorney Investment Group has accumulated a number of relationships in the investment and business community;
- Thorney Investment Group's investment philosophy has been focussed on identifying value, adopting a long term investment strategy and being actively involved with a number of its investee companies; and
- the investment mandate proposed to be pursued by Thorney Investment Management on behalf of ARW is intended to be broad, with a focus on technology investments and other businesses with disruptive business models.

5.2. Portfolio Overview

We have been advised that included in Thorney Investment Group's private equities portfolio are approximately thirty substantial shareholding positions where Thorney Investment Group has a beneficial interest in excess of 5% and has lodged a substantial shareholder notice.

As at 27 October 2016, the value of these substantial shareholdings was in excess of $540 million. In addition to substantial shareholdings, Thorney Investment Group has a number of investments where it holds a position of less than 5%.

As part of the Thorney Proposal, it is intended, subject to shareholder approval, that Thorney Investment Group will sell a number of investments to ARW. This is detailed in **Section 1.1** of our Report. We have been informed by Thorney Investment Group and ARW that Thorney Investment Group has formed the opinion that each investment represents an investment that Thorney Management, as manager, would make for the Company, had the Investment Management Agreement been in force. Thorney Investment Group has also advised that it wishes the Company to have an initial portfolio and spread of investments, immediately on completion of the Thorney Proposal. Thorney has advised that it has strong knowledge and relevant relationships with each of the relevant investee companies.

Below is some background on the proposed Seed Assets to be transferred to the Company under the Thorney Proposal. The description of the investments provides general background on the relevant investments, including background on Thorney Investment Group's investment in such companies. It should be noted that Thorney Investment Group is not proposing to transfer to the Company its entire interest in any of the relevant Seed Assets, but only a part of its investments. Thorney Investment Group will deal with the balance of its investments as it determines.

Table 10: Background on Proposed Seed Assets

Company Name	Details
Adacel Technologies Limited **(ASX: ADA)**	Adacel Technologies Limited ("**Adacel**") is a software engineering company focused on the development of simulation training systems, operational air traffic management control systems and speech recognition products for the civil aviation and defence sectors. In the specialised world of air traffic management, Adacel's products are focused on oceanic and non-radar based airspace. Adacel is also the world's largest provider of air traffic control training systems to both civil and military aviation authorities. Thorney Investment Group has been a shareholder in Adacel for a period of time, having acquired its interest via both on-market transactions and various capital raisings.
Anatara Lifesciences Limited **(ASX: ANR)**	Anatara Lifesciences Limited ("**Anatara**") is a biotechnology company involved in the development of non-antibiotic oral solutions for gastrointestinal diseases in animals and humans. Its lead product Detach™, is a natural plant based product that will help address global concerns around the overuse of antibiotics in production animals that is contributing to the rise of so-called "super bugs" that make infectious diseases harder to treat. Anatara anticipates Detach™ to be fully commercialised and on the market in 2017.
HUB24 Limited **(ASX: HUB)**	HUB24 Limited ("**HUB24**") is an independent financial services company providing a next-generation service with state-of-the-art portfolio management, transaction and reporting solutions for licensees, financial advisers, accountants, stockbrokers and institutions.
iSelect Limited **(ASX: ISU)**	iSelect Limited ("**iSelect**") is a leading destination for personalised comparison and expert advice across health, life and car insurance policy sales, mortgage brokerage, energy and broadband and financial services. In the health and car insurance segment, comparison services are offered across private and health insurance categories. In the household utilities and financial segment, iSelect offers comparison services across a range of household utilities and personal finance products including retail energy products, broadband, life insurance, home loans, savings accounts, term deposits, credit cards and personal loans.
NEXTDC Limited **(ASX: NXT)**	NextDC Limited ("**NextDC**") is a Data-Centre-as-a-Service provider offering a range of services to corporate, government and IT services companies. The services provided by NextDC include a virtual exchange for connection to any cloud platform in Australia, data centre management portal, customised rack and bundle solutions, comprehensive on-ground technical assistance, and management of secure access to NextDC locations.
OneVue Holdings Limited **(ASX: OVH)**	Onevue Holdings Limited ("**OneVue**") is a specialised wholesale provider of digital gateway services to participants in the wealth management industry with a focus on the superannuation and investment management sectors. Onevue's fund services business provides outsourced unit registry services and installed licensed unit registry software to investment managers, custodians and trustees. Onevue's platform services business provides an investment platform for investment administration, tax and reporting services for both superannuation and other investments. OneVue recently completed a A$177 million merger transaction following the acquisition of all the issued shares in Diversa Limited. The merged organisation shares a vision of capitalising on the growth in the superannuation services market by offering comprehensive and quality superannuation, trustee and fund administration services.

Company Name	Details
Updater Inc. **(ASX: UPD)**	Updater Inc. ("**Updater**") is a software technology business headquartered in New York City. Updater provides technology that enhances the relocation process for residential movers in the USA. Updater's products address the practical problems encountered in the relocation process. For movers, the technology allows the tedious task of updating addresses for bank accounts, mail, and other utilities to be done in a timely and efficient manner. Updater targets real estate companies so that they can provide an enhanced service to its clients. Thorney Investment Group was fortunate to invest in Updater in a pre-IPO round during 2015. Thorney Investment Group subsequently participated in Updater's IPO in December 2015 and has subsequently purchased more shares on market and via a placement to become the first substantial institutional shareholder in Updater.
Webjet Limited **(ASX: WEB)**	Webjet Limited ("**Webjet**") is an online travel agency operating in Australia and New Zealand. Webjet provides online and mobile applications for both domestic and international air travel bookings with choices from low-cost to premium flights. It also offers hotel and other accommodation bookings services globally as well as holiday packages, travel insurance and car hire.
Aglive Group Limited **(ASX: N/A)**	Refer to **Section 6.4.2** of this Report for an overview of Aglive Group Limited.
Change Up Holdings Limited **(ASX: N/A)**	Refer to **Section 6.4.3** of this Report for an overview of Change Up Holdings Limited.

***Source**:* Management of Thorney Investment Group

We note that the above background and experience of Thorney Investment Group has been provided to assist in evaluating Thorney Management's potential ability to perform under the proposed Investment Management Agreement. It should be emphasised that the above examples and Thorney Investment Group's overall performance as a private investor is not indicative of the future performance of ARW.

5.3. Thorney Management

Thorney Management was established in July 2013 to act as investment manager of TOP. Thorney Management holds Australian Financial Services Licence ("**AFSL**") 444369 which it has held since 15 October 2013.

As at the date of this Report, Thorney Management's sole role and activity, is to act as investment manager for TOP.

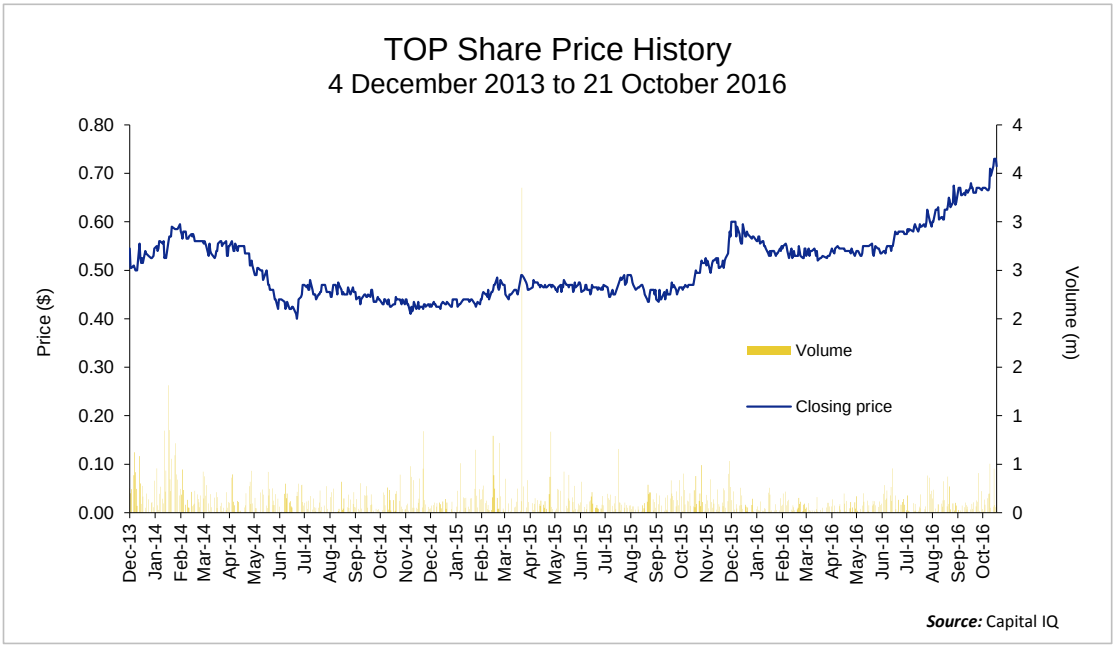
In carrying out the Investment Management Agreement, Thorney Management will use the services of staff employed by Thorney Investment Group and these persons are set out in **Section 5.5.2** below.

5.4. Thorney Opportunities Ltd

TOP is an ASX listed investment company which focuses on producing absolute returns for its shareholders over the medium to long term. TOP's primary focus in on the careful selection of investments with the aim of unlocking value in these companies.

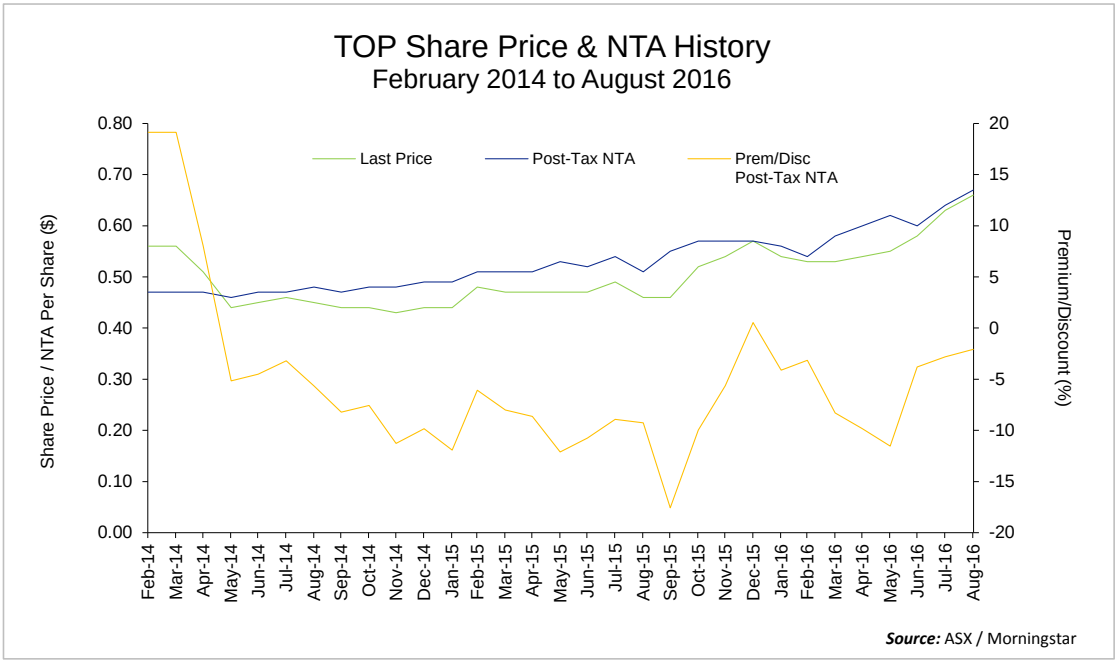
TOP has been managed by Thorney Management since November 2013. The table below sets out the share price history of TOP from the date Thorney Management was appointed as manager of TOP to 21 October 2016:

Figure 2: TOP Share Price History



Set out below is an analysis of TOPs share price, NTA per share, and premium or discount of share price to NTA for the period January 2014 to August 2016:

Figure 3: TOP Share Price & NTA History



Set out below is a summary of the historical financial performance and position of TOP for the years ended 30 June 2015 and 2016:

Figure 4: Summary Historical Financial Performance & Position of TOP

	Year Ended 30 June 2016	Year Ended 30 June 2015
Investment Income	$ 22,450,818	$ 13,814,698
Management Fees	($ 1,721,396)	($ 1,407,155)
Performance Fees	($ 4,243,177)	($ 2,417,078)
Total Comprehensive Profit for the Year	$ 16,640,718	$ 9,373,547
Basic & Diluted Earnings Per Share (cents)	9.85	5.57
Total Dividends Paid Per Share with Respect to the Year (cents)	0.60	0.50
Net Assets / Total Equity at Year End	$ 103,012,577	$ 87,726,108
NTA Per Share at Year End (cents)	60.8	52.1

Source: 2015 and 2016 Annual Report of Thorney Opportunities Ltd

We note that the above background on TOP has been provided for information purposes only and to assist in evaluating Thorney Management's potential ability to perform under the proposed Investment Management Agreement. It should be emphasised that the above information is not indicative of the future performance of ARW.

5.5. Personnel

5.5.1. Director

Mr. Alex Waislitz is the Executive Chairman and Founder of Thorney Investment Group and has been the key driver in Thorney Investment Group's growth into a large, diversified, private investment house.

Mr. Waislitz has extensive business and capital markets experience, having served as a Vice President of Robert Holmes a' Court's Bell Resources in New York and in corporate finance.

Mr. Waislitz also serves as a director of various Pratt Group companies, has acted as a director of a number of other companies, including public companies, and is currently Vice President and a director of Collingwood Football Club.

5.5.2. Other Key Management Personnel

Set out below is a summary of other key management personnel of Thorney Investment Group who are proposed to be part of the investment management team:

Table 11: Other Key Management Personnel of Thorney Investment Group

Key Management Personnel	Background
Peter Landos Chief Operating Officer	Mr. Landos joined Thorney in 2000. Prior to joining Thorney Investment Group, Mr. Landos worked for an international investment bank specialising in public company mergers and acquisitions, having commenced his career with a major accounting firm.
Craig Smith Chief Financial Officer & Company Secretary	Mr. Smith joined Thorney in 2008. Prior to joining Thorney Investment Group, Mr. Smith has held a number of finance and operational role, including with a stockbroking firm and a listed public company.

Key Management Personnel	Background
Investment Management Team	
Avee Waislitz	Mr Waislitz commenced with Thorney Investment Group in 1994. Mr Waislitz commenced his career with a major financial institution in business banking.
John Cathcart	Mr Cathcart joined Thorney Investment Group in 2004. Prior to joining Thorney Investment Group, Mr Cathcart held roles as a research analyst with a number of stockbroking firms, having commenced his career as a mining geologist with a large resources company.
Margaret Ross	Ms Ross commenced with Thorney Investment Group in 2004. Prior to joining Thorney Investment Group, Ms Ross worked as a research analyst at a number of stockbroking firms.
Dean Higgins	Mr Higgins joined Thorney Investment Group in 2006 and prior to that worked in a number of investment banks in a variety of trading and equity capital markets roles.
Jeremy Davis	Mr Davis commenced with Thorney Investment Group in 2012. Prior to joining Thorney Investment Group, Mr Davis worked for several funds management organisations over the past 17 years, with portfolio management responsibilities. Mr Davis commenced his career with an international accounting firm.
Martin Pretty	Mr Pretty joined Thorney Investment Group in early 2013. Prior to joining Thorney Investment Group, Mr Pretty was a research analyst at a number of stockbroking firms, as well as a financial journalist with a major Australian financial newspaper.

Source: Management of Thorney Investment Group

5.6. Industry Overview

5.7. Listed Investment Companies & Trusts

5.7.1. Overview

A subcategory of the investment management industry, listed investment companies ("**LIC**") and listed investment trusts ("**LIT**") enable investors to invest in a diverse and professionally managed portfolio of assets which can include shares, property and interest bearing deposits.

LICs are classified into four broad categories, depending upon the primary assets in which they invest:

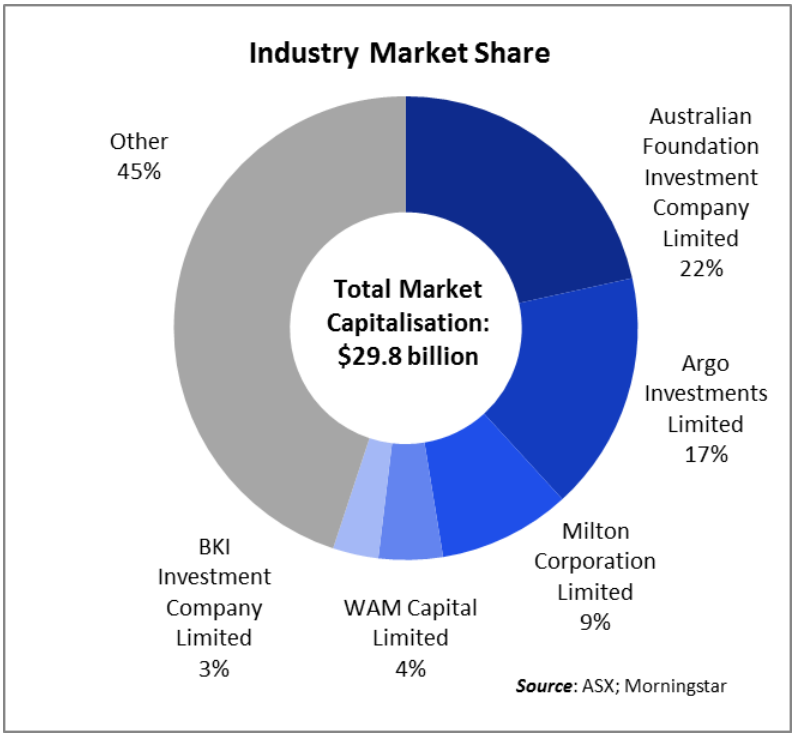
- Australian Shares - investing principally in shares listed on ASX;
- International Shares - investing principally in shares listed on international stock exchanges;
- Private equity - investing in Australian or international unlisted private companies;
- Absolute return funds - aim to deliver returns in both rising and falling markets through investing in a wide range of asset classes and employing various investment strategies; and
- Specialist - investing in special assets or investment sectors such as wineries, technology companies, resources, and telecommunications.

LICs in Australia primarily invest in Australian or international shares and offer investors exposure to the same universe of assets that can be accessed through many unlisted managed funds. Within the Australian sphere, there are approximately 87 LICs listed on the ASX which had a total market capitalisation of approximately $29.8 billion as at 31 August 2016.

5.7.2. Largest ASX-listed LICs

The following figure sets out the five (5) largest ASX listed LICs (by market capitalisation as at 31 August 2016):

Figure 5: Largest ASX-listed LICs



5.8. Funds Management

5.8.1. Introduction

As of 30 June 2016, the Australian managed funds industry had approximately $2,721.6 billion funds under management ("**FUM**"), an increase of $74.9 billion (3%) from the 2016 March quarter of $2,646.7 billion.

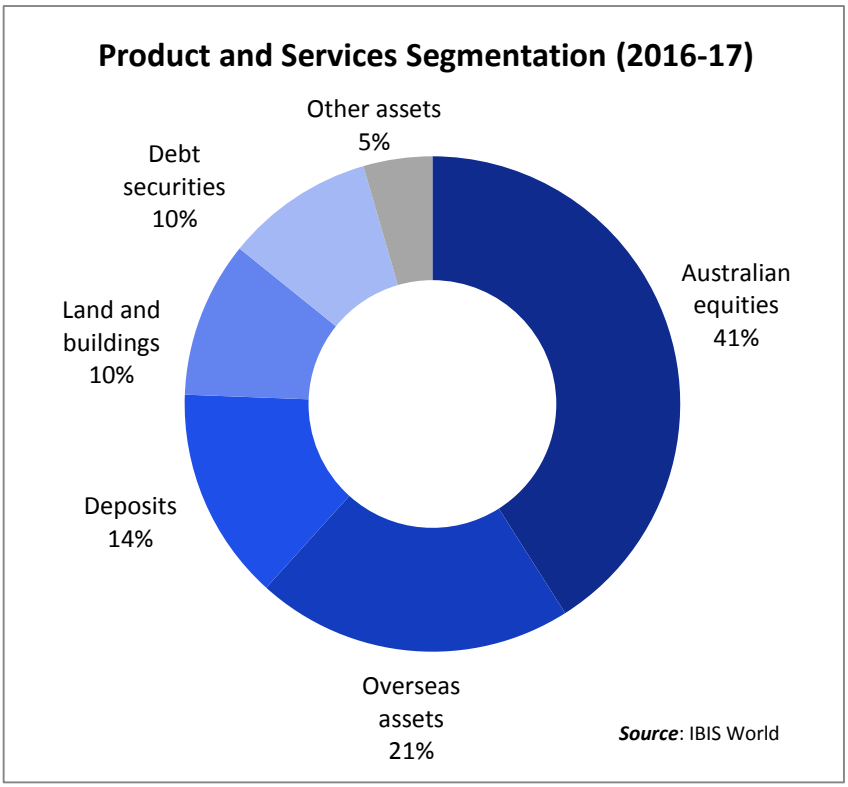
The funds management industry is categorised by moderate levels of concentration whereby the four largest competitors are expected to account for over 60% of total industry revenue in 2017 financial year. Fund managers may offer several products and different levels of service depending on a clients' size and risk profile, including tailored mandate solutions to larger clients.

The industry comprises large institutional fund managers and smaller boutique investment managers, with their size typically defined by the value of FUM held. A large fund manager can have up to $300.0 billion in FUM, while smaller managers with limited capabilities may manage anywhere between $300.0 million and $2.0 billion. Of the total industry FUM, approximately two-thirds are sourced from wholesale investors, such as pension funds and insurance firms, and one-third from retail investors. Boutiques, hedge funds, public offer unit trusts and government funds also make up part of Australia's investment management industry.

Fund managers offer the opportunity to invest in a wide variety of investments with varying investment strategies. These strategies differ depending on the level of risk and return sought by investors, the investment approach adopted and whether the investment is in domestic, regional or global assets.

Set out below is a breakdown of the investment categories to which FUM are directed by the Australian managed fund industry:

Figure 6: Analysis of Investment Categories



5.8.2. Industry Drivers

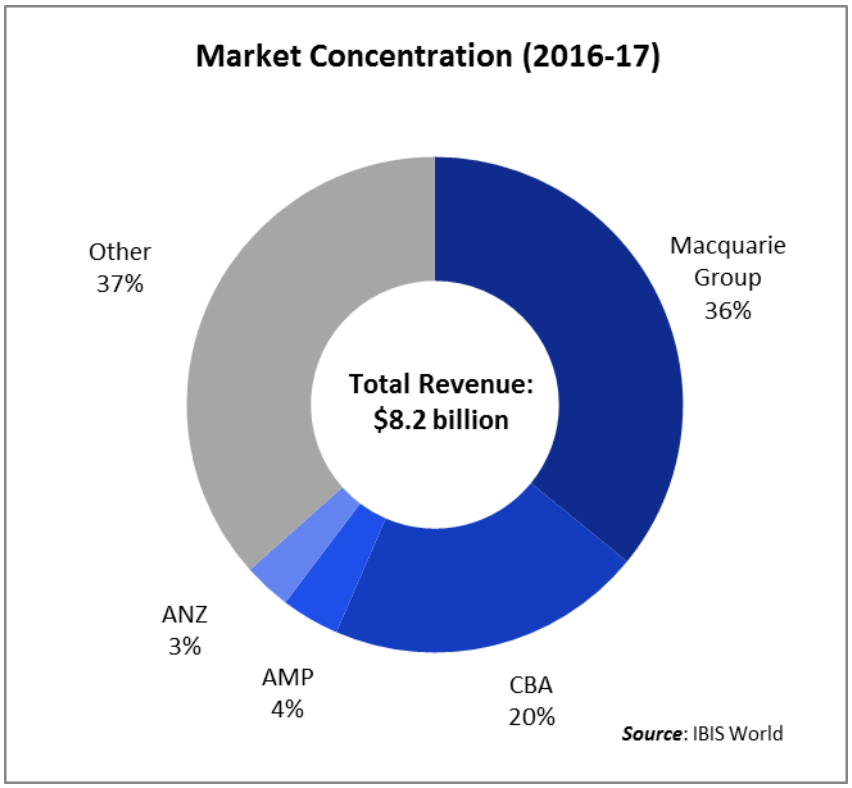
The key drivers of growth in the funds management industry are the nation's universal pension system, a strong insurance sector and a growing high-net-worth and retail investor sector. Stronger returns of the All Ordinaries index, improving MSCI World Index and increasing investor considers all contribute.

Following the GFC where industry experienced significant consolidation participant firms remain highly competitive and the industry is considered to be in a mature phase. The industry, like many financial services around the world, is becoming increasingly globalised. While the size and growth of the industry in Australia draws overseas fund managers to set up operations in Australia, Australian fund managers are also extending their reach overseas. Industry globalisation is expected to increase further with improvements in telecommunications technology and improving conditions in the financial markets.

5.8.3. Main Industry Players

The following figure sets out the market share (by revenue) of industry participants in the Australian funds management industry:

Table 12: Industry Market Concentration



Macquarie Group is an Australian investment bank servicing corporate and institutional clients. Macquarie offers full-service stockbroking to individuals, including advice, recommendations and access to shares and managed funds. The bank also offers a broad range of investment opportunities to businesses, including infrastructure investment services, managed funds, money market products, property trusts, private equity and venture capital investments. It holds 35.9% market share.

The Commonwealth Bank of Australia participates in the industry through its subsidiaries CFS Global Asset Management and Colonial First State. Both companies form the banks wealth management division. The bank is the second largest player within Australia, holding 20.6% of the market.

AMP Limited with a market share of 3.8% is a diversified financial services company that operates in the industry through one of its divisions and wholly owned subsidiary, AMP Capital. In addition to managing investments across all major asset classes, AMP Capital provides commercial, industrial and retail property management services.

Australia and New Zealand Banking Group Limited entered funds management as a significant player in November 2009 following the acquisition of ING Australia Limited. As a powerhouse in the industry the firm operated under various brand names including, RetireInvest, Tandem, Millennium3 and ING Financial. Following significant consolidation and re-structure ANZ's funds management activities are now organised under the ANZ-controlled entity ANZ Wealth Australia Limited, formerly OnePath Australia Limited and OnePath Holdings (NZ) Limited accounting for 3.1% of industry revenue.

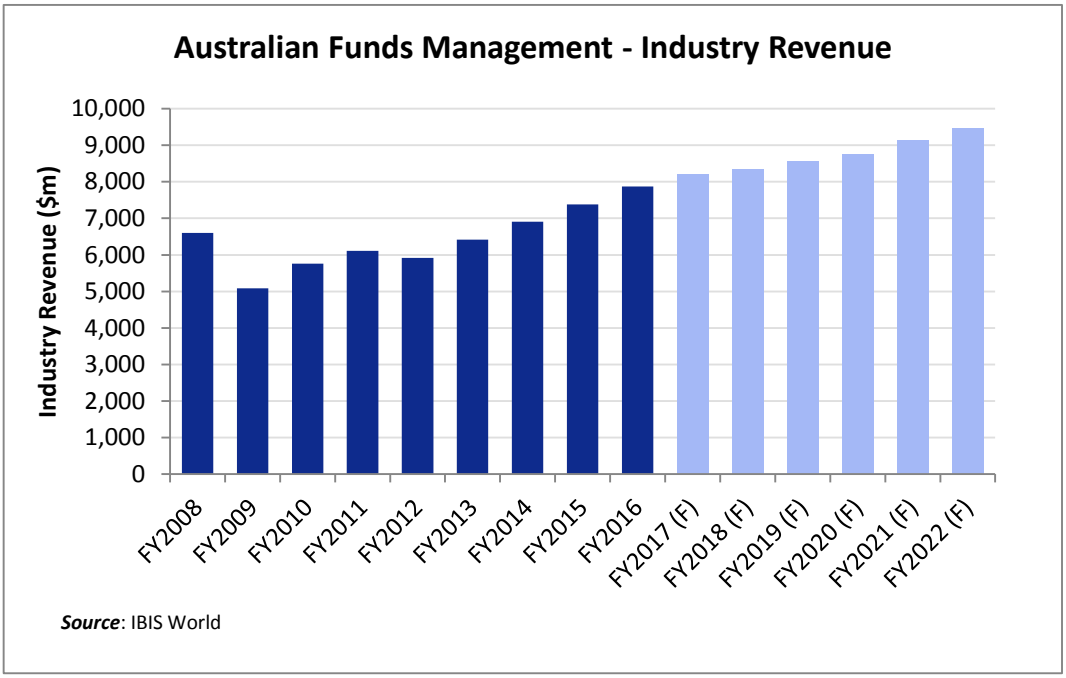
5.8.4. Industry Performance

During the period 2007 to 2009, FUM significantly declined as stock markets around the world plunged by approximately 40% during the GFC in 2008, compounded by investors redeeming their funds, spooked by the impact of the GFC. Since management fees are substantially calculated based on the value of FUM, industry revenue also declined. During the period of negative investments returns, some fund managers continued to earn performance fees while producing negative returns, so long as they performed above performance benchmarks.

Although the financial markets have had many false starts, FY2016 has been a strong year for stock market returns. The Australian funds management industry is thriving as experienced domestic managers with proven track records have been able to attract funds both domestically and abroad. Australia's growing number of high net worth individuals has further spurred demand in the industry. Overall, IBISWorld forecasts industry revenue to grow by 4.2% to reach $8.2 billion in FY2017.

The table below sets out historical and projected industry revenue:

Table 13: Historical & Projected Industry Revenue



5.9. Conclusion

Based on the above, the immediate future prospects of the Australian funds management industry and the LIC industry appear to be sound and that there are no apparent adverse consequences to ARW moving into this area.

6. Assessment of the Asset Sale Agreement

6.1. Approach

6.1.1. Fair

We have assessed whether the Asset Sale Agreement is "fair" to the Non-associated Shareholders. The Asset Sale Agreement will be "fair" if the consideration offered by ARW to Thorney for the Seed Assets is equal to or less than the fair market value of the Seed Assets.

6.1.2. Reasonable

In order to assess whether the Asset Sale Agreement is "reasonable", we have considered whether it is "fair" and if it is not, whether we believe that there are sufficient reasons for the Non-associated Shareholders to approve the Asset Sale Agreement.

This assessment has largely been undertaken by considering whether in our opinion, the advantages of approving the Asset Sale Agreement sufficiently outweigh the disadvantages for the Non-associated Shareholders as a whole.

6.2. Asset Sale Agreement

As outlined in **Section 1.1** of this Report, in part consideration of the Thorney Participation, TOP will seed a number of investments into ARW.

The Seed Assets comprise a number of minority interests in ASX listed companies and minority interests in two unlisted companies as follows:

Table 14: Seed Assets

Company Name	ASX Ticker	Number of Shares to be Transferred	As a % of Shares on Issue
Listed Seed Assets			
Adacel Technologies Limited	ASX:ADA	309,075	0.39%
Anatara Lifesciences Ltd	ASX:ANR	204,650	0.41%
HUB24 Limited	ASX:HUB	59,690	0.11%
iSelect Ltd.	ASX:ISU	293,335	0.13%
NEXTDC Limited	ASX:NXT	297,630	0.10%
OneVue Holdings Limited	ASX:OVH	1,831,745	0.70%
Updater Inc.	ASX:UPD	1,001,595	5.12%
Webjet Ltd.	ASX:WEB	50,385	0.05%
Unlisted Seed Assets			
Aglive Group Limited	n/a	757,576	2.03%
Change Up Holdings Limited	n/a	1,500,000	2.31%

Source: Asset Sale Agreement; S&P CapitalIQ; PKFCF Analysis

A summary of the key terms of the Asset Sale Agreement is set out below:

Table 15: Key Terms of the Asset Sale Agreement

Key Term	Description
Conditions	The sale and purchase of the Seeds Assets will not bind the parties and completion of the Thorney Proposal will not proceed unless and until the following "Conditions" are met: • ARW obtains all shareholder approvals as set out in the Notice of Meeting; and • ARW receives confirmation form ASX of its successful re-compliance with Chapter 1 and 2 of the ASX Listing Rules.
Purchase Price	Means the aggregate value of the Seed Assets, calculated as follows: • for Listed Securities, as detailed in **Section 6.3**, the value is deemed to be the lower of: o the closing price for each of the Listed Securities on 2 November 2016; and o the volume weighted average price ("**VWAP**") for each of the Listed Securities over the 5 Business Days prior to the Completion date; and • for Unlisted Securities, as detailed in **Section 6.4,** the value is deemed to be the cost price to Thorney for each of those Unlisted Securities. The Purchase Price is to be settled via the issue of Consideration Shares (defined below).
Consideration Shares	The number of Consideration Shares to be issued to Thorney in settlement of the Purchase Price is to be calculated as follows: $\text{Number of Consideration Shares} = \frac{\text{Purchase Price}}{\text{Placement Offer Share Price}}$ We note that the "Placement Offer Share Price" is $0.22 per share.

6.3. Assessment of Listed Seed Assets

In assessing the fairness of the Asset Sale Agreement, we have split this component of the Proposal into two parts being:

(i) the listed Seed Assets ("**Listed Seed Assets**"); and

(ii) the unlisted Seed Assets ("**Unlisted Seed Assets**").

6.3.1. Consideration Payable for the Listed Seed Assets

Under the Asset Sale Agreement, the consideration payable with respect to the listed Seed Assets is to be calculated as the lower of:

(i) the closing price for each of the listed Seed Assets on 2 November 2016; or

(ii) the volume weighted average price ("**VWAP**") for each of the listed Seed Assets over the five (5) business days prior to the closing of the Placement Offer.

The following table sets out the consideration which would be payable by ARW if (i) above were to apply:

Table 16: Consideration Payable for Listed Seed Assets Based on 2 November 2016 Closing Price

Company Name	ASX Ticker	Closing Share Price as at 2 November 16	Number of Shares to be Transferred	Consideration Payable Assuming 2 November 16 Closing Share Price
Listed Seed Assets				
Adacel Technologies Limited	ASX:ADA	2.59	309,075	$ 800,504
Anatara Lifesciences Ltd	ASX:ANR	1.29	204,650	$ 263,999
HUB24 Limited	ASX:HUB	5.16	59,690	$ 308,000
iSelect Ltd.	ASX:ISU	1.74	293,335	$ 510,403
NEXTDC Limited	ASX:NXT	3.38	297,630	$ 1,005,989
OneVue Holdings Limited	ASX:OVH	0.63	1,831,745	$ 1,153,999
Updater Inc.	ASX:UPD	0.5	1,001,595	$ 500,798
Webjet Ltd.	ASX:WEB	9.63	50,385	$ 485,208
Total				**$ 5,028,900**
Placement Offer / Retail Offer Issue Price				$ 0.22
Maximum Number of consideration shares to be issued if consideration was deemed to be based on the closing price for each Listed Seed Assets on 2 November 2016				**22,858,636**

Source: Asset Sale Agreement; S&P CapitalIQ; PKFCF Analysis

6.3.2. Fair Market Value the Listed Seed Assets

Valuation Methodology

In forming an opinion as to the fair market value of the listed Seed Assets, we have considered common market practice and the valuation methodologies available as set out in **Appendix 3**.

In our opinion, the market trading prices of the Listed Seed Assets is the most appropriate basis for determining their fair market value. We have reached this view after considering the following factors:

- market trading prices represent prices paid for minority interests. We note that each of the Listed Seed Assets also represent minority interests in the companies; and
- the market for each of the Listed Seed Assets' shares are sufficiently liquid, indicating that they trade in an efficient market and that trading prices are a reliable indicator of their fair market value. In this regard, the following table liquidity of each of the listed Seed Assets' shares over the twelve (12) months to 2 November 2016:

Table 17: Liquidity Analysis for the 12 Months to 2 November 2016

Company Name	ASX Code	5 days	1 month	3 months	6 months	12 months
Adacel Technologies Limited	ASX:ADA	1%	7%	25%	42%	71%
Anatara Lifesciences Ltd	ASX:ANR	0%	1%	4%	9%	22%
HUB24 Limited	ASX:HUB	0%	2%	6%	15%	46%
iSelect Ltd.	ASX:ISU	0%	5%	19%	29%	67%
NEXTDC Limited	ASX:NXT	2%	13%	39%	60%	93%
OneVue Holdings Limited	ASX:OVH	0%	4%	7%	15%	47%
Updater Inc.	ASX:UPD	3%	20%	126%	305%	648%
Webjet Ltd.	ASX:WEB	2%	11%	33%	52%	83%
Average		**1%**	**8%**	**32%**	**66%**	**135%**

Source: S&P CapitalIQ; PKFCF Analysis

In relation to the above table, we note the following:

- in our opinion, for a listed shares' trading price to be deemed a reliable indicator of its fair value, its liquidity must be at least 20% over a twelve month period;
- all of the Listed Seed Assets have liquidities in excess of 20%, ranging between 22% and 648%, with an average of 135%. Excluding Anatara Lifesciences Ltd and Updater Inc. which appear to be outliers, liquidities range between 46% and 93%, with an average of 68%;
- Anatara Lifesciences Ltd has the lowest liquidity at 22%. Whilst this may be considered on the border of reliability, we note that it is still above the minimum threshold of 20%, and in any case, we note that this share parcel forms only a small portion of value of all of the Listed Seed Assets.

Fair Market Value of Listed Seed Assets

The fair market value of the listed Seed Assets will be their fair market value on the date they are transferred to ARW, being the closing date of the Placement Offer. Given that this Report has been prepared prior to that date, it is not possible to determine the actual dollar amount of the fair market value of the listed Seed Assets for the purpose of this analysis.

6.3.3. Conclusion on Fairness

Based on the assessed fair market value of the listed Seed Assets as at the date of this Report we comment as follows:

- in our opinion it is appropriate to determine the fair market value of the Listed Seed Assets based on their market trading prices;
- the Asset Sale Agreement calls for the consideration payable with respect to the listed Seed Assets to be determined as the lower of:
  - (i) the closing price for each of the listed Seed Assets on 2 November 2016 which has been determined to be $5,028,900 in aggregate; or
  - (ii) the VWAP for each of the listed Seed Assets over the five (5) business days prior to the closing of the Placement Offer,

  with (ii) above being the variable component.

Whilst there are a number of ways in which the variable component could have been defined in the Asset Sale Agreement (e.g. closing price on the day of transfer, 10-day VWAP, 20-day VWAP etc), in our opinion the selection of a 5-day VWAP is not unreasonable.

We have also considered the number of Consideration Shares to be issued to Thorney as a result of the Seed Asset Acquisition given that they are calculated by the issue price under the proposed Capital Raising, which relates to minority shareholder. In our view, control does not pass to Thorney under the Thorney Proposal by virtue of the overall size of its shareholding post transaction – that is, it will have approximately a 20% shareholding and secondly, the Investment Management Agreement which we believe needs to be administered for the benefit of the overall ARW shareholders and not just Thorney.

On the basis of the above, we have assessed the listed Seed Assets component of the Asset Sale Agreement to be "**fair**" to the Non-Associated Shareholder of ARW.

6.4. Assessment of Unlisted Seed Assets

6.4.1. Consideration Payable for the Unlisted Seed Assets

Under the Asset Sale Agreement, the consideration payable with respect to the Unlisted Seed Assets is to be calculated as their cost price to Thorney as follows:

Table 18: Consideration Payable by ARW for Unlisted Seed Assets

Company Name		Consideration Payable for Unlisted Seed Assets
Unlisted Seed Assets		
Aglive Group Limited	$	250,000
Change Up Holdings Limited	$	750,000
Total	**$**	**1,000,000**
Placement Offer / Retail Offer Issue Price	$	0.22
Maximum Number of Consideration Shares to be Issued		**4,545,455**

Source: Asset Sale Agreement; PKFCF Analysis

Again, we have accepted the Placement Offer price of $0.22 as an appropriate basis for calculating the number of Consideration Shares for the same reasons set out in **Section 6.3** above**.**

6.4.2. Aglive Group Limited

Overview

Aglive Group Limited ("**Aglive**") is a technology company involved in the development, marketing and distribution of a cloud based application that can trace livestock from the paddock to plate and record these details in the cloud.

To date, traceability solutions have typically been low tech, paper based and inefficient. Aglive's cloud based software, which is sold as a software as a service ("**SaaS**") application, records individual details for each animal including its birthdate, weight, genetics, physical location, diet, vaccine history and drenches providing assurances to consumers and farmers alike of the quality and origination of meat based products. Furthermore, through tracking the movement of livestock from birth to consumption, Aglive is able to trace and confine disease outbreaks and ensuring integrity and accountability throughout the entire supply chain.

According to IBISWorld Australia, the highest growth area in meat processing is in organic and high-value meat, an area which Aglive can add a lot of value. Organic beef accounted for $162.7 million dollars of revenue for Australian Farmers in 2016. Aglive intends to become the industry standard in Australia with significant global potential thereafter. Furthermore Aglive's planned digital enhancement to the national livestock identification system has the sponsorship of industry regulator Meat and Livestock Australia ("**MLA**").

Aglive has a strong management structure including executive and non-executive directors, fostering extensive commercial and industry experience in agri-business, farming, agri-politics, logistics, retail, manufacturing and more. Collectively, Aglive's sirectors bring over 125 years of industry experience to the business.

Capital Raising

In October 2016, Aglive completed a capital raising to sophisticated and/or professional investors, raising $2 million through the issue of 6,060,606 ordinary shares at $0.33 per share. On completion of the offer, Aglive had 37,240,843 ordinary shares on issue, implying a post-money valuation of $12.29 million. Thorney participated in Aglive's capital raising.

We have been advised that Thorney does not have any representation on the board of Aglive and that its investment in Aglive is considered passive in nature.

6.4.3. Change Up Holdings Limited

Overview

Change Up Holdings Limited ("**Change Up**") is involved in the development, marketing and distribution of a retailer-focussed technology solution for the smart, efficient handling of change, turning physical change into digital currency on a consumer's mobile.

Change Up's technology allows for loose change to be deposited at the point of sales ("**POS**") of participating retailers providing benefits to retailers and consumers alike.

Change Up's technology allows retailers to drive product sales including through integration with rewards programs and strengthening brand loyalty. According to Change Up, cash is the most expensive payment method for retailers. In Australia, the cost of cash accounts for 35%, or $2.9 billion, of the $8.4 billion of aggregate resource costs of total consumer-to-business payments. For merchants, cash is the second most expensive payment method after personal cheques, at an average costs of 28 cents per transaction. In 2014, the cost of producing a single 5 cent coin was 6 cents.

Consumers can use their Change Up balances in a variety of ways including facilitating purchases online or in store, transferring funds directly to their bank account or to donate to a charity of their choice.

Change Up, through its partners, Convenient Card and Touchcorp, has immediate access to a global retail merchant network of over 58,000 stores including 7-Eleven, Shell, United, Valora, Once, Kesko and more. The Change Up business model is built around the networks, support and technical/sales expertise of these partners, meaning Change Up's cost of customer acquisition is low.

Through further utilisation of Convenient Card and Touchcorp's existing technology and POS implementations Change Up is actively pursuing roll-out in some of the world's largest convenience retailers, at no additional cost to the retailer. This existing network provides an opportunity to scale effectively. Roll out plans include integration into global markets such as Slovakia, Singapore, Thailand, Spain, Germany, Austria and USA.

Change Up's board of directors comprises individuals with extensive experience in retail, business development, technology, finance and law.

Capital Raising

In August 2016, Change Up completed a capital raising to sophisticated and/or professional investors, raising $12.5 million through the issue of 25,000,000 ordinary shares at $0.50 per share. On completion of the offer, Change Up had 65,000,000 ordinary shares on issue, implying a post-money valuation of $32.5 million. Thorney participated in Change Up's capital raising.

We have been advised that Thorney does not have any representation on the board of Change Up and that its investment in Change Up is considered passive in nature.

6.4.4. Fair Market Value the Unlisted Seed Assets

Valuation Methodology

In forming an opinion as to the fair market value of the Unlisted Seed Assets, we have considered common market practice and the valuation methodologies available as set out in **Appendix 3**.

In our opinion, recent market transactions of the Unlisted Seed Assets are the most appropriate basis for determining their fair market value. We have reached this view after considering the following factors:

- neither of the Unlisted Seed Assets are actively traded on any public exchange (such as the ASX;
- both Agile and Change Up are relatively new companies in early stages of growth and development and are currently both not profitable; and
- in the case of both Agile and Change Up, recent capital raisings were fully-subscribed by a number of professional and/or sophisticated investors acting at arm's length. This provide a us with a reasonably high level of confidence that the values implied by the capital raising provide a reasonable estimate of their fair market values.

Fair Market Value of Unlisted Seed Assets

The fair market value of the Unlisted Seed Assets has been based on the values implied by their respective recent capital raisings as follows:

Table 19: Fair Market Value of Unlisted Seed Assets

Company Name		Aglive Group Limited		Change Up Holdings Limited
Shares on Issue Prior to the Capital Raising		31,180,237		40,000,000
New Shares Issues Under the Capital Raising		6,060,606		25,000,000
Shares on Issue after the Capital Raising		**37,240,843**		**65,000,000**
Issue Price of New Shares	$	0.33	$	0.50
Implied Post-Money Valuation	**$**	**12,289,478**	**$**	**32,500,000**
Number of Shares to be Acquired by ARW		757,576		1,500,000
Fair Market Value of Shares to be Acquired by ARW	**$**	**250,000**	**$**	**750,000**

Source: Aglive Group Limited; Change Up Holdings Ltd; Asset Sale Agreement; PKFCF Analysis

6.4.5. Conclusion on Fairness

On the basis that the fair market value of the Unlisted Seed Assets is equal to the consideration payable by ARW, we have assessed the Unlisted Seed Assets component of the Asset Sale Agreement to be "**fair**" to the Non-Associated Shareholder of ARW.

6.5. Conclusion as to Fairness of the Asset Sale Agreement

On the basis that we have assessed the Listed Seed Assets and Unlisted Seed Assets components of the Asset Sale Agreement to be "**fair**", in our opinion, the Asset Sale Agreement as a whole is "**fair**" to the Non-Associated Shareholders of ARW.

6.6. Reasonableness of the Asset Sale Agreement

We have considered the advantages and disadvantages of the Asset Sale Agreement in the context of the other elements associated with the Thorney Proposal and these are set out in **Section 8** below. In addition, we have considered the following advantages and disadvantages applicable to the Asset Sale Agreement.

6.6.1. Advantages

Opportunity for ARW to acquire shares at minimal cost

Given that that the acquisition of the Seed Assets is an off-market transaction directly between ARW and Thorney, ARW will not incur any incremental brokerage, legal or other similar costs in relation to the acquisition.

Opportunity to acquire Listed Seed Assets at below fair market value

As set out in **Section 6.3**, the consideration payable with respect to the Listed Seed Assets is to be calculated as the lower of:

(i) the closing price for each of the listed Seed Assets on 2 November 2016; or

(ii) the volume weighted average price ("**VWAP**") for each of the listed Seed Assets over the five (5) business days prior to the closing of the Placement Offer.

Accordingly, should the listed trading prices of the Listed Sale Assets increase subsequent to 18 October 2016, ARW will acquire the Listed Sale Assets at below their trading market prices.

6.6.2. Disadvantages

In our opinion, there are no additional disadvantages to those set out in **Section 8** in relation to the Thorney Proposal as a whole.

6.6.3. Conclusion as to Reasonableness of the Asset Sale Agreement

In our opinion, as the Asset Sale Agreement is "**fair**", it is also "**reasonable**" to the Non-Associated Shareholders as a whole.

7. Assessment of the Investment Management Agreement

7.1. Approach

We assessed whether the Investment Management Agreement is "fair" to the Non-Associated Shareholders by comparing the terms of the Investment Management Agreement with the terms of similar agreements that are publicly available and to the extent necessary, we have reflected PKFCF's own experience.

We assessed whether the Investment Management Agreement is "reasonable" to the Non-associated Shareholders, by considering the advantages and disadvantages of the Investment Management Agreement, including its interaction with the overall Thorney Proposal.

7.2. Overview of the Investment Management Agreement

As set out in **Section 1.1** of this Report, the Thorney Proposal will result in Thorney Management being appointed as the investment manager of ARW pursuant to the Investment Management Agreement, the key terms of which are set out below.

Table 20: Key Terms of the Investment Management Agreement

Term	Details
Initial Term	• While ARW is an "investment entity" (as defined by the ASX Listing Rules), the date that is the later of: o the fifth (5th) anniversary of the commencement date; and o any date approved by the ASX pursuant to a waiver of the ASX Listing Rules. We note that ARW is currently seeking shareholder approval, and an ASX waiver, to extend the initial term to 10 years.
Extension Term	At the option of Thorney Management only, Thorney Management may at the end of the Initial Term and at the end of each subsequent term, extend the term of the Investment Management Agreement for a further period of seven (7) years by giving the Company at least nine months' written notice before the end of the then current term.
Base Fee	A fee equal to 0.75% per each half year period of the gross asset value of ARW calculated as at the last business day of the relevant half year period, where: • "**gross asset value**" means the total assets of ARW as determined by Thorney Management in accordance with Australian Accounting Standards; and • "**half year**" means each period of six (6) consecutive months ending on 30 June or 31 December in any financial year, except: o the first half year following the commencement date will be the period commencing on the commencement date and ending on 31 December 2016 (or 30 June 2017 where the commencement date is on or after 1 January 2017); and o the last half year prior to termination of the Investment Management Agreement will be the period commencing on the first day of the preceding half year and ending on the date on which the Investment Management Agreement is terminated.

Term	Details
Performance Fee	In respect of each half year period, a fee the greater of zero and 20% of the Increase Amount ("**IA**"), calculated as follows: IA = (VP – PVP) where: o VP is the aggregate Measurable Value of the Measurable Portfolio, before corporate expenses and taxes, but after the payment of any other management fees, calculated on the last Business Day of the relevant half year; o PVP is the Measurable Value of the Measurable Portfolio for the preceding half year, before corporate expenses and taxes, but after the payment of any other management fees, calculated on the last Business day of the preceding half year, and plus or minus (as the case may be) any Adjustment Value in respect of the relevant period that the Increase Amount is being calculated; where: o "Measurable Portfolio" means Investments in the Portfolio, including cash that have a Measurable Value. o "Measurable Value" is the value of investments determined in accordance with the accounting standards or a similar standard in respect of non-Australian assets, or otherwise where the Board of the Company, in its discretion, makes a determination of value. o "Adjustment Value" means in respect of a half year, the aggregate of: (a) all dividends or distributions in respect of shares paid or payable to shareholders of the value of other entitlements where those other entitlements are given or due to shareholders in respect of that half year; plus (b) the dollar value of any existing debt repaid by the company during that half year (net of any expenses incurred in relation to the repayment of debt); plus (c) the dollar value of any buy-back of shares or capital reduction or capital return during that half year; less (d) the dollar value of any new capital subscribed for shares during that half year (net of any expenses incurred in relation to the new capital); less (e) the dollar value of any new debt incurred by the Company during that half year (net of any expenses incurred in relation to the new debt), in each case as determined and calculated by the Company in accordance with the accounting standards. In calculating the Performance Fee, the Board of the Company and Thorney Management may agree that a particular investment (such as an unlisted investment) with limited objective criteria to assist in the determination of value be treated as either not having a Measurable Value or not recognising any change to its Measurable Value for the purpose of calculating the Increase Amount. Further, the Board of the Company and Thorney Management may agree that a potential increase in the Measurable Value for a particular Investment be deferred, ignored, or reduced for the purpose of calculating the Increase Amount, even if it is considered that a different value be recognised for the purpose of the Company's accounts or other purposes.

Term	Details
	The Performance Fee must not be less than zero. If there is no Increase Amount in respect of the Measured Portfolio for a financial year, the shortfall is not to be carried forward and not to be deducted from any Increase Amount for the next half year or, if necessary, half years, for the purpose of calculating future Performance Fees. ***Worked example of Performance Fee calculation:*** Scenario • At the end of the half year ended 31 December 2016, the Measurable Value of the Measurable Portfolio is $100. • At the end of the half year ended 30 June 2017, the Measurable Value of the Measurable Portfolio is $125. • During the period commencing on 1 January 2017 and ending on 30 June 2017, the Company raised additional equity of $10. Performance Fee calculation • IA = (VP – PVP), where VP = $125 and PVP = $100 + $10 = $110 • IA = $125 - $110 = $15 • Performance fee = 20% x $15 = $3
Termination Entitlement	Where the Investment Management Agreement is terminated due to a material breach by ARW or where an insolvency event occurs in relation to ARW, then the Termination Entitlement will be: • the average Base Fee for the previous two (2) financial years multiplied by six (6); plus • the average Performance Fee for the previous two (2) years multiplied by three (3), except in the case where such termination occurs at a time after which Thorney Management ceases to be entitled to exercise its right to extend the term of the Investment Management Agreement, then the lump sum payment payable by ARW to Thorney Management will be equal to: • the average Base Fee for the previous two (2) financial years multiplied by the proportion of six (6) months represented by the length of the period remaining until the end of the term that the Investment Management Agreement would otherwise have if it ended in its normal operation; plus • the average Performance Fee for the previous two (2) financial years multiplied by the proportion of twelve (12) months represented by the length of the period remaining until the end of the term that the Investment Management Agreement would otherwise have if it ended in its normal operation. If the Investment Agreement is terminated as a result of any of the following occurring: • a change of control in relation to ARW; • while the company is an Investment Entity, the Company terminates the Investment Management Agreement after the expiration of the Initial Term following approval of the Company's shareholders to do so; or

Term	Details
	• in the case of Thorney Management extending the Initial Term, the Company terminates the Investment Management Agreement prior to the expiry of any extended term following approval of the Company's shareholders to do so, which may be exercised notwithstanding that the Company is not an Investment Entity at that time, then the Termination Entitlement due to Thorney Management will be equal to the average Base Fee for the previous two (2) financial years.
Investment Objectives & Permitted Investments	To construct and manage a portfolio of investments to seek absolute returns over the medium to long term. Thorney Management will have an open mandate to consider investment opportunities, with a notional, but not sole nor prescriptive focus on technology opportunities and disruptive business models. Investments may span the life cycle of business from venture capital, start up, and pre-IPO to well established businesses. Thorney Management may consider investments where they consider technology plays a significant role in the business, to other businesses where technology may be an enabler of the business. Thorney Management may consider investments in businesses and start-ups that adopt a new business model, including potentially a disruptive business model (regardless of whether technology plays a significant role). Thorney Management may consider investments in well established businesses. ARW and Thorney Management may consider investments in a wide range of opportunities including: • investments listed on a recognized stock exchange; • investments in unlisted securities • investments in a fund or other structure that in turn has an investment focus • investments in securities or a direct investment in an underlying business or asset • investments whether Australian based or not.
Obligations of Thorney Management	A number of obligations have been imposed on Thorney Management, including: • hold in its own name, or being appointed as an authorised representative under, any required AFSL; • exercising due care, skill and diligence; • maintaining proper records; • ensuring that Thorney Management has appropriate staff; and • having its own professional indemnity insurance.
Obligations of ARW	ARW has the following obligations under the agreement: • provide reasonable assistance to Thorney Management; and • if, after satisfying the fiduciary obligations of the directors, implement what is necessary so as to fulfil the investment objectives of ARW as set out in the Investment Management Agreement. • ARW must from time to time appoint Thorney Management as its attorney to execute instruments and do things reasonably required for the purpose of providing the Exclusive Services.

Source: Draft Investment Management Agreement; PKFCF analysis

7.3. Review of Comparable Agreements

Set out in **Appendix 4** is an analysis of a number of comparable investment management agreements which we have identified. Observations from our analysis follow.

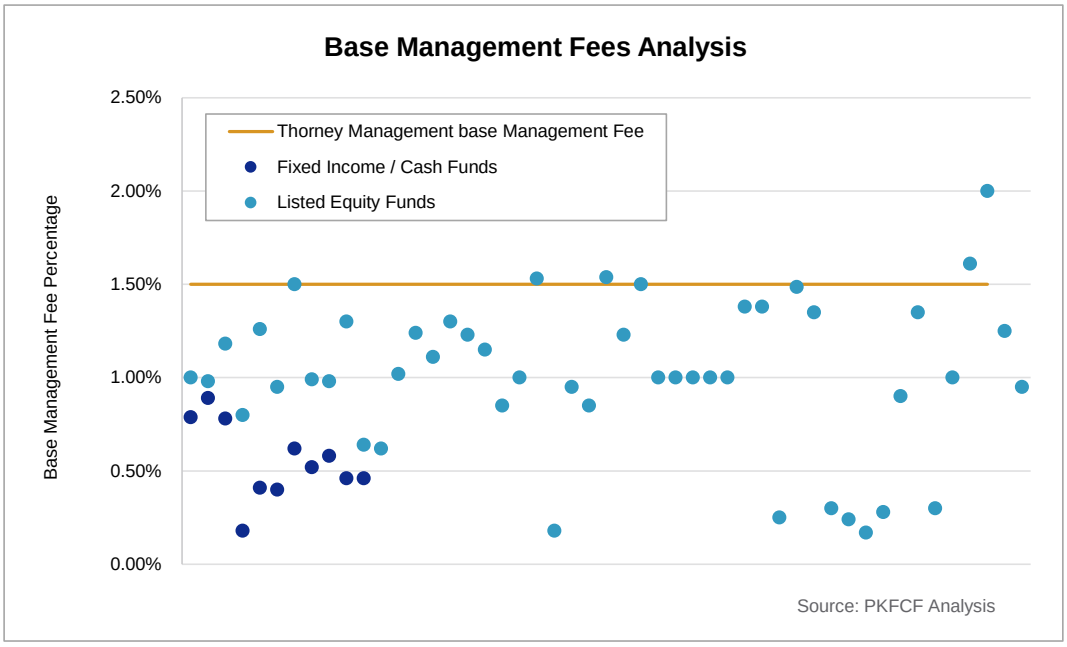
Term of Comparable Agreements

- for the majority of agreements analysed, the term (including any relevant options) was not disclosed;
- of the 60 disclosure documents reviewed, only six (6) disclosed the terms of the investment management agreements;
- of those funds which disclosed the terms of the investment management agreement, all six of the funds had initial terms of five (5) years. One of the funds has a waiver to increase the initial term to ten (10) years; and
- where an option of renewal existed, extension was at the option of the company/fund, rather than the manager;
- termination fees varied between the six (6) funds and included the following methods for calculation:
  - termination fee equal to 3 months of management fees;
  - termination fee equal to the aggregate management and performance fees paid to the investment manager in the 12-month period up to the date of termination; and
  - termination fee equal to 5% of the net tangible assets of the company/fund at the termination date, reduced by 1/60 for each calendar month elapsed between the commencement date of the relevant management term and the termination date;

Base Management Fees Payable under Comparable Agreements

- set out below is a plot graph that presents the distribution of the level of base fees payable under the comparable agreements analysed:

Table 21: Distribution of Base Fees Payable



- In relation to the above, we note the following:
  - for fixed income funds, base management fees ranged between 0.18% and 0.89%, averaging 0.55%; and
  - for listed equity and other non-fixed income funds, base management fees ranged between 0.17% and 2.00%, averaging 1.01%;

Performance Fees Payable under Comparable Agreements

- of the agreements reviewed, for listed and other non-fixed income funds, approximately 45% incorporated a performance fee component;
- where such a component existed for listed and other non-fixed income funds, performance fees ranged between 10.0% and 23.0%, averaging 18.39%;
- where such a component existed for listed and other non-fixed income funds, approximately 68% of the agreements incorporate a performance fee of 20% or higher; and
- in all cases where a performance fee component existed, it was only payable where a certain performance benchmark was achieved. These performance benchmarks varied and included fixed performance benchmarks and variable performance benchmarks linked to specific stock exchange indices or reserve bank cash rates.

7.4. Fairness of the Investment Management Agreement

Our assessment as to whether or not the Investment Management Agreement is "fair" to the Non-Associated Shareholders has been based on a comparison of the terms contained in the Investment Management Agreement to the terms contained in comparable agreements. In this regard, we note the following:

Term

The initial term of the Investment Management Agreement is up to five (5) years with options to extend for further terms of seven (7) years at the end of the initial term and each extension term, at the option of Thorney Management. We note that ARW is currently seeking shareholder approval, and an ASX waiver, to extend the initial term to 10 years.

It is our view that this component of the Investment Management Agreement is not in line with industry practice and is favourable to Thorney Management as it essentially provides Thorney Management with an unlimited term without ARW having to incur significant termination fees (see below for further information regarding termination fees).

Base fee

The base management fee payable under the Investment Management Agreement is 0.75% per each half year. A base management fee of 0.75% per each half year falls within the observable range for the comparable agreements, however we note that it is at the high end of observations.

Performance fee

The performance fee payable under the Investment Management Agreement is 20% of the growth in gross assets of the Company.

At a high level, this level of performance fee falls within an acceptable range when compared to the comparable agreements. However, we note that in the case of the Investment Management Agreement, is not subject to a performance benchmark which is in contrast to the comparable agreements which, where a performance fee applied, they were only payable where a base performance benchmark was achieved.

Termination fee

The termination fee payable under the Investment Management Agreement (refer **Section 7**) is potentially up to:

- the average base fee for the previous two (2) financial years multiplied by six (6); plus
- the average Performance Fee for the previous two (2) years multiplied by three (3).

In our opinion, the termination payment is high when compared to termination fees set out in the comparable investment management agreements.

Conclusion to Fairness Assessment

Whilst the percentage amounts of the base fees and performance fees of the Investment Management Agreement fall within industry ranges, we are of the view that:

- the term and associated extension options at the option of Thorney Management (as opposed to being at the option of ARW;
- the absence of a performance fee benchmark and high water mark; and
- the high termination fees payable;

on balance, result in the Investment Management Agreement being "**not fair**" to the Non-Associated Shareholders.

7.5. Reasonableness of the Investment Management Agreement

We considered the advantages and disadvantages of the Investment Management Agreement in the context of the other elements of the Thorney Proposal and these are set out in **Section 8** below.

Based on the above, we have formed the opinion that the Investment Management Agreement is "**reasonable**".

7.6. Overall Conclusion on the Investment Management Agreement

In our opinion, for the reasons stated above, the Investment Management Agreement is "**not fair**" but is "**reasonable**" to the Non-Associated Shareholders.

8. Advantages and Disadvantages of the Thorney Proposal

8.1. Advantages of the Thorney Proposal

Thorney Proposal is conditional on the approval of a number of inter-related elements, which will result in a number of benefits to ARW

The Thorney Proposal is conditional on each inter-related element being approved. The Thorney Proposal will, amongst other things:

- increase the financial strength, including the cash position, of ARW through a capital injection of up to $125 million;
- provide ARW with access to a more diversified investment portfolio focused on technology investments;
- provide an alternative to ARW shareholders from having to liquidate the Company which at this point in time, and in the absence of the Thorney Proposal being approved, appears to be the only remaining option available; and
- result in the relisting of ARW on the ASX, which, along with an expanded shareholder base, should result in increased liquidity of ARW's shares and provide existing shareholders with an exit option.

Alignment of interests of Thorney Investment Group and other Shareholders

Approval of the Thorney Proposal will assist in aligning the interests of ARW's major shareholder, Thorney Investment Group (along with its associated entities, including TOP) with those of other shareholders of ARW.

Access to an experience investment management team

Thorney Management's key personnel have had a successful track record in investing, particularly in the middle market. This provides ARW with access to a team with a sound investment background, which should translate into increased shareholder wealth.

8.2. Disadvantages of the Thorney Proposal

Suitability of investment strategy

Should the Thorney Proposal be approved, ARW will become a listed investment company with a focus on delivering absolute returns through an investment strategy with a focus on technology investments.

This is in contrast to the previous operations of the ARW and may not be suitable to the investment strategies and risk profiles of all current shareholders of ARW.

Dilution of Non-associated Shareholders' interest in ARW

Should the Thorney Proposal be approved, Non-Associated Shareholders' who do not participate in the Placement Offer and/or the Retail Offer, will have their voting interest in ARW diluted.

As set out in Section 1.2 of this Report, Non-Associated Shareholders currently hold a 73.12% equity and voting interest in ARW. Should the Thorney Proposal be approved, the equity and voting interests will reduce to between 0.05% (assuming a $125 million Capital Raising) to 0.26% (assuming a $20 million Capital Raising).

Costs associated with the Investment Management Agreement

As set out in **Section 7** of this Report, ARW will be liable to pay certain base management fees and performance fees in relation to the Investment Management Agreement. In addition, in certain circumstances, ARW could become liable to incur substantial termination fees should the Investment Management Agreement end.

ARW has the option of employing directly, an investment management team with similar experience to that of the Thorney Management team. Costs associated with this option may likely be less than costs associated with the Investment Management Agreement.

Loss of tax losses

We have been advised that ARW currently has revenue and capital losses of approximately $109 million. Should the Thorney Proposal be approved, it is not certain that these losses will be able to be utilised. The assessment of such risk is uncertain at this stage and is dependent upon a number of considerations.

8.3. Implications for Non-Associated Shareholders of Rejecting the Thorney Proposal

In our opinion, in the event the Thorney Proposal was rejected, Non-associated Shareholders of ARW would be subject to the following issues:

- in our opinion, the Non-Associated Shareholders will face material uncertainty in relation to the future of ARW. As at the date of this Report, PKFCF are not aware of any alternatives that are available to ARW, which would result in any potential shareholder return;
- Non-Associated Shareholders will not get access to the diverse range of technology investments intended to be acquired by ARW through the Seed Asset Acquisition, nor will they get access to future technology investments that will be acquired by ARW through the exercise of the investment strategy contemplated under the Investment Management Agreement;
- Thorney Investment Group currently holds a 26.88% shareholding in ARW. This shareholding represents a significant parcel of voting and equity interests which could prevent the passage of special resolutions, and depending upon the shareholding composition at the time, would also allow influence over ordinary resolutions. If the Thorney Proposal is rejected, Thorney Investment Group's shareholding could impact the ARW boards' ability to implement alternative transactions, if Thorney Investment Group was opposed; and
- Non-Associated Shareholders will not benefit from the expertise of Thorney Management under the proposed Investment Management Agreement.

8.4. Overall Conclusion

For the reasons state above, it is our opinion that the advantages of the Thorney Proposal exceed the disadvantages and therefore it is **"reasonable"** to the Non-Associated Shareholders as a whole.

9. Qualifications, Independence and Disclaimer

9.1. Qualifications

PKFCF is the licensed corporate advisory arm of PKF. PKFCF provides advice in relation to all aspects of valuations and its personnel have extensive experience in the valuation of corporate entities.

Mr Vince Fayad B.Bus, CA, is a Director of PKFCF. Mr Fayad has been actively involved in the preparation of this Report.

Mr Fayad has over 35 years' experience in a number of specialist corporate advisory activities including company valuations, due diligence investigations, preparation and review of business feasibility studies, public company floats, accounting, advising on mergers and acquisitions, advising on independence expert reports, preparation of information memoranda and other corporate investigations.

Mr Andrew Jones B.EC, CA, is a Director of PKFCF. Mr Jones has reviewed this Report.

Mr Jones has over 25 years' experience in accounting, audit and corporate advisory activities including business, company and intangible asset valuations, due diligence reviews, capital raisings and the provision of advice in relation to merger, acquisition and divestment transactions.

Mr Nick Navarra B.Bus, CA is a Principal of PKFCF. Mr Navarra was actively involved in the preparation of this Report.

Mr Navarra has over 15 years' experience in accounting, audit and corporate advisory activities including business, company and intangible asset valuations, the preparation of independent expert's reports, due diligence reviews, litigation support activities, capital raisings and the provision of advice in relation to merger, acquisition and divestment transactions.

Based on their experience, Messrs Fayad, Jones and Navarra are considered to have the appropriate experience and professional qualifications to provide the advice offered.

9.2. Independence

PKFCF is not aware of any matter or circumstance that would preclude it from preparing this Report on the grounds of independence, either under regulatory or professional requirements. In particular, we had regard to the provisions of applicable pronouncements and other guidance statements relating to professional independence issued by Australian professional accounting bodies and ASIC.

PKFCF does not have any shareholding in, or other relationship ARW or Thorney (including any of their related parties or associates) that could be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the proposals.

PKFCF considers itself to be independent in terms of ASIC Regulatory Guide 112 *Independence of Experts* ("**RG 112**"), issued by ASIC.

PKFCF will receive a fee based on the time spent in the preparation of this Report. PKFCF will not receive any fee contingent upon the outcome of the Thorney Proposal.

Drafts of this Report were provided to the Directors of ARW and Thorney for review of factual accuracy. Certain changes were made to the Report as a result of the circulation of the drafts of the Report. However, our approach, valuation method and overall conclusions were not affected by the circulation of the draft reports.

Appendix 1 Glossary of terms

Set out below is a glossary of terms used in this Report.

Table 22: Glossary

Term	Definition
Adacel	Adacel Technologies Limited (forming part of the Listed Seed Assets) ACN 079 672 281
AFSL	Australian Financial Services Licence
Aglive	Aglive Group Limited (forming part of the Unlisted Seed Assets) ACN 164 497 778
Anatara	Anatara Lifesciences Limited (forming part of the Listed Seed Assets) ACN 145 239 872
ARW	Australian Renewable Fuels Limited ACN 096 782 188
ASIC	Australian Securities & Investments Commission
ASX	Australian Securities Exchange
Capital Raising	Comprising the Placement Offer and the Retail Offer
Change Up	Change Up Holdings Limited (forming part of the Unlisted Seed Assets) ACN 612 559 958
Chapter 2E	Chapter 2E of the *Corporations Act 2001*
DCF	Discounted cash flow
Consideration Shares	The number of ARW shares to be issued to Thorney as a result of the Seed Assets Acquisition.
Documents	Comprising the Notice of Meeting and the Explanatory Statement
Explanatory Statement	The explanatory statement to accompany the Notice of Meeting
FUM	Funds under management
GFC	Global financial crisis
HUB24	HUB24 Limited (forming part of the Listed Seed Assets) ACN 124 891 685
Investment Management Agreement	The investment management agreement between Australian Renewable Fuels Limited and Thorney Management Services Pty Ltd in relation to proposed investment management services to be provided to Australian Renewable Fuels Limited
iSelect	iSelect Limited (forming part of the Listed Seed Assets) ACN 124 302 932
LIC	Listed investment company
Listed Seed Assets	As set out in **Section 6** of this Report.
LIT	Listed investment trust
NextDC	NEXTDC Limited (forming part of the Listed Seed Assets) ACN 143 582 521
Non-Associated Shareholders	Shareholders of Australian Renewable Fuels Limited who are not excluded from voting in relation to the Thorney Proposal
Notice of Meeting	The notice of meeting to be issued by Australian Renewable Fuels Limited on or around 4 November 2016
NRVA	Net realisable valuation of assets
NTA	Net tangible assets
OneVue	OneVue Holdings Limited (forming part of the Listed Seed Assets) ACN 108 221 870

Term	Definition
PKFCF, us, we or our	PKF Corporate Finance (NSW) Pty Limited ACN 097 893 957 AFSL 295872
Placement Offer	The proposed issue of up to 227,272,727 shares in Australian Renewable Fuels Limited at an issue price of $0.22 per share to sophisticated and professional investors to raise up to $50 million, with the ability to accept up to a further $50 million in oversubscriptions.
Report	This report dated 7 November 2016
Retail Offer	The proposed issue of up to 113,636,364 shares in Australian Renewable Fuels Limited at an issue price of $0.22 per share to retail investors to raise up to $25 million, with the ability to accept oversubscriptions provided that the total Capital Raising does not exceed $125 million.
RG 76	ASIC Regulatory Guide 76 *Related Party Transactions*
RG 111	ASIC Regulatory Guide 111 *Content of Expert Reports*
RG 112	ASIC Regulatory Guide 112 *Independence of Experts*
Seed Assets	The Listed Seed Assets and Unlisted Seed Assets.
Seed Asset Acquisition	The acquisition of the Seed Assets by Australian Renewable Fuels Limited under the Asset Sale Agreement
Shareholders	Holders of ordinary shares of Australian Renewable Fuels Limited
Share Consolidation	The proposed consolidation on a one (1) for one hundred (100) basis, of the shares on issue by Australian Renewable Fuels Limited to take place prior to the initiation of the Thorney Proposal
Thorney Investment Group	The group operating under the parent company, Thorney Investment Group Pty Limited including Thorney Management, TOP and Tiga Trading.
Thorney Management	Thorney Management Services Pty Ltd ACN 164 880 148
Thorney Participation	The participation of Thorney Investment Group in the Placement Offer and/or the Retail Offer that will result in Thorney Investment Group holding approximately 20% of the shares in Australian Renewable Fuels Limited.
Thorney Proposal	The transaction comprising the following components: • the Share Consolidation; • the Capital Raising (comprising the Placement Offer and the Retail Offer); • the Seed Asset Acquisition; • the Investment Management Agreement; and • other matters including the adoption of a new constitution by Australian Renewable Fuels Limited, changing its name to Thorney Technologies Limited and undertaking a re-composition of the board of Australian Renewable Fuels Limited.
Tiga Trading	Tiga Trading Pty Limited (a related entity of Thorney Investment Group) ACN 118 961 210
TOP	Thorney Opportunities Ltd ACN 080 167 264
Unlisted Seed Assets	As set out in **Section 6** of this Report.
Updater	Updated Inc. (forming part of the Listed Seed Assets) ARBN 609 188 329)
VWAP	Volume weighted average price
Valuation Date	The date of this Report being 7 November 2016
Webjet	Webject Limited (forming part of the Listed Seed Assets) ACN 002 013 612

Appendix 2 Sources of Information

In preparing this Report we have had access to and relied upon the following principal sources of information:

- Annual Reports of Australian Renewable Fuels Limited for the years ended 30 June 2014, 2015 and 2016;
- Other information published by Australian Renewable Fuels Limited on the Australian Securities Exchange;
- Draft Notice of Annual General Meeting and Explanatory Statement;
- Copy of the draft Asset Sale Agreement between Australian Renewable Fuels Limited and various entities of the Thorney Investment Group;
- Copy of the draft Investment Management Agreement between Australian Renewable Fuels Limited and Thorney Management Services Pty Ltd;
- Information regarding Thorney Investment Group (and its associated entities) provided by management of Thorney Investment Group;
- Publicly available information regarding Thorney Opportunities Ltd including information published on the Australian Securities Exchange;
- Publicly available information regarding the Listed Seed Assets including share trading data and other information published on the Australian Securities Exchange;
- Information regarding Aglive and Change Up provided by the lead advisor on their respective capital raisings, including copies of the information memorandums published by Aglive and Change Up;
- Publicly available information regarding the investment management agreements relating to listed investment companies, listed investment trusts and other unlisted investment vehicles where disclosure documents are publicly available;
- IBISWorld Industry Report, “Funds Management Services in Australia”, September 2016;
- IBISWorld Industry Report, “Private Equity in Australia”, August 2016;
- Information published by the ASX and Morningstar regarding ASX listed investment companies and listed investment trusts;
- S&P Capital IQ;
- other publicly available information.

In addition to the above, PKFCF has also had various discussions with the directors and management of Australian Renewable Fuels Limited and Thorney Investment Group regarding the nature and prospects of their respective businesses and financial position.

Appendix 3 Valuation methods

In conducting our assessment of the Thorney Proposal, the following commonly used valuation methods have been considered:

Discounted Cash Flow Method

The discounted cash flow ("**DCF**") method is based on the premise that the value of a business or asset is represented by the present value of its future cash flows. It requires two essential elements:

- the forecast of future cash flows of the business or asset for a number of years (usually five to 10 years); and
- the discount rate that reflects the riskiness of those cash flows used to discount the forecast cash flows back to net present value ("**NPV**").

DCF is appropriate where:

- the businesses' or assets' earnings are capable of being forecast for a reasonable period (preferably five to 10 years) with reasonable accuracy;
- earnings or cash flows are expected to fluctuate significantly from year to year;
- the business or asset has a finite life;
- the business is in a 'start up' or in early stages of development;
- the business has irregular capital expenditure requirements;
- the business involves infrastructure projects with major capital expenditure requirements; or
- the business is currently making losses but is expected to recover.

Capitalisation of Future Maintainable Earnings Method

This method involves the capitalisation of estimated future maintainable earnings by an appropriate multiple. Maintainable earnings are the assessed sustainable profits that can be derived by the vendor's business and excludes any one off profits or losses. An appropriate earnings multiple is assessed by reference to market evidence as to the earnings multiples of comparable companies.

This method is suitable for the valuation of businesses with indefinite trading lives and where earnings are relatively stable or a reliable trend in earnings is evident.

Value of Assets

Asset based valuations involve the determination of the fair market value of a business based on the net value of the assets used in the business.

Valuation of net assets involves:

- separating the business or entity into components which can be readily sold, such as individual business units or collection of individual items of plant and equipment and other net assets; and
- ascribing a value to each based on the net amount that could be obtained for this asset if sold.

The value of the net assets can be determined on the basis of:

- *orderly realisation*: this method estimates fair market value by determining the net assets of the underlying business including an allowance for the reasonable costs of carrying out the sale of assets, taxation charges and the time value of money assuming the business is wound up in an orderly manner. This is not a valuation on the basis of a forced sale where the assets might be sold at values materially different from their fair market value;
- *liquidation*: this is a valuation on the basis of a forced sale where the assets might be sold at values materially different from their fair market value; or
- *going concern*: the net assets on a going concern basis estimates the market value of the net assets but does not take into account any realisation costs. This method is often considered appropriate for the valuation of an investment or property holding company. Adjustments may need to be made to the book value of assets and liabilities to reflect their going concern value.

The value of a trading company's net assets will generally provide the lowest possible value for the business. The difference between the value of the company's identifiable net assets (including identifiable intangibles) and the value obtained by capitalising earnings is usually attributable to intangible assets such as goodwill.

The value of net assets is relevant where a company is making sustained losses or profits at a level less than the required rate of return, where it is close to liquidation, where it is an asset holding company, or where all its assets are liquid. It is also relevant to businesses that are being segmented and divested and to value assets that are surplus to the core operating business. The net assets value methodology is also used as a check for the value derived using other methods.

These approaches ignore the possibility that the company's value could exceed the value of its net assets.

Security Market Trading History

The application of the price that a company's shares trade on the ASX is an appropriate basis for valuation where:

- the shares trade in an efficient market place where 'willing' buyers and sellers readily trade the company's shares; and
- the market for the company's shares is active and liquid.

Constant Growth Dividend Discount Model

The dividend discount model works best for:

- firms with stable growth rates;
- firms which pay out dividends that are high and approximate free cash flow to equity;
- firms with stable leverage; and
- firms where there are significant or unusual limitations to the rights of Investors.

Special Value

Special value is the amount that a potential acquirer may be prepared to pay for a business in excess of the fair market value. This premium represents the value to the potential acquirer of potential economies of scale, reduction in competition or other synergies arising from the acquisition of the asset not available to likely purchases generally. Special value is not normally considered in the assessment of fair market value as it relates to the individual circumstances of special purchases.

Appendix 4 Comparable Investment Management Agreements

Set out below is a summary of the comparable investment management agreements referred to in Section 6 of this Report:

Table 23: Comparable Investment Management Agreements

Name of Fund	Date of Inception/PDS	Term	Options of Term	Base Fee	Performance Fee	Benchmark Hurdle	Termination Fee per IMA	Type of Fund
Fixed Income / Cash Funds								
AMP Capital - International Bond Fund	5/03/2014			0.7871% per annum	None	Barclays Capital Global Aggregate Index, hedged back to Australian dollars)	Not disclosed	Diversified portfolio of short and long term global fixed income securities
Acadian Defensive Income Fund – Class A	17/08/2016			0.89% per annum (including GST)	20.0% per annum (including GST) of net return above the RBA Cash Rate	RBA cash rate	Not disclosed	Portfolio of money market and fixed income securities along with stocks listed on ASX.
Acadian Wholesale Australian Market Neutral Fund	17/08/2016			0.78% per annum (including GST)	None	RBA cash rate	Not disclosed	Active approach of managing a portfolio of cash as well as stocks listed on the ASX
BetaShares Australian High Interest Cash ETF	29/12/2014			0.18% per annum of Net Asset Value	None	Not Applicable	Not disclosed	Invests in high interest bank deposit accounts with major banks in Australia
Wholesale Cash Fund	15/06/2016			0.41% per annum (including GST)	None	Bloomberg AusBond Bank Bill Index	Not disclosed	To provide a regular income stream from investments in money market securities with a very low risk of capital loss.
Wholesale Premium Cash Fund	15/06/2016			0.40% per annum (including GST)	None	RBA cash rate	Not disclosed	Invest in high quality money market securities, with short maturities, to achieve a very stable income stream.
Wholesale Global Credit Income Fund	15/06/2016			0.62% per annum (including GST)	None	Bloomberg AusBond Bank Bill Index	Not disclosed	Investing in a diversified portfolio of higher yielding Australian and international fixed interest investments.
Wholesale Target Return Income Fund	15/06/2016			0.52% per annum (including GST)	10.0% per annum (including GST) of net return above the RBA Cash Rate plus 0.5%	RBA cash rate	Not disclosed	investing across income producing assets including cash, bonds, capital notes and equity income strategies.
Wholesale Diversified Fixed Interest Fund	15/06/2016			0.58% per annum (including GST)	None	Bloomberg AusBond Composite 0+Yr Index	Not disclosed	Investing in a diversified portfolio of Australian and international fixed interest.
Wholesale Australian Bond Fund	15/06/2016			0.46% per annum (including GST)	None	Bloomberg AusBond Composite 0+Yr Index	Not disclosed	The fund's strategy is to maximise income over the medium term through assessment of the earnings that each investment will generate, and the active management of the average term of the securities held and the mix of government, semi-government and corporate bonds

Name of Fund	Date of Inception/PDS	Term	Options of Term	Base Fee	Performance Fee	Benchmark Hurdle	Termination Fee per IMA	Type of Fund
Wholesale Government Inflation-Linked Bond Fund	15/06/2016			0.46% per annum (including GST)	None	Bloomberg AusBond Infl Govt 0+ Yr Index	Not disclosed	Actively managed investment in inflation-linked securities issued by the Commonwealth government and Semi-government institutions.
Listed Equity Funds								
ECP Australian Equities EX50 Portfolio	1/09/2014			1.0% (excluding GST) per annum	20.0% (excluding GST) of out-performance of an absolute return of 8%	Absolute return 8% index	Not disclosed	ASX listed investments
Aberdeen Actively Hedged International Equities Fund	22/12/2014			0.98% per annum capped of the net asset value of the fund	None	MSCI All Countries World Accumulation Index (ex Australia) unhedged	Not disclosed	Invests primarily in listed international securities (other than those listed on ASX)
Aberdeen Asian Opportunities Fund	16/06/2014			1.1811% per annum capped of the net asset value of the fund	None	MSCI All Countries Asia Accumulation Index (ex Japan) AUD unhedged	Not disclosed	Invests in Asian (excluding Japan) listed securities
Aberdeen Australian Equities Fund	16/06/2014			0.8% per annum capped of the net asset value of the fund	None	S&P/ASX 200 Accumulation Index	Not disclosed	Invests in companies primarily listed on the ASX
Aberdeen Australian Small Companies Fund	14/12/2015			1.26% per annum capped of the net asset value of the fund	None	S&P/ASX Small Ordinaries Accumulation Index	Not disclosed	invest primarily in Australian (primarily outside of the S&P/ASX 100 Accumulation Index) and New Zealand listed companies
Aberdeen Ex-20 Australian Equities Fund	1/08/2014			0.95% per annum capped of the net asset value of the fund	None	S&P/ASX 300 Accumulation Index	Not disclosed	Invests in companies primarily listing on the ASX, excluding the largest 20 in the S&P/ASX300 Accumulation Index
Aberdeen Emerging Opportunities Fund	28/08/2014			1.5% per annum capped of the net asset value of the fund	None	MSCI Emerging Markets Index (AUD unhedged)	Not disclosed	Seeking exposure to emerging stock markets worldwide or companies with significant activities in emerging markets
Aberdeen Fully Hedged International Equities Fund	14/12/2015			0.99% per annum capped of the net asset value of the fund	None	MSCI All Countries World Accumulation Index (ex Australia) Fully Hedged	Not disclosed	Invests in listed international securities (other than those listed on the ASX)
Aberdeen International Equity Fund	16/06/2014			0.98% per annum capped of the net asset value of the fund	None	MSCI All Countries World Accumulation Index (ex Australia) unhedged	Not disclosed	Invests in listed international securities (other than those listed on the ASX)
Acadian Diversified Alpha Fund – Class A	17/08/2016			1.30% per annum (including GST)	None	RBA cash rate	Not disclosed	Fundamental analysis of stocks across a universe of global developed market equities
Acadian Global Managed Volatility Equity Fund – Class A	17/08/2016			0.64% per annum (including GST)	None	MSCI All Country World Index	Not disclosed	Invests in a diversified portfolio of equities worldwide, including North America, Asia and Europe.

Name of Fund	Date of Inception/PDS	Term	Options of Term	Base Fee	Performance Fee	Benchmark Hurdle	Termination Fee per IMA	Type of Fund
Acadian Australian Equity High Yield Fund – Class A	17/08/2016			0.62% per annum (including GST)	None	S&P/ASX 300 Accumulation Index	Not disclosed	To invest in stocks listed on the Australian Securities Exchange that exhibit an attractive and sustainable dividend yield.
Acadian Wholesale Australian Equity Fund	17/08/2016			1.02% per annum (including GST)	None	S&P/ASX 300 Accumulation Index	Not disclosed	To maximise risk-adjusted, long-term returns by investing in stocks listed on the Australian Securities Exchange while carefully controlling portfolio risk and transaction costs.
Acadian Wholesale Global Equity Fund	17/08/2016			1.24% per annum (including GST)	None	MSCI World (ex Australia) Index	Not disclosed	To maximise risk-adjusted, long-term returns by investing in stocks from around the world, while carefully controlling portfolio risk and transaction costs.
Acadian Wholesale Australian Equity Long Short Fund	17/08/2016			1.11% per annum (including GST)	15.0% per annum (including GST) of the net return above the S&P/ASX 300 Accumulation Index	S&P/ASX 300 Accumulation Index	Not disclosed	To maximise risk-adjusted, long-term returns by investing in undervalued stocks and short selling overvalued stocks listed on the Australian Securities Exchange while carefully controlling portfolio risk and transaction costs.
Acadian Wholesale Global Equity Long Short Fund	17/08/2016			1.30% per annum (including GST)	15.0% per annum (including GST) of the net return above the MSCI World Index	MSCI World Index	Not disclosed	To maximise risk-adjusted, long-term returns by investing in undervalued stocks and short selling overvalued stocks from around the world, while carefully controlling portfolio risk and transaction costs.
Acadian Wholesale Geared Global Equity Fund	17/08/2016			1.23% per annum (including GST)	None	MSCI World (ex Australia) Index	Not disclosed	To maximise risk-adjusted, long-term returns by borrowing to invest in stocks from around the world, while carefully controlling portfolio risk and transaction costs.
AMP Capital Australian Equity Concentrated Fund	20/12/2013			1.15% per annum	None	S&P/ASX 200 Accumulation Index	Not disclosed	Invests in only a small number of Australian securities
AMP Capital Australian Equity Opportunities Fund	31/01/2014			0.85% per annum	Up to 20.0% (excluding GST) of the funds performance above its benchmark	S&P/ASX 200 Accumulation Index	Not disclosed	Invests primarily in Australian listed or about to be listed companies on the ASX

Name of Fund	Date of Inception/PDS	Term	Options of Term	Base Fee	Performance Fee	Benchmark Hurdle	Termination Fee per IMA	Type of Fund
CBG Capital Limited	25/09/2014	5 years	Currently five years, with automatic five year extensions, unless terminated earlier	1.0% (excluding GST) per annum	20.0% (excluding GST) of gross performance over benchmark and portfolio performance being positive	S&P/ASX 200 Accumulation Index	If the Management Agreement is terminated after the initial term for any reason except for cause, the Manager will be entitled to a termination payment at the termination date equal to 5%, reduced by one sixtieth (1/60) for each whole calendar month that has elapsed between the commencement of the extended term and the termination date, of the net tangible assets backing of each share in each class of shares in the Company as calculated under the Listing Rules multiplied by the number of shares on issue in that class of shares as at the termination date. The Manager will also be entitled to receive a termination payment if the Management Agreement is terminated other than in accordance with its terms following a change in control. In these circumstances, the Manager will be paid Management Fees and the Performance Fee (if any) for the 12 months prior to the termination date.	Invests in Australian listed Securities
Watermark Market Neutral Trust	27/01/2015			1.53% per annum (including GST) of Net Asset Value	20.5% per annum (inclusive of GST) of any increase in the NAV over the financial year which exceeds the benchmark and subject to high water mark	RBA Cash Rate	Not disclosed	A market neutral fund allows investors to benefit from Watermark's success in identifying "strong" companies to invest in and "weaker" companies to sell without being fully exposed to the volatility and risks of the share market.
Vanguard Australian Shares Index Fund	30/09/2016			0.18% per annum	None	S&P/ASX 200 Index	Not disclosed	Australian Shares
Bennelong Australian Equities Fund	31/05/2016			0.95% per annum of NAV	None	S&P/ASX 300 Accumulation Index	Not disclosed	primarily selects stocks from the S&P/ASX 300 Index
Bennelong Concentrated Australian Equities Fund	31/05/2016			0.85% per annum of NAV	15.0% (including GST) of any amount by which the investment return of the Fund is more that 2% p.a. greater than the return generated by the benchmark hurdle	S&P/ASX 300 Accumulation Index	Not disclosed	primarily selects stocks from the S&P/ASX 300 Index
Bennelong Kardinia Absolute Return Fund	31/05/2016			1.5375% per annum (including GST net of reduced input tax credits) of NAV	20.5% per annum (including GST net of reduced input tax credits) of investment returns made in excess of the benchmark hurdle	RBA Cash Rate	Not disclosed	A long/short Australian equity fund with the long-term objective of achieving double-digit annual rates of return, and an overarching philosophy of capital protection.

Name of Fund	Date of Inception/PDS	Term	Options of Term	Base Fee	Performance Fee	Benchmark Hurdle	Termination Fee per IMA	Type of Fund
Generation Wholesale Global Share Fund	12/09/2016			1.23% per annum (including GST)	20.0% per annum (including GST) of the net return above the MSCI World (ex Australia) Index	MSCI World (ex Australia) Index	Not disclosed	To deliver superior investment performance by taking a long-term investment view and integrating research within a rigorous fundamental equity analysis framework.
Monash Absolute Investment Company Ltd - Prospectus	23/02/2016	5 to 7 years	Currently five years, with automatic five year extensions, unless terminated earlier	1.5% (excluding GST) per annum	20.0% (excluding GST) of gross performance in excess of hurdle and subject to high water mark	RBA cash rate and subject to high water mark	If the Investment Manager is removed by the Company, it is entitled to receive a payment equal to 3 months of Management Fees. As noted above, neither party has the right to terminate on a change of control.	Invests in Australian Securities (listed and some pre-IPO securities)
Perpetual Equity Investment Company Limited - Replacement Prospectus	14/10/2014	5 years	5 years, with further renewals of 5 years, unless terminated earlier	1.0% (excluding GST) per annum for the first $1 billion of the Portfolio Net Asset Value, and 0.85% (excluding GST) per annum of the Portfolio Net Asset Value in excess of $1 billion	15.0% per annum (including GST) of gross performance in excess of hurdle	S&P/ASX 300 Accumulation Index	If the Investment Manager is removed by the Company, it is entitled to receive a payment equal to 3 months of Management Fees. As noted above, neither party has the right to terminate on a change of control.	Invests in global listed securities
WAM Active Limited - Prospectus	12/09/2016			1.0% (excluding GST) per annum	20.0% (excluding GST) of gross value of portfolio subject to a high water mark	S&P/ASX All Ordinaries Accumulation Index	Not disclosed	Invests in Australian listed Securities
WAM Leaders Limited - Prospectus	4/04/2016	5 years, current waiver for 10 years	5 years with option for another 5 years	1.0% (excluding GST) per annum	20.0% (excluding GST) of gross performance over benchmark	S&P/ASX 200 Accumulation Index	If the Company terminates the Investment Management Agreement in accordance with any of these rights, it must pay to the Investment Manager a fee equal to the aggregate Management and Performance Fees paid to the Investment Manager in the 12-month period up to the date of termination.	Large-cap, undervalued companies in the S&P/ASX 200 Index
WAM Research Limited	17/06/2015			1.0% (excluding GST) per annum	20.0% (excluding GST) of gross performance over benchmark	S&P/ASX All Ordinaries Accumulation Index	Not disclosed	small-to-medium sized industrial companies listed on the ASX.
Barrack St Investments Limited - Replacement Prospectus	1/07/2015	5 years	5 years with option for another 5 years	1.0% (excluding GST) per annum	20.0% (excluding GST) of out-performance over 8% per annum subject to a high water mark	Hurdle of 8% per annum	If the Management Agreement is terminated, then in certain circumstances the Manager is also entitled to a termination payment equal to 5% of the net tangible assets of BST at the date of termination, reduced by 1/60 for each calendar month elapsed between the commencement date of the relevant management term and the termination date.	Invests in Australian companies listed on the ASX but not those included in the ASX50 Index, and mid market private companies that intend to list within 6 months
BetaShares Equities Bear Fund	31/01/2014			1.38% per annum of Net Asset Value	None	S&P/ASX 200 Accumulation Index	Not disclosed	Seeks to generate returns that are negatively geared to the S&P/ASX 200 index. Invests in cash and selling equity index futures contracts.

Name of Fund	Date of Inception/PDS	Term	Options of Term	Base Fee	Performance Fee	Benchmark Hurdle	Termination Fee per IMA	Type of Fund
BetaShares Equities Strong Bear Fund	26/03/2015			1.38% per annum of Net Asset Value	None	S&P/ASX 200 Accumulation Index	Not disclosed	Seeks to generate maginified returns that are negatively geared to the S&P/ASX 200 index. Invests in cash and selling equity index futures contracts.
BetaShares Australian Ex-20 Portfolio Diversifier ETF	9/09/2016			0.25% per annum of Net Asset Value	None	NASDAQ Australia Completion Cap	Not disclosed	Passively-managed, diversified portfolio of Australian shares excluding the largest 20 stocks by market capitalisation
Aurora Absolute Return Fund	30/01/2014			1.48625% per annum	20.5% of gross performance in excess of the Benchmark	RBA Cash Rate	Not disclosed	Aims to achieve an income return, whilst preserving capital through rising and falling equity markets.
Australian Enhanced Income Fund NAV	28/02/2013			1.35% per annum (including GST)	None	UBS Warburg Bank Bill Index	Not disclosed	A listed managed hybrid fund. The Fund invests in a diversified portfolio of up to 35 ASX listed debt equity hybrid securities.
iShares MSCI Australia Minimum Volatility ETF	28/09/2016			0.30% per annum on the Net Asset Value	None	MSCI Australia IMI Select Minimum Volatility (AUD) Index	Not disclosed	Portfolio of stocks selected from the parent index which has the lowest volatilty subject to certain constraints
ANZ ETFS S&P/ASX 100 ETF	19/07/2016			0.24% per annum of the Net Asset Value	None	S&P/ASX 100 Index	Not disclosed	Australian equities
UBS IQ MSCI Australia Ethical ETF	18/02/2015			0.17% per annum	None	MSCI Australia ex Tobacco ex Controversial Weapons Index	Not disclosed	A diversified core exposure to the Australian equity market and aims to replicate the performance of the MSCI Australia ex Tobacco ex Controversial Weapons Index, before fees and expenses by physically holding the shares within the underlying Index.
VanEck Vectors Australian Banks ETF	26/07/2016			0.28% per annum	None	MVIS Australia Banks Index	Not disclosed	Invests in a diversified portfolio of ASX-listed securities with the aim of providing investment returns (before management costs) that closely track the returns of the MVIS Australia Banks Index (MVMVBTRG)
Schroder Real Return Fund	20/07/2016			0.90% per annum of th Net Asset Value	None	Targets CPI+5% p.a.		Invests in growth assets suchas shares and property securities, diversifying assets and definisive assets.
Magellan Global Equities Fund	2/03/2015			1.35% per annum (including GST)	10.0% per annum of the excess return above the higher of the Index Relative Hurdle and the Aboslute Return Hurdle, subject to a high water mark	MSCI World Net Total Return Index (AUD)		Invests in global listed equities

Name of Fund	Date of Inception/PDS	Term	Options of Term	Base Fee	Performance Fee	Benchmark Hurdle	Termination Fee per IMA	Type of Fund
BetaShares Equities Strong Bear Fund	26/03/2015			1.38% per annum of Net Asset Value	None	S&P/ASX 200 Accumulation Index	Not disclosed	Seeks to generate maginified returns that are negatively geared to the S&P/ASX 200 index. Invests in cash and selling equity index futures contracts.
UBS IQ Morningstar Australia Quality ETF	1/02/2016			0.30% per annum	None	Morningstar® Australia Moat Focus IndexTM		The Fund allows investors, in one transaction, to gain exposure to a diversified portfolio of listed Australian securities constructed by reference to, amongst other things, Morningstar equity research.
Arowana Australasian Value Opportunities Fund Limited	30/06/2016			1.0% per annum (excluding GST)	20.0% per annum of the outperformance of the hurdle	S&P/ASX 200 Accumulation Index		Diversified portfolio of Australian and New Zealand listed securities
Aspect Diversified Futures Fund – Class A	16/05/2016			1.61% per annum (including GST)	20.0% per annum (including GST) on the dollar value of positive performance generated on the futures and forwards trading accounts.	RBA cash rate		To generate significant medium-term capital growth independent of overall movements in traditional stock and bond markets within a rigorous risk management framework.

Name of Fund	Date of Inception/PDS	Term	Options of Term	Base Fee	Performance Fee	Benchmark Hurdle	Termination Fee per IMA	Type of Fund
Henry Morgan Limited - Prospectus	12/11/2015	5 years	5 years, with further renewals of 5 years, unless terminated earlier	2.0% (excluding GST) per annum	23.0% (excluding GST) subject to high water mark hurdles	Barclays Global Macro Hedge Fund Index	If the Management Services Agreement is terminated, other than because of those circumstances set out above, the Manager is entitled to a termination payment. The termination payment will be equal to 5% of the net tangible asset backing of each share in each class of shares in the Company as calculated under the Listing Rules multiplied by the number of shares on issue in that class of shares as at the termination date: The above percentage of net tangible asset backing in respect of the calculation of the termination payment will be reduced on a pro-rata basis in accordance with the length of time served under the agreement on the following basis: (i) reduced by (1/Y) for each whole calendar month that has elapsed between the commencement of the agreement and the termination date during the initial term (where Y is the number of calendar months in the initial term); or (ii) reduced by (1/Y) for each whole calendar month that has elapsed between the commencement of the extended term of the agreement and the termination date during the period after the end of the initial term (where Y is the number of calendar months in the extended term), whichever is applicable.	Investments in global exchange traded futures contracts including market indices, currency and interest rate futures
NAOS Emerging Opportunities Company	26/02/2013			1.25% per annum	15.0% of outperformance of benchmark	S&P/ASX Small Ordinaries Index		Exposure to quality Australian emerging companies (ASX ex 100).
Wealth Defender Equities Limited	25/03/2015			0.98% per annum (excluding GST) on the first $250 million of NAV, and 0.8% per annum (excluding GST) thereafter	15.0% per annum on the net return in excess of the Benchmark return	S&P/ASX 300 Accumulation Index		Through an ASX listed investment company, in an actively managed predominantly Australian equities portfolio.

Appendix 5 FINANCIAL SERVICES GUIDE

7 November 2016

What is a Financial Services Guide?

This Financial Services Guide ("**FSG**") is an important document the purpose of which is to assist you in deciding whether to use any of the general financial product advice provided in the form of an independent expert report by PKF Corporate Finance (NSW) Pty Limited (ABN 65 097 893 957) ("**PKFCF**"). The use of "we", "us" or "our" is a reference to PKFCF as the holder of Australian Financial Services Licence ("**AFSL**") No. 295872.

The contents of this FSG include:

- who we are and how we can be contacted;
- what services we are authorised to provide under our AFSL;
- how we (and any other relevant parties) are remunerated in relation to any general financial product advice we may provide;
- details of any potential conflicts of interest; and
- details of our internal and external dispute resolution systems and how you can access them.

Information about us

What financial services are we licensed to provide?

The AFSL we hold authorises us to provide the following financial services to both retail and wholesale clients:

Provide financial product advice for the following classes of financial products:

- securities;
- interests in managed investment schemes excluding investor directed portfolio services; and
- deposit and payment products limited to;
  - basic deposit products;
  - deposit products other than basic deposit products; and
  - debentures, stocks or bonds issued or proposed to be issued by a government.

Our responsibility to you

We have been engaged by the Directors of Australian Renewable Fuels Limited ("**Client**") to prepare an Independent Expert's Report providing our opinion as to whether the Thorney Proposal is fair and reasonable to the Non-associated Shareholders of the Client (the "**Report**"). The Thorney Proposed is set out in the Explanatory Statement accompanying the Notice of General Meeting to be dated on or around the date of the Report. You are not the party or parties who engaged us to prepare the Report. We are not acting for any person other than the party or parties who engaged us. We are required by law to give you an FSG because the Report is being provided to you.

The liability of PKFCF is limited to the contents of this FSG and the Report referred to in this FSG.

Information about the general financial product advice we provide

The financial product advice provided in the Report is known as "general advice" because it does not take into account your personal objectives, financial situation or needs. You should consider whether the general advice contained in the Report is appropriate for you, having regard to your own personal objectives, financial situation or needs.

If our advice is being provided to you in connection with the acquisition or potential acquisition of a financial product issued by another party, we recommend you obtain and read carefully the relevant offer document provided by the issuer of the financial product. The purpose of the offer document is to help you make an informed decision about the acquisition of a financial product. The contents of the offer document will include details such as the risks, benefits and costs of acquiring the particular financial product.

Associations and relationships

PKFCF provides services primarily in the area of corporate finance and is partly owned by partners of the Sydney and Newcastle partnership of PKF, Chartered Accountants (**"PKF"**). PKF and its related entities provide services primarily in the areas of audit, tax, consulting and financial advisory services. Our directors may be partners in the partnership of PKF. The financial product advice in the Report is provided by PKFCF and not by the partnership of PKF.

We do not have any formal associations or relationships with any entities that are issuers of financial products. However, you should note that we and the partnership of PKF (and its related bodies corporate) may from time to time provide professional services to financial product issuers in the ordinary course of business.

How are we and our employees remunerated?

We charge fees for providing Reports. Fees are agreed with the party or parties who actually engage us, and we confirm our remuneration in a written letter of engagement to the party or parties who actually engage us. Our fees are usually determined on an hourly basis. However they may be a fixed amount or derived using another basis. We may also seek reimbursement of any out-of-pocket expenses incurred in providing the services. The fixed fee for the Report is $20,000 (exclusive of GST and out-of-pocket expenses).

Neither PKFCF, nor its directors and officers, receive any commissions or other benefits arising directly from providing Reports to you. The remuneration paid to our directors and staff reflects their individual contribution to the company and covers all aspects of performance. We do not pay commissions or provide other benefits to other parties for referring prospective clients to us.

What should you do if you have a complaint?

If you have any concerns regarding the Report, you may wish to advise us. Our internal complaint handling process is designed to respond to your concerns promptly and equitably. Please address your complaint in writing to:

AFS Compliance Manager
PKF Corporate Finance (NSW) Pty Limited
GPO Box 5446
SYDNEY NSW 2001
Telephone: +61 2 8346 6000 Fax: +61 2 8346 6099

If you are not satisfied with the steps we have taken to resolve your complaint, you may contact the Financial Ombudsman Service ("**FOS**"). FOS provides free advice and assistance to consumers to help them resolve complaints relating to members of the financial services industry. Complaints may be submitted to FOS at:

Financial Ombudsman Service
GPO Box 3
Melbourne VIC 3001
Telephone: (03) 9613 7366 Fax: (03) 9613 6399
Internet: http://www.fos.org.au

The Australian Securities and Investments Commission ("**ASIC**") regulates Australian companies, financial markets, financial services organisations and professionals who deal and advise in investments, superannuation, insurance, deposit taking and credit. Their website contains information on lodging complaints about companies and individual persons and sets out the types of complaints handled by ASIC. You may contact ASIC as follows:

Info line: 1 300 300 630
Email: infoline@asic.gov.au
Internet: http://www.asic.gov.au/asic/asic.nsf

Contact details

You may contact us using the details located below.

PKF Corporate Finance (NSW) Pty Limited
Level 8
1 O'Connell Street
SYDNEY NSW 2000

GPO Box 5446
SYDNEY NSW 2001
Telephone: +61 2 8346 6000 Fax: +61 2 8346 6099

APPENDIX 2 - SUMMARY OF NEW CONSTITUTION

Shares

Without prejudice to any special right conferred on a holder of a share or class of shares, the directors may issue, grant options for, or otherwise dispose of, shares in the company as the directors think fit.

The directors may also issue preference shares including preference shares which are liable to be redeemed. The terms of the preference shares are as follows:

(a) A preference share confers on its holder a right to receive a preferential dividend at the rate and on the basis decided by the directors under the terms of issue.

(b) The preferential dividend is cumulative except to the extent the directors decide under the terms of issue.

(c) A preference share confers on its holder the right to payment out of the profits of the company (or any other permitted source) of the preferential dividend in priority to the payment of any dividend on ordinary shares, and any other class of shares that the directors decide under the terms of issue.

(d) A preference share confers on its holder the right in a winding up to payment in cash of:

(i) the amount of any dividend accrued at the date of the winding up but unpaid on the share; and

(ii) any amount paid on the share;

in priority to the payment of any amount on ordinary shares, and any other class of shares that the directors decide under the terms of issue.

(e) If and to the extent that the directors decide under the terms of issue, a preference share may confer on its holder:

(i) in addition to the preferential dividend, a right to participate with the ordinary shares in any dividends payable on ordinary shares; and

(ii) a right to a bonus issue or capitalisation of profits or any other amount otherwise available for distribution to members.

(f) A preference share does not confer on its holder any right to participate in the profits or property of the company except as set out above.

(g) The holder of a preference share has the same right as the holder of an ordinary share to receive notice of, and a copy of any document to be laid before, a general meeting of the company and to attend the general meeting at which a resolution is proposed on which the holder is entitled to vote, and to attend the general meeting, but has no right to receive notice of, or a copy of, any document to be laid before, or to attend, any other general meeting of the company except to the extent the terms of issue of the preference share otherwise provided.

(h) A preference share does not entitle its holder to vote at a general meeting of the company except to the extent the terms of issue permit the holder to vote in the following circumstances:

(i) During a period during which a dividend (or part of a dividend) in respect of the share is in arrears.

(ii) On a proposal to reduce the company's share capital.

(iii) On a resolution to approve the terms of a buy-back agreement.

(iv) On a proposal that affects rights attached to the share.

(v) On a proposal to wind up the company.

(vi) On a proposal for the disposal of the whole of the company's property, business and undertaking.

(vii) During the winding up of the company.

(i) Where a preference share does confer on its holder the right to vote at a general meeting, the voting right is the same, and determined in the same way, as the voting right attached to an ordinary share.

(j) Preference shares may be convertible into ordinary shares on a basis decided by the directors under the terms of issue.

(k) A redeemable preference share may be redeemable on a basis decided by the directors under the terms of issue.

(l) Subject to the Corporations Act and this constitution, all rights and restrictions of a preference share issued by the company may be decided by the directors and will be governed by the terms of issue, and provided they have been disclosed to the subscriber for the share before its issue will bind the subscriber and all subsequent holders of the share.

Dividends

Subject to the constitution and to any rights or restrictions attached to a share or class of shares or to the terms of any dividend selection plan established by the directors, all dividends on shares are to be paid in proportion to the number of shares held by members except that:

(a) a partly paid share will only entitle the holder to a fraction of the dividend payable on a fully paid share equal to the proportion of the total amounts paid and payable on the share which have been paid; and

(b) if dividends are determined by the directors to be paid in respect of a specified period and if the directors also determine that the dividends on any shares are to be further apportioned according to when amounts are paid on those shares during the specified period, an amount which is paid on a relevant share during the specified period will only entitle the holder of the share to a fraction of the dividend that would otherwise be payable in respect of that amount equal to the proportion of the specified period remaining as at the date of payment of that amount.

The directors when determining a dividend is payable may:

(a) direct payment of the dividend wholly or partly by the distribution of specific assets, including paid-up shares or other securities of the company or of another body corporate, either generally or to particular shareholders or in respect of particular shares; and

(b) direct that the dividend be paid:

(i) to particular shareholders or in respect of particular shares, wholly or partly out of any particular fund or reserve or out of profits derived from any particular source; and

(ii) to the remaining shareholders or in respect of the remaining shares, wholly or partly out of any other particular fund or reserve or out of profits derived from any other particular source or generally.

To give effect to a resolution of directors or members authorising or approving the payment of a dividend or the making of any other distribution (whether of profits or capital or otherwise) or the capitalisation of any amount, the directors may:

(a) settle any difficulty that may arise in making the distribution or capitalisation;

(b) fix the value for distribution of a specific asset;

(c) pay cash or issue a share or other security to a member to adjust the rights of all parties;

(d) vest a specific asset, cash, share or other security in any trustee upon trust for a person entitled to a dividend or capitalised amount; and

(e) authorise a person to make, on behalf of all the members entitled to any further share or security following the distribution or capitalisation, an agreement with the company or another body corporate.

The authorised person may agree to:

(a) the issue of further shares or securities credited as fully paid up; or

(b) the company paying on behalf of the members an amount remaining unpaid on their existing shares or security by the application of their respective proportions of the sum distributed or capitalised.

Any agreement made between the directors and an authorised person is effective and binding on all members concerned.

If the company distributes securities in the company or in another body corporate or trust each member receiving a distribution, appoints the company as that person's agent to do anything needed to give effect to that distribution, including but not limited to becoming a member of that other body corporate.

Capitalisation of profits and other amounts

The directors may resolve that the company capitalise any amount:

(a) forming part of the undivided profits of the company;

(b) representing profits arising from an ascertained accretion to capital or from a revaluation of the assets of the company;

(c) arising from the realisation of any assets of the company; or

(d) otherwise available for distribution to members,

and may also resolve that the capitalised amount be paid, applied or otherwise distributed to or for the benefit of members.

Subject to any rights or restrictions attached to a share or class of shares or to the terms of any dividend selection plan established by the directors, a capitalised amount which is to be distributed to or for the benefit of members, must be distributed in the same proportions in which members would be entitled to receive the amount were it a dividend.

The directors may resolve that all or part of the capitalised amount is to be applied:

(a) to pay in full a share or security that the company intends to issue to a member;

(b) to pay an amount unpaid on a share or security of the company which a member holds; or

(c) a combination of these,

and the member must accept this application in full satisfaction of the member's interest in the capitalised amount.

Dividend reinvestment and selection plans

The directors may establish one or more plans whereby participating members, subject to the terms of the plan, elect in respect of some or all of their shares:

(a) to apply the dividends payable on those shares to subscribe for additional shares in the company;

(b) to receive the dividends payable on those shares wholly or partly by way of a payment out of any particular fund or reserve or out of profits derived from any particular source; or

(c) not to receive the dividends payable on those shares, and in place of those dividends to receive some other form of distribution from the company or another body corporate or a trust, including paid up shares or other securities of the company, other body corporate or trust,

and the directors may vary, suspend or terminate any such plan.

Transfer

Whilst the Company is admitted to the official list of ASX:

(a) the directors may only decline to register a transfer of shares (including by requesting that a holding lock be applied to prevent a transfer of the shares) if permitted to do so by the ASX Listing Rules; and

(b) the directors may at any time suspend the registration of a transfer for any period not exceeding 30 days in a year, subject to the Corporations Act and any CS facility operating rules binding on the company.

Otherwise shares are freely transferable, subject to the Corporations Act, the Listing Rules and the Company's constitution.

Small holdings

If:

(a) a member holds less than a marketable parcel of shares;

(b) the company notifies the member in writing that it intends to sell the member's shares after a date (Relevant Date) which is at least 6 weeks from the date the notice of intention to sell is sent, unless the member before the Relevant Date tells the company in writing that the member wishes to retain the shares;

(c) the member does not before the Relevant Date tell the company in writing that the member wishes to retain the shares; and

(d) on the Relevant Date the member has not acquired more shares or otherwise increased the member's holding to a marketable parcel,

the company may sell the member's shares constituting less than a marketable parcel as soon as reasonably practicable after the Relevant Date at a price which the directors consider to be the best price reasonably obtainable for the shares at the time they are sold.

In addition, if:

(a) a member holds shares in a new holding that is less than a marketable parcel of shares; and

(b) that holding was created by the transfer of a parcel of shares that was less than a marketable parcel at the time the transfer document was initiated or, in the case of a paper based transfer document, was lodged with the company;

the company may sell the shares in that holding at a price which the directors consider to be the best price reasonably obtainable for the shares at the time they are sold.

Proportional takeover approval

If offers are made under a proportional takeover bid for shares in the company the registration of a transfer giving effect to a takeover contract for the bid is prohibited unless and until a resolution to approve the bid is passed in accordance with the provisions of the constitution.

Voting and general meetings

Subject to the constitution and to any rights or restrictions attached to a share or class of shares, at a general meeting:

(a) on a show of hands, every person present who is a member or a proxy, attorney or representative of a member has 1 vote; and

(b) on a poll, every person present who is a member or a proxy, attorney or representative of a member has 1 vote for each share the member holds and which entitles the member to vote, except for partly paid shares, each of which confers on a poll only a fraction of 1 vote equal to the proportion of the total amounts paid and payable on the share which have been paid.

In the case of an equality of votes upon any proposed resolution the chair of the meeting has a second or casting vote.

A resolution put to the vote of a general meeting must be decided on a show of hands, unless either the chair or a member who is present and can vote on the resolution, demands a poll:

(a) before the vote is taken; or

(b) before or immediately after the declaration of the result of the show of hands.

Other than to elect a chair or adjourn a meeting, business may only be transacted at a general meeting if a quorum of members is present when the meeting proceeds to business. A quorum consists of 2 members (where the company has more than 1 member) provided that, unless the directors of the Company determine otherwise, a quorum of 20 members will be required for a general meeting proposing the removal of a director that is not endorsed by the directors, or the appointment of a director that is not endorsed by the directors.

If at any time a meeting of a class of members of the company is required or proposed, the rules of the constitution relating to the convening, holding and conduct of a general meeting will apply so far as they are capable of application (and with all necessary changes) to that meeting.

Appointment and removal of directors

Subject to the Corporations Act, there must be at least 3 directors and not more than 10 directors or such other minimum or maximum number of directors as the members by resolution determine, provided that the directors of the Company will, subject to the Corporations Act, have the power to reduce the minimum and maximum number of directors.

The members may by resolution appoint or remove a director.

The directors may appoint any person to be a director, either to fill a casual vacancy or as an addition to the existing directors. Any director so appointed only holds office until the next annual general meeting and must then retire from office. The managing director (but if there is more than 1 managing director, only 1) is exempted from this requirement to retire.

The total number of directors must not at any time exceed the maximum number allowed under the constitution.

At each annual general meeting of the company the following directors must retire from office:

(a) Each director who has held office past the third annual general meeting or 3 years since the director's last election, whichever is longer.

(b) Each director appointed by the directors to fill a casual vacancy or as an addition to the existing directors since the last annual general meeting.

(c) If the ASX Listing Rules requires the company to hold an election of directors each year and there is no director required to retire under (a) or (b) above or standing for election at the annual general meeting, the director who has been longest in office since his or her last election, but, as between persons who were elected as directors on the same day, the director to retire must be determined by lot, unless they otherwise agree between themselves.

Unless re-elected, a director due to retire at an annual general meeting retains office until the conclusion of the meeting. The company must hold an election of directors each year for so long as the ASX Listing Rules require it.

A retiring director is eligible for re-election.

The company may, at a general meeting at which a director retires, by resolution fill the vacated office by electing a person to that office.

A person is eligible for election as a director at a general meeting of the company only if:

(a) the person is in office as a director immediately before that meeting;

(b) the person has been nominated by the directors for election at that meeting; or

(c) a nomination for election of the person as a director signed by a member (including the person) and a consent to nomination signed by the person has been lodged at the registered office of the company at least 45 business days before the general meeting.

A person seeking to be appointed as a director that has not been endorsed by the directors must be a member of the Company.

Where a majority of all directors consider that the continuance in office of a director would be, or would be likely to be, prejudicial to the interests of the company, the director may be suspended by resolution passed by that majority at a meeting of directors specifically convened for the purpose of considering the suspension. The suspended director may not take part in the business or affairs of the company during the period of suspension. The suspension may be terminated at any time by a resolution passed by a majority of all directors at a meeting of directors specifically convened for the purpose of considering termination of the suspension. The suspension will terminate at the end of 14 days from the date of the suspension unless within that period notice of a general meeting of the company to consider a resolution to remove the director from office is despatched to members and the meeting is convened to be held within 35 days from the date of despatch. In that case, the suspension will terminate at the conclusion of the meeting.

Remuneration and expenses of directors

Each director is entitled to such remuneration out of the funds of the company (accruing from day to day if periodic) as the directors determine provided that:

(a) the director's remuneration must not include a commission on, or percentage of, operating revenue; and

(b) if the director is a non-executive director, the director's remuneration paid must be a fixed sum.

The aggregate remuneration paid to or for the benefit of the directors must not exceed in a financial year of the company $400,000 or such other sum as the members may by resolution approve. This limitation does not apply to:

(a) any amount paid or payable noted below;

(b) any amount paid or payable under or in respect of any indemnification or insurance provided or procured in accordance with the constitution; or

(c) the remuneration to which a director may be entitled as an employee of the company or a related body corporate or in a capacity other than as a director of the company.

A director is entitled to be paid all reasonable travel, accommodation and other expenses properly incurred by the director in attending meetings of, or relating to, the company or while engaged on the business or affairs of the company.

If a director performs an extra service or makes special exertion for the company, the directors may arrange for a special remuneration.

The directors may resolve that the company:

(a) at any time after a director dies, retires or otherwise ceases to hold office as a director or a director or former director ceases to be gainfully employed, pay to the director or former director or a legal personal representative, spouse, relative or dependant of the director or former director a pension, lump sum, superannuation amount or other benefit;

(b) establish, pay contributions or other amounts to, or otherwise support, a fund or other entity providing for any such benefit; and

(c) enter into a contract with the director to provide for any of these benefits.

Any such amount is not subject to the limitation noted above.

Indemnity

The Company indemnifies:

(a) each person who is or has been an officer of the company against certain liabilities incurred by the person as such an officer; and

(b) each person who is or has been an officer of a related body corporate of the company against those liabilities incurred by the person as such an officer which the directors determine to be indemnified.

These indemnities exclude any liability against which the company is precluded by law from indemnifying the person.

Insurance

The Company may purchase and maintain insurance or pay or agree to pay a premium for insurance in respect of any liability incurred by a person who is or has been an officer of the company or a related body corporate except to the extent that the company is precluded by law from doing so.

Distribution of surplus on winding up

Subject to the constitution and any rights or restrictions attached to a share or class of shares, if the company is wound up and the property of the company is more than sufficient to pay all of:

(a) the debts and liabilities of the company; and

(b) the costs, charges and expenses of the winding up;

the excess must be divided among the members in proportion to the number of shares held by each of them, irrespective of the amounts paid or credited as paid on the shares.

The amount of the excess that would otherwise be distributed to the holder of a partly paid share must be reduced by the amount unpaid on that share at the date of the distribution. If the effect of this reduction would be to reduce the distribution to the holder of a partly paid share to a negative amount, then the holder must contribute that amount to the company.

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

(a) divide among the members the whole or any part of the property of the company; and

(b) determine how the division is to be carried out as between the members or different classes of members.

Modifying the constitution

The Company's constitution may be modified by special resolution, which is a resolution that has been passed by at least 75% of the votes cast by shareholders entitled to vote on the resolution.

APPENDIX 3 - INVESTMENT MANAGEMENT AGREEMENT

Arnold Bloch Leibler
Lawyers and Advisers

Investment Management Agreement

[date]

Australian Renewable Fuels Ltd ACN 096 782 188

Thorney Management Services Pty Ltd ABN 88 164 880 148

Arnold Bloch Leibler
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Ref: JDL:JAV 011902402
ABL/5333885v5

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THIS AGREEMENT is made on 2016

PARTIES

AUSTRALIAN RENEWABLE FUELS LIMITED
ACN 096 782 188
of Level 39, 55 Collins Street Melbourne, Victoria 3000
("**Company**")

and

THORNEY MANAGEMENT SERVICES PTY LTD
ABN 88 164 880 148
of Level 39, 55 Collins Street Melbourne, Victoria 3000
("**Manager**")

BACKGROUND

A The Company has requested the Manager, and the Manager, in its own capacity, has agreed with the Company, to provide the Exclusive Services to the Company on an exclusive basis and the Non-Exclusive Services as requested by the Company with effect as and from the Commencement Date and on the terms and conditions set out in this Agreement.

AGREED TERMS

1 Definitions and interpretation

1.1 Definitions

In this Agreement, unless the context requires otherwise:

"**Accounts**" includes:

(a) profit and loss accounts, balance sheets and statements of cash flow; and

(b) any reports, statements, notes and other financial information attached to or intended to be read with the documents referred in clause (a), including auditors' reports and directors' reports.

"**Accounting Standards**" means:

(a) the accounting standards made by the Australian Accounting Standards Board under section 334 of the Corporations Act and the requirements of the Corporations Act relating to the preparation and content of accounts and financial reports to the extent they are applicable to the Company; and

(b) other relevant accounting standards and generally accepted and consistently applied principles and practices in Australia in relation to entities similar to the Company, or operating in the industry in which the Company operates, except those inconsistent with the standards or requirements referred to in clause (a).

"**Adjustment Value**" means, in respect of a Half Year, the aggregate of:

(a) all dividends or distributions in respect of Shares paid or payable to Shareholders or the value of other entitlements where those other entitlements are given or due to Shareholders in respect of that Half Year; *plus*

(b) the dollar value of any existing debt repaid by the Company during that Half Year (net of any expenses incurred in relation to the repayment of debt); *plus*

(c) the dollar value of any buy-back of Shares or capital reduction or capital return during that Half Year; *less*

(d) the dollar value of any new capital subscribed for Shares during that Half Year (net of any expenses incurred in relation to the new capital); *less*

(e) the dollar value of any new debt incurred by the Company during that Half Year (net of any expenses incurred in relation to the new debt),

in each case as determined and calculated by the Company in accordance with the Accounting Standards.

"**Affiliate**" means, in relation to any entity, any other entity that:

(a) is a Related Body Corporate of the first mentioned entity; or

(b) Controls, is Controlled by, or is under common Control with the first mentioned entity.

"**AFSL**" means an Australian financial services licence as defined in section 761A of the Corporations Act.

"**Agreement**" means this agreement.

"**Approved Purpose**" means in respect of each of the Company and the Manager, carrying out its obligations under this Agreement.

"**Assets**" means all the Property, Investments, rights and income of the Company from time to time.

"**ASX**" means ASX Limited or the market operated by it as the context requires.

"**ASX Listing Rules**" means the listing rules published by ASX from time to time.

"**Authorised Officer**" means, in relation to a party:

(a) a company director or company secretary of that party or any person whose title of office includes the words "Director", "Investment Manager" or other similar expression;

(b) any person acting in any such office; or

(c) any person nominated by that party as an authorised officer by notice in writing to the other parties (the notice to be signed by a company director or company secretary of the notifying party and accompanied by a certified copy of the signature of the nominated person).

"**Bank**" means a corporation authorised by law to carry on the general business of banking in Australia.

"**Base Fee**" means a fee equal to 0.75% per each Half Year period of the Gross Asset Value of the Company calculated as at the last Business Day of the relevant Half Year.

"**Board**" means the board of directors of the Company, from time to time.

"**Business Day**" means a day on which Banks are open for general banking business in Melbourne, excluding Saturdays, Sundays and public holidays.

"**Cash**" includes cheques, bank deposits, bank cheques, bank transfers, cash management trusts, bank drafts and bills of exchange.

"**Change of Control**" means, from the date of this Agreement, a change in the power to:

(a) exercise, or Control the exercise of, more than or equal to 50% of the voting power attaching to the shares or other form of equity in an entity;

(b) dispose of, or Control the disposal of, more than or equal to 50% (by value) of the shares or other form of equity in an entity;

(c) appoint or remove, or Control the appointment or removal of, directors having more than or equal to half of the votes cast at board meetings of an entity;

(d) exercise, or Control the exercise of, more than or equal to half of the votes cast by directors at board meetings of an entity; or

(e) otherwise determine, or Control the determination of, the outcome of decisions about an entity's financial and operating policies,

other than in respect of a Change of Control arising in respect of the Manager, the Thorney Group or any of their associates, exercising Control as a result of any of (a) to (d) above (inclusive).

"**Claim**" has the meaning given to that term in clause 13.1.

"**Commencement Date**" means the date nominated by the Manager and advised in writing to the Company provided that such date must be no later than 14 days following the date on which the Condition has been satisfied.

"**Company's Name**" means the name of the Company as registered with the Australian Securities and Investments Commission ("**ASIC**").

"**Conditions**" has the meaning given to that term in clause 2.

"**Confidential Information**" means all information, regardless of its form, relating to the Disclosing Party, its Affiliates or their businesses or affairs, other than any part of the information that is or becomes lawfully part of the public domain or that the Recipient can prove by written records was:

(a) developed or created by the Recipient prior to the Recipient receiving the information from the Disclosing Party or its Affiliates and independently of the Disclosing Party and its Affiliates; or

(b) received from a third party legally entitled to possess the information and provide it to the Recipient.

"**Constitution**" means the constitution of the Company from time to time.

"**Control**" has the meaning given to that term by section 50AA of the Corporations Act.

"**Controller**" means, in relation to a person's property:

(a) a receiver or receiver and manager of that property; or

(b) anyone else who (whether or not as agent for the person) is in possession, or has control of that property to enforce an Encumbrance.

"**Corporations Act**" means the *Corporations Act 2001* (Cth).

"**Costs**" includes costs, charges, fees, expenses, commissions, liabilities, losses, damages and all amounts payable in respect of any of them.

"**Disclosing Party**" means a party that has disclosed information to another party.

"**Dispute**" and "**Disputant**" have the meaning given to those terms in clause 19.1.

"**Encumbrance**" means any mortgage, lien, hypothecation, charge (whether fixed or floating), bill of sale, caveat, pledge, claim, trust arrangement, preferential right, right of set-off, title retention or other form of encumbrance.

"**End Date**" means:

(a) while the Company is an Investment Entity, the date that is the later of:

(i) the fifth anniversary of the Commencement Date; and

(ii) any date approved by the ASX pursuant to a waiver of the ASX Listing Rules; and

(b) in all other circumstances, the date that is the tenth anniversary of the Commencement Date.

"**Exclusive Services**" means the services set out in section 1 of Schedule 1.

"**Expenses**" means a third party Cost or expense reasonably and properly incurred by the Manager in connection with the provision of the Services, including any Expense Item (but excluding in-house administration costs of the Manager in the nature of rent for the Manager's premises, computer charges, salaries and like expenses or any Taxes imposed on the Manager in respect of any Fees or other payments) or any other Cost or expense agreed between the Company and the Manager from time to time.

"**Expense Items**" means those items set out in Schedule 3.

"**Extended Term**" has the meaning given to that term in clause 4.2.

"**Fee**" means the Base Fee and the Performance Fee.

"**Financial Year**" means:

(a) each 12 month period ending on 30 June; or

(b) if the Company adopts a different period as its financial year, that other period.

"**First Licence Term**" means the period commencing on the date on which shareholder approval is obtained to change the Company's Name to a name that includes the Name and ending on the date that is 3 months following the date of termination of this Agreement under clause 14.

"**Force Majeure**" means any event or circumstance outside a party's reasonable control including, but not limited to, fire, storm, flood, lightning, earthquake, natural disaster, explosion, war (whether declared or not), terrorism, invasion, rebellion, sabotage, epidemic, blockade, embargo, riot, disturbance, lockout, labour dispute, labour shortage or other labour disturbance, or the failure of a public utility.

"**Government Agency**" means:

(a) a government or government department;

(b) a governmental, semi-governmental, regulatory or judicial entity or authority; or

(c) a person (whether autonomous or not) who is charged with the administration of a law.

"**Gross Asset Value**" means the total assets of the Company as determined and calculated by the Manager in accordance with the Accounting Standards.

"**GST**" means Goods and Services Tax within the meaning of the GST Act.

"**GST Act**" means the *A New Tax System (Goods and Services Tax) Act 1999* (as amended).

"**Half Year**" means each period of six consecutive Months ending on 30 June or 31 December in any Financial Year, except:

(a) the first Half Year following the Commencement Date will be the period commencing on the Commencement Date and ending on 31 December 2016 (or 30 June 2017 where the Commencement Date is on or after 1 January 2017); and

(b) the last Half Year prior to termination of this Agreement will be the period commencing on the first day of the preceding Half Year and ending on the date on which this Agreement is terminated.

"**Increase Amount**" has the meaning given to that term in the definition of Performance Fee.

"**Initial Period**" has the meaning given to that term in clause 19.3.

"**Initial Term**" has the meaning given to that term in clause 4.1.

"**Input Tax Credit**" has the meaning given by Section 195-1 of the GST Act.

"**Insolvency Event**" means the occurrence of any of the following events in relation to any person:

(a) the person becomes insolvent as defined in the Corporations Act, states that it is insolvent or is presumed to be insolvent under an applicable law;

(b) the person is wound up, dissolved or declared bankrupt;

(c) the person becomes an insolvent under administration as defined in the Corporations Act;

(d) a liquidator, provisional liquidator, Controller, administrator, trustee for creditors, trustee in bankruptcy or other similar person is appointed to, or takes possession or control of, any or all of the person's assets or undertaking;

(e) the person enters into or becomes subject to:

  (i) any arrangement or composition with one or more of its creditors or any assignment for the benefit of one or more of its creditors; or

  (ii) any re-organisation, moratorium, deed of company arrangement or other administration involving one or more of its creditors;

(f) an application or order is made (and, in the case of an application, it is not stayed, withdrawn or dismissed within 30 days), resolution passed, proposal put forward, or any other action taken which is preparatory to or could result in any of (b), (c), (d) or (e) above;

(g) the person is taken, under section 459F(1) of the Corporations Act, to have failed to comply with a statutory demand;

(h) the person suspends payment of its debts, ceases or threatens to cease to carry on all or a material part of its business or becomes unable to pay its debts when they fall due; or

(i) anything occurs under the law of any jurisdiction which has a substantially similar effect to any of the other paragraphs of this definition,

unless the event occurs as part of a solvent reconstruction, amalgamation, merger or consolidation that has been approved in writing by the Company.

"**Intellectual Property**" means all intellectual and industrial property rights of whatever nature (whether or not registered or registrable).

"**Investment**" means an investment made or proposed to be made in accordance with the Investment Policy.

"**Investment Committee**" means a sub-committee of the Board which is responsible for considering Investments proposed by the Manager.

"**Investment Entity**" has the meaning given to that term in the ASX Listing Rules.

"**Investment Policy**" means the policy of the Company set out in section 1 of Schedule 2.

"**Investment Objectives**" means the objectives of the Company in relation to the Portfolio, as set out in section 2 of Schedule 2.

"**Law**" includes a statute, regulation, by-law, ordinance or subordinate legislation in force from time to time.

"**Liabilities**" means all liabilities of the Company, including all liabilities accrued but not yet paid, borrowings, costs, contingent liabilities, unpaid amounts, any debt or other monetary liability or penalty, fine or payment or any damages, losses, costs, charges, outgoings or expenses of whatever description.

"**Licence Fee**" means during the:

(a) First Licence Term, $10;

(b) Second Licence Term, the price agreed between the Company and the Manager following the end of the First Licence Term or, failing agreement within 14 days, the price determined by independent valuation in accordance with Schedule 4.

The Licence Fee is payable monthly in arrears.

"**Licence Term**" means the First Licence Term and the Second Licence Term.

"**Month**" means a calendar month.

"**Name**" means "Thorney".

"**Net Tangible Asset Backing**" has the meaning given to that term in the ASX Listing Rules.

"**Non-Exclusive Services**" means the services set out in section 2 of Schedule 1;

"**Performance Fee**" means the Performance Fee set out in clause 12.2.

"**Portfolio**" means all of the Assets, Liabilities and rights of the Company, including all income and accretions thereof.

"**Portfolio Value**" means, as at any date that such value is required to be ascertained, the aggregate sum of the values of each Investment as determined and calculated by the Manager in accordance with the Accounting Standards adjusted by the following valuation methodologies:

(a) **Cash (including income)** - the amount of such Cash as calculated in Australian dollars;

(b) **Listed securities on a recognised stock exchange** - the market value as ascribed by that stock exchange on the date of valuation;

(c) **other** - if an investment is not included within paragraphs (a) and (b) of this definition, the value of that Investment will be its market value or fair value as reasonably determined by the Manager.

"**Property**" means property of any description and includes land or personal property and any estate or interest in property and any debt or chose in action or any other right or interest and any permit, licence or authority or any patent, copyright, design, trade mark or other form of intellectual property.

"**Quarter**" means each period of three consecutive months ending on 31 March, 30 June, 30 September or 31 December in any Financial Year.

"**Recipient**" means a party that has received information from another party.

"**Related Body Corporate**" has the meaning given to that term by section 9 of the Corporations Act.

"**Related Entity**" has the meaning given to that term by section 9 of the Corporations Act.

"**Second Licence Term**" means the period commencing on the date that is 3 months following the date of termination of this Agreement under clause 14 and ending on the date that the Company ceases to use the Name in the Company's Name.

"**Services**" means the Exclusive Services and the Non-Exclusive Services set out in Schedule 1.

"**Share**" means a share in the capital of the Company.

"**Shareholder**" means a holder of one or more Shares.

"**Tax**" means any tax, levy, impost, duty, charge, deduction, compulsory loan or withholding of whatever kind (together with any related interest, penalty, fine or expense) that is imposed by law or any Government Agency.

"**Taxable Supply**" has the meaning given by Section 195-1 of the GST Act.

"**Tax Invoice**" has the meaning given by Section 195-1 of the GST Act.

"**Term**" means the Initial Term as extended by any Extended Term(s).

"**Thorney Group**" means Thorney Holdings Pty Ltd and each of its associates and Related Entities.

1.2 Words and expressions

In this Agreement, unless the context requires otherwise:

(a) the singular includes the plural and vice versa;

(b) words denoting any gender include all genders;

(c) where a word or phrase is defined, its other grammatical forms have a corresponding meaning;

(d) a reference to a party, clause, paragraph, schedule or annexure is a reference to a party, clause, paragraph, schedule or annexure to or of this Agreement;

(e) a reference to this Agreement includes any schedules or annexures;

(f) headings are for convenience and do not affect interpretation;

(g) the background or recitals to this Agreement are adopted as and form part of this Agreement;

(h) a reference to any document or agreement includes a reference to that document or agreement as amended, novated, supplemented, varied or replaced from time to time;

(i) a reference to "$", "A$" or "dollar" is a reference to Australian currency;

(j) a reference to a time is a reference to Australian Eastern Standard Time;

(k) a reference to a party includes its executors, administrators, successors, substitutes (including persons taking by novation) and permitted assigns;

(l) a reference to writing includes any method of representing words, figures or symbols in a permanent and visible form;

(m) words and expressions denoting natural persons include bodies corporate, partnerships, associations, firms, governments and governmental authorities and agencies and vice versa;

(n) a reference to any legislation or to any provision of any legislation includes:

(i) any modification or re-enactment of the legislation;

(ii) any legislative provision substituted for, and all legislation, statutory instruments and regulations issued under, the legislation or provision; and

(iii) where relevant, corresponding legislation in any Australian State or Territory;

(o) no rule of construction applies to the disadvantage of a party because that party was responsible for the preparation of this Agreement or any part of it;

(p) a word or term defined in the Corporations Act has the same meaning in this Agreement;

(q) a word or term defined in *A New Tax System (Goods and Services Tax) Act 1999* (Cth) has the same meaning in this Agreement where used in connection with the GST imposed under that Act; and

(r) the words "including", "for example", "such as" or other similar expressions (in any form) are not words of limitation.

1.3 Other rules of interpretation

In this Agreement, unless expressly provided otherwise:

(a) (**method of payment**) any payment of money by one party to another will be made in Australian currency by Bank cheque or by credit of cleared funds to a Bank account specified by the recipient;

(b) (**Business Days**) if:

(i) the day on or by which any act, matter or thing is to be done is a day other than a Business Day, the act, matter or thing will be done on the next Business Day; and

(ii) any money falls due for payment on a date other than a Business Day, that money will be paid on the next Business Day (without interest or any other amount being payable in respect of the intervening period); and

(c) (**inconsistency within document**) if a clause of this Agreement is inconsistent with a schedule or annexure of this Agreement, the clause prevails to the extent of the inconsistency.

2 Conditions

2.1 Conditions precedent

The provision of the Services by the Manager is subject to and conditional upon the approval referred to in paragraph (f) of the definition of "Shareholder Approval" in the Implementation Deed between the Company and the Manager (dated on or about [insert] 2016) being satisfied or waived in accordance with the terms of the Implementation Deed ("**Condition**").

2.2 Non-satisfaction

If the Condition set out in clause 2.1 is not satisfied by the date which is 3 months from the date of this Agreement then, at the option of either party, this Agreement may be terminated with immediate effect by giving written notice to the other party.

2.3 Termination

Upon termination of this Agreement under clause 2.2:

(a) clauses 9, 13, 18, 21 and 24 continue to apply;

(b) accrued rights and remedies of a party are not affected; and

(c) subject to clauses (a) and (b), the parties are released from further performing their obligations under this Agreement.

2.4 Notice of satisfaction

Each party must notify the other party in writing as soon as practicable after it becomes aware that the Condition is satisfied or that the Condition is incapable of being satisfied.

3 Appointment

3.1 Appointment

With effect from the Commencement Date, the Company appoints the Manager, and the Manager accepts the appointment, to provide:

(a) the Services; and

(b) any other services as agreed between the Company and the Manager from time to time,

for the Term and on the terms and conditions contained in this Agreement.

3.2 Exclusivity

(a) The Company will not appoint any other person to provide it with the Exclusive Services during the Term without the prior written consent of the Manager, which

may be given conditionally or unconditionally or withheld in the Manager's absolute discretion.

(b) The Manager may provide the Non-Exclusive Services as and when required by the Company from time to time, however the parties acknowledge and agree that:

(i) the Manager is not required to provide the Non-Exclusive Services; and

(ii) the Company may engage another person to provide the Non-Exclusive Services or may perform the Non-Exclusive Services itself.

3.3 No partnership, joint venture or other fiduciary relationship

Nothing in this Agreement is intended to or shall be deemed to constitute any partnership, joint venture, fiduciary relationship or other similar type of association between the Manager and the Trustee.

4 Term

4.1 Initial Term

Subject to the ASX Listing Rules or any waiver from the ASX Listing Rules, this Agreement commences on the Commencement Date and ends on the End Date ("**Initial Term**") unless:

(a) terminated earlier in accordance with clause 14; or

(b) extended in accordance with clause 4.2.

4.2 Extension

(a) Subject to the ASX Listing Rules, any waiver from the ASX Listing Rules and clause 14, the Manager may, at the end of the Initial Term and at the end of each subsequent term, extend the term of this Agreement for a further period of 7 years ("**Extended Term**") by giving the Company at least nine months' written notice before the end of the then current term. For the avoidance of doubt, this right to extend may be exercised repeatedly by the Manager before the end of any current term, subject to the Manager's compliance with the notice requirements set out in this clause and to clause 14.

(b) The Manager may only give the Company notice to extend the Term if it is not in breach of this Agreement at the time of giving notice.

5 Functions and Duties of the Manager

5.1 Provision of Services

(a) During the Term, the Manager must provide:

(i) the Services for the Fees on the terms of this Agreement;

(ii) the information set out in clause 5.3 to the Board in a timely manner; and

(iii) other services as agreed between the Company and the Manager from time to time.

(b) The Manager must ensure that in carrying out its obligations under this Agreement (including the performance of the Services) it does so:

(i) in a good, efficient, proper and professional manner and in accordance with the ASX Listing Rules, the Corporations Act and any other Laws applicable to the Company and the Manager; and

(ii) subject to clause 5.2, in accordance with the Investment Policy (except in respect of (d) or (e) of the Investment Policy where the Manager does not have the appropriate authorisations under an AFSL) and the Investment Objectives.

5.2 Investment Policy

(a) If the Manager has not carried out its obligations under this Agreement in accordance with the Investment Policy because of a matter outside the reasonable control of the Manager, the Manager must, where possible, take reasonable steps to remedy the non-compliance as soon as reasonably practicable after the Manager becomes aware of the non-compliance.

(b) Such non-compliance will not constitute a breach of this Agreement and the Company will not have any right or remedy in relation to such non-compliance if it is remedied within 20 Business days after the Manager becomes aware of the non-compliance and where the Manager is reasonably capable of remedying the non-compliance.

5.3 Provision of information

The Manager must keep the Board informed in respect of the management of the Portfolio including by providing the following information:

(a) details of Investments and the Portfolio as reasonably required by the Company and within 5 Business Days following a written request provided by the Company to the Manager;

(b) an estimate of the Portfolio Value on a Quarterly basis (within 5 Business Days of the end of each Quarter) and other valuations and reports as may be reasonably required by the Company from time to time and within 21 Business Days following a written request provided by the Company to the Manager;

(c) while the Company is an Investment Entity, an estimate of the Company's Net Tangible Asset Backing as at the end of each Month within such period of time of the end of each Month so as to allow the Company to satisfy its disclosure obligations under the ASX Listing Rules; and

other information reasonably required by the Company in order to comply with applicable Laws by such time as is reasonably required by the Company.

5.4 Audit and monitoring of performance

Periodically the Company may formally review the Manager's performance under this Agreement. On reasonable notice, the Company may require that a representative from the Manager's senior management attend a meeting with the Company to report on the Manager's activities and performance of the Services.

6 Manager's powers

6.1 Manager's powers

(a) Subject to clause 6.2, in providing the Services and pursuant to this Agreement, the Manager has all the powers in respect of the Portfolio that it would have if it were the absolute owner of the Portfolio and acting in its personal capacity.

(b) Without limiting clause 6.1, the Manager is permitted to, on behalf of the Company:

(i) execute all documents which the Manager considers are necessary to execute for the purposes of providing the Services; and

(ii) charge or encumber in any way any asset in the Portfolio.

6.2 Approval by the Company

(a) The Company and the Manager may, from time to time, agree in writing any:

(i) amendments to the Investment Policy or the Investment Objectives;

(ii) investment approval procedures to limit the Manager from making or implementing certain decisions to invest in Investments without first obtaining the approval of the Board or Investment Committee (if there is an Investment Committee).

(b) The Manager may, in its discretion, refer to the Board or Investment Committee (if there is an Investment Committee) a recommendation of a particular Investment or a particular Investment over a threshold for the Board to consider.

(c) The Company and the Manager may from time to time agree in writing that the Company undertake certain Investments outside of the Exclusive Services.

6.3 Discretions of the Manager

Subject to clause 6.2, the Company acknowledges and agrees that the Manager has the discretion to manage the Portfolio and do all things considered necessary or desirable in relation to the Portfolio including:

(a) the investigation of, negotiation for, acquisition and disposal of, every Investment and any proposed Investment and the provision of the Exclusive Services to the Company;

(b) from time to time and on behalf of the Company, to sell, realise or deal with all or any of the Investments or to vary, convert, exchange or add other Investments in lieu of those Investments;

(c) if any of the Investments for the time being comprised in the Portfolio is at any time during the Term redeemed or the capital paid on it is wholly or partly repaid (whether by way of reduction of capital or otherwise) by the company or other person or body by which that Investment was issued or created, either:

(i) convert the Investment into some other Investment; or

(ii) accept repayment in case of the capital paid or advanced on the Investment and any other monies payable in connection with that redemption or repayment and reinvest all or any of the monies becoming payable; and

(d) either to retain as part of the Portfolio or to retain part and sell the balance of any property received by the Company by way of bonus or in lieu of or in satisfaction (in whole or in part) of a dividend in respect of any Investments.

6.4 Change to Investment Policy and the Investment Objectives

(a) Notwithstanding any other provision of this Agreement, the Manager may only manage the Portfolio in accordance with the Investment Policy and the Investment Objectives.

(b) If the Manager wishes to undertake a proposed Investment that is not consistent with the Investment Policy or the Investment Objectives, the Manager must first obtain the approval from the Board or the Investment Committee (if there is an Investment Committee) to:

(i) undertake that proposed Investment; or

(ii) amend the Investment Policy or the Investment Objectives.

(c) In seeking approval, the Manager must provide such information to the Company regarding the proposed Investment to enable the Company to determine how the investment deviates from the Investment Policy or the Investment Objectives and

the proposed change to the Investment Policy or the Investment Objectives as the Company may reasonably request.

(d) The Company may withhold its approval under this clause 6.4 in its absolute discretion.

6.5 Delegation

(a) The Manager is permitted to authorise any person to act as its agent or delegate (in the case of a joint appointment, jointly and severally) to perform any act or exercise any discretion within the Manager's power, including the power to appoint in turn its own agent or delegate.

(b) The delegation of any power, task or duty under this Agreement by the Manager to any person or entity has no effect on and does not diminish the responsibility or liability of the Manager for the proper exercise of that obligation, discretion, power, task or duty.

6.6 Compliance with applicable Laws

The Manager must comply with applicable Laws to the extent that they concern the obligations, functions, powers and duties of the Manager under this Agreement. However, the Company acknowledges that:

(a) the Manager may act on specific instructions given by the Board (and such instructions may be provided by at least one director in writing on behalf of the Board who has the relevant authority) without investigating whether the act will comply with applicable Laws but must not comply with any direction which it is aware will cause a breach of the applicable Laws; and

(b) the Manager has no obligation to ensure that it complies with any Law applicable to the Company or any constitutional documents or legislation regulating the Company to the extent that it does not concern the obligations, functions, powers and duties of the Manager under this Agreement.

For the avoidance of doubt, nothing in this clause requires the Board to delegate any of its powers to any single director of the Company or revoke any delegation of its powers at any time.

6.7 Common investment of funds

(a) The Manager may make any common investments for the Portfolio with any other investments in, or portfolios managed by, or in financial products issued by, any member of the Thorney Group on its own account or on behalf of other persons including any other member of the Thorney Group or as manager or trustee of any other entity.

(b) The Company consents fully to the Manager acting in the acquisition and disposal of assets on behalf of other persons.

(c) The Company consents fully to the Manager advising both on the Portfolio and any other portfolios or investments advised by the Manager.

6.8 Manager's rights to provide services to others

The Manager may from time to time perform services for itself and other persons (including persons whose interests may be in competition with those of Shareholders) the same as or similar to the Services performed for the Company under this Agreement subject to the Manager maintaining reasonable and adequate systems and records that distinguish the Portfolio from the property of any other person and to the extent that it does not result in the Manager being in breach of its obligations under this Agreement. The Company acknowledges that:

(a) the Manager has no obligation to recommend for purchase or sale, for the account of the Company, any investment which the Manager purchases or sells for its own account or for the account of any other client of the Manager;

(b) the Manager may give advice and take action in the performance of its duties for other clients which differ from advice given and action taken in relation to the Portfolio; and

(c) any personnel provided by the Manager to the Company in order to satisfy its obligations under this Agreement will only be required to provide the Services for such proportion of their normal working hours as is reasonably required and may also provide services to, or on behalf of, any member of the Thorney Group.

6.9 Investment opportunities

The Company acknowledges and agrees that:

(a) there is no obligation on the Manager to recommend an acquisition or investment opportunity to the Company in preference to itself, any member of the Thorney Group or any other entity; and

(b) the allocation of investment opportunities is at the sole discretion of the Manager.

7 Obligations of the Manager

In the course of performing the Services, the Manager must:

(a) exercise all due care, skill and diligence in carrying out its duties and in performing its obligations under this Agreement;

(b) hold in its own name, or being appointed as an authorised representative under, any required AFSL, with the appropriate authorisations required for it to perform the Services and comply with all obligations with respect to that AFSL and related agreements;

(c) ensure that it, or its agents or delegates, has and maintains throughout the term of this Agreement a sufficient number of competent and appropriately qualified and skilled personnel to perform its obligations and provide the Services in a timely manner;

(d) ensure that the performance by the Manager of any services or other work to persons other than the Company does not prevent the Manager from performing any Services in accordance with this Agreement.

(e) exercise due care in selecting, appointing and reviewing the performance of any agent or delegate of the Manager in connection with the Portfolios or any Investment;

(f) maintain adequate records of all transactions and other matters in relation to the Portfolio and retain such records for not less than 7 years;

(g) maintain appropriate and adequate compliance arrangements;

(h) provide the Board with information in relation to the performance of the Manager's material obligations under this Agreement, as the Board may reasonably request;

(i) keep such accounting records as are reasonably required so as to correctly record and explain the transactions in relation to the Portfolio for each accounting period of the Company in such a manner as will enable:

(i) the annual preparation of true and fair accounts by the Company in accordance with the Accounting Standards within the time required;

(ii) the accounts of the Company to be properly audited in accordance with the Accounting Standards;

(iii) any required Tax returns or filings to be made by the Company within the time required; and

(iv) the Company to meet any other requirements of any Government Agency in respect of its affairs within the time required;

(j) promptly deposit all moneys payable to the Company to a bank account held in the name of the Company;

(k) use its reasonable endeavours to ensure that all property of the Company (other than moneys to be deposited to any bank account of the Company) is transferred to or otherwise held in the name of the Company or any nominee or custodian appointed by the Company;

(l) cooperate with the Company and its agents whenever requested to reconcile reports within an agreed timetable;

(m) advise the Company as soon as reasonably practicable after becoming aware of any event (including but not limited to, any change in the Manager's operations):

(i) which has or may have a significant adverse effect on the financial position of the Portfolio;

(ii) which adversely affects the ability of the Manager to perform its obligations under this Agreement;

(iii) so far as the disclosure document relates to the Manager and the Portfolio, that it should reasonably be expected to know may cause the Company to breach any Company disclosure document or cause any statement included in a Company disclosure document to become false or misleading or likely to mislead or deceive, or cause the Company to have to issue a supplemental or amending disclosure document;

(iv) which causes a breach of any applicable Law; or

(v) relating to the Manager or the Portfolio which the Manager considers that the Company should be aware of in discharging its responsibilities in respect of the Portfolio;

(n) promptly give the Company copies of any correspondence with any regulatory authority which refers to the occurrence of any matters which may result in the termination of this Agreement; and

(o) use its reasonable endeavours to maintain at its own expense professional indemnity insurance in relation to its management business with such insurers, to cover such risks, for such amounts and on such terms and conditions as the Company and Manager agree, acting reasonably, having regard to cost and the nature of the tasks the Manager is required to carry out under this Agreement. The Manager must, upon written request from the Company, give the Company any information it may reasonably require concerning the scope of such insurance.

8 Obligations of the Company

8.1 Company to do all things necessary

(a) The Company must provide such assistance as is reasonably requested by the Manager to permit it to provide the Exclusive Services under this Agreement.

(b) If, pursuant to paragraph (i) of the Exclusive Services, the Manager recommends to the Company the raising of any additional capital, whether by way of debt or

equity, which the Manager requires to pursue the Investment Objectives or any Investment, the Company must, subject to the directors of the Company satisfying their fiduciary obligations and any other applicable Law, use its reasonable endeavours to implement that recommendation, including, seeking any necessary approvals from shareholders.

(c) Upon request by the Manager, the Company must from time to time appoint the Manager as its attorney to execute instruments and do things reasonably required for the purpose of providing the Exclusive Services.

8.2 Company's officers

The Company must ensure that:

(a) each of its officers and employees, each of its subsidiaries and each of its subsidiaries' officers and employees acts in accordance with the Company's obligations under this Agreement; and

(b) the Company and its subsidiaries provide to the Manager all information which the Manager may reasonably require to provide the Services and on such dates as the Manager may reasonably require.

8.3 Board's powers

Subject to the provisions of the Corporations Act and the Constitution, the Manager acknowledges that the Board has the sole power to:

(a) manage the business of, and control the day to day operation of, the Company;

(b) pay all Costs incurred in promoting and incorporating the Company; and

(c) exercise all the powers of the Company which are not by the Corporations Act or the Constitution required to be exercised by the Company in general meeting,

and the Manager undertakes not to do any of the above except in accordance with this Agreement or as expressly authorised so to do by the Board.

9 Indemnity

9.1 Company

The Company must indemnify the Manager and its employees, officers, delegates, agents and contractors against any Costs (including legal expenses on a full indemnity basis) reasonably and properly incurred by the Manager or its employees, officers, delegates, agents or contractors arising out of, or in connection with, the Manager's performance of the Services pursuant to this Agreement except to the extent any Cost is incurred as a result of a breach of this agreement, or the fraud or wilful misconduct of the Manager or its employees, officers, delegates, agents or contractors. For the avoidance of doubt, this indemnity excludes:

(a) any Costs in respect of which any amount may be payable to the Manager under clause 13.1; and

(b) any Costs specified in clause 13.2.

9.2 Manager

The Manager must indemnify the Company and its employees, officers, delegates, agents and contractors against any Costs (including legal expenses on a full indemnity basis) that are incurred by the Company or its employees, officers, delegates, agents or contractors as a result of a breach of this agreement, or the fraud or wilful misconduct of the Manager or its employees, officers, delegates, agents or contractors except to the extent any Cost is incurred as a result of a breach of this agreement or the negligence,

fraud or wilful misconduct of the Company or its employees, officers, delegates, agents or contractors.

9.3 Continuing obligation

The indemnities contained in clauses 9.1, 9.2 and 13.1 are continuing obligations separate and independent from the other obligations of the parties and survive the termination of this Agreement.

10 Conflicts of interest

10.1 Use of Related Entities

(a) The Company acknowledges that the Manager may, in connection with this Agreement, invest in, deal with or engage the services of any member of the Thorney Group engaged in separate business activities which are entitled to charge fees, brokerage and commissions provided that they are in the ordinary course of business, on an arm's length commercial basis and approved by the Board (who may seek the review of the terms and conditions of any agreement, arrangement or transaction by an independent third party appointed by the Board). Services provided within the terms of a general approval by the Board do not require specific approval by the Board.

(b) Without limiting clause 10.1(a) and subject to the mandate arrangements that the Company may have in place as at the date of this agreement, any member of the Thorney Group may be appointed as a financial adviser to the Company and to underwrite and/or lead manage the offer of any Shares.

(c) Any fees payable to any member of the Thorney Group for such services are in addition to all Fees owing under clause 11.

10.2 Conflicts of interest

Nothing in this Agreement restricts the Manager (or any member of the Thorney Group) from:

(a) dealing with any holder of Shares or any warrant in respect of Shares;

(b) being interested in any contract or transaction with the Company on an arm's length commercial basis; or

(c) investing and being invested in any holder of Shares or any warrant in respect of Shares.

10.3 No avoidance of contracts

No contract or transaction referred to in clauses 10.1 and 10.2 in which the Manager or any other member of the Thorney Group is interested in any way, whether directly or indirectly, will be avoided and neither the Manager nor the other member of the Thorney Group will be liable, by reason of the Manager's appointment as Manager under this Agreement, to account to the Company or any other person for any profit or benefits arising from such contracts or transactions and it may retain such profits or benefits. Any fees paid or payable in relation to such contracts or transactions are to be retained by the person to whom those fees are paid or payable.

10.4 Holding shares and exercise of rights

The Manager and the other members of the Thorney Group may hold Shares in any capacity.

11 Voting Rights

The Company must provide the Manager with a standing authority to exercise any right to vote attached to a share, unit or other security forming part of the Portfolio to the extent required by the Manager to provide the Exclusive Services. Where the exercise of a corporate action is contrary to the Investment Policy or the Investment Objectives, the Manager may not take any action unless the Company specifically authorises it to do so.

12 Fees and Taxes

12.1 Base Fee

The Company must pay the Manager the Base Fee for each Half Year period in a Financial Year by Bank cheque or by credit of cleared funds to a Bank account specified by the Manager within 60 days of receiving an invoice from the Manager setting out the amount of the Base Fee for the relevant Half Year period. In respect of the period from the Commencement Date to 31 December 2016 (or 30 June 2017, if the Commencement Date is after 31 December 2016) and any period from the calculation of the last Base Fee prior to termination of this Agreement and which is less than six (6) months, the amount of the Base Fee payable to the Manager will be calculated on a pro rata basis with reference to the length of the period.

12.2 Performance Fee

(a) The Company must pay the Manager the Performance Fee for each Half Year by Bank cheque or by credit of cleared funds to a Bank account specified by the Manager within 60 days of receiving an invoice from the Manager setting out the amount of the Performance Fee for the relevant Half Year period.

(b) The Performance Fee is 20% of the Increase Amount ("**IA**") for the Measurable Portfolio where:

(i) IA = (VP – PVP);

(ii) VP is the aggregate Measurable Value of the Measurable Portfolio, before corporate expenses and taxes, but after the payment of any other Management Fees, calculated on the last Business Day of the relevant Half Year;

(iii) PVP means the Measurable Value of the Measurable Portfolio for the preceding Half Year, before corporate expenses and taxes, but after the payment of any other Management Fees, calculated on the last Business day of the preceding Half Year, and plus or minus (as the case may be) any Adjustment Value in respect of the relevant period that IA is being calculated;

(iv) "**Measurable Portfolio**" means Investments in the Portfolio, including cash, that have a Measurable Value.

(v) "**Measurable Value**" is the value of Investments determined in accordance with the Accounting Standards or a similar standard in respect of non-Australian assets, or otherwise where the Board of the Company, in its discretion, makes a determination of value.

(vi) In calculating the Performance Fee, the Board of the Company and Manager may agree that a particular Investment (such as an unlisted Investment) with limited objective criteria to assist in the determination of value be treated as either not having a Measurable Value or not recognising any change to its Measurable Value for the purpose of calculating the Increase Amount. Further the Board of the Company and the Manager may agree that a potential increase in the Measurable Value

for a particular Investment be deferred, ignored, or reduced for the purpose of calculating the Increase Amount, even if it is considered that a different value be recognised for the purpose of the Company's accounts or other purposes.

(c) The Performance Fee must not be less than zero. If there is no Increase Amount in respect of the Measured Portfolio for a Financial Year, the shortfall is not to be carried forward and not to be deducted from any Increase Amount for the next Half Year or, if necessary, Half Years, for the purpose of calculating future Performance Fees.

12.3 Worked example of Performance Fee calculation

Scenario

(a) At the end of the HY ended 31 December 2016, the Measurable Value of the Measurable Portfolio is $100.

(b) At the end of the HY ended 30 June 2017, the Measurable Value of the Measurable Portfolio is $125.

(c) During the period commencing on 1 January 2017 and ending on 30 June 2017, the Company raised additional equity of $10.

Performance Fee calculation

(d) IA = (VP – PVP), where VP = $125 and PVP = $100 + $10 = $110

(e) IA = $125 - $110 = $15

(f) Performance fee = 20% x $15 = $3

12.4 Waiver of Fees

The Manager may, in its sole discretion, accept lower Fees than it is entitled to receive under this Agreement and may defer payment for any period. Any deferred payments will accrue daily until paid.

12.5 Resignation Entitlement

If the Manager resigns and terminates this Agreement in accordance with clause 14.1(a), then, unless the Manager agrees otherwise, clauses 12.1 and 12.2 shall have effect as if the date of retirement or removal is the last day of a Half Year in a Financial Year.

12.6 Termination Entitlement

(a) If this agreement is terminated in accordance with clause 14.1(b)(i), 14.1(b)(ii) or where the Agreement is terminated by the Company in circumstances where the Company has no right of termination and therefore such termination is in breach of this Agreement, the Company must, within 30 days of the termination of this Agreement, pay to the Manager by Bank cheque or by credit of cleared funds to a Bank account specified by the Manager a lump sum payment equal to:

(i) the average Base Fee for the previous two (2) Financial Years multiplied by 6; *plus*

(ii) the average Performance Fee for the previous two (2) Financial Years, multiplied by 3,

except in the case where such termination occurs at a time after which the Manager ceases to be entitled to exercise its right to extend this Agreement under clause 4.2, in which case the lump sum payment payable by the Company to the Manager will be equal to:

(iii) the average Base Fee for the previous two (2) Financial Years multiplied by the proportion of 6 months represented by the length of the period

remaining until the end of the term that this agreement would otherwise have if it ended under clause 4; *plus*

(iv) the average Performance Fee for the previous two (2) Financial Years multiplied by the proportion of 12 months represented by the length of the period remaining until the end of the term that this agreement would otherwise have if it ended under clause 4.

(b) If this agreement is terminated in accordance with clause 14.1(b)(iii), 14.2(b) or 14.2(c), the Company must, within 30 days of the termination of this Agreement, pay to the Manager by Bank cheque or by credit of cleared funds to a Bank account specified by the Manager a lump sum payment equal to the average Base Fee for the previous two (2) Financial Years.

(c) For the purpose of clauses 12.6(a) and 12.6(b), if the period from the Commencement Date to the date of the termination of this Agreement is less than two (2) Financial Years:

(i) the period for determining the average Base Fee will be the period from the Commencement Date to the date of termination of this Agreement; and

(ii) the period for determining the Performance Fee will be the Financial Year between the Commencement Date and the date of termination.

If this Agreement is terminated prior to the completion of the first Financial Year following the Commencement Date, the period for determining the Base Fee will be the period from the Commencement Date to the date of termination of this agreement.

(d) The parties acknowledge that, after making all due and reasonable inquiries, the termination entitlement in clause 12.6(a) or 12.6(b) represents a genuine and reasonable pre-estimate of the amount required to compensate the Manager in respect of the damages and loss actually flowing from those events that give the Manager the right of termination.

(e) The parties agree that if an amount is paid by the Company to the Manager under clause 12.6(a) or 12.6(b), the Manager cannot make any further Claim for damages against the Company in respect of any Loss suffered as a result of the termination of this agreement, for so long as this clause 12.6 remains in full force and effect.

12.7 Payment on account only

A payment of any Fee made by the Company in relation to this Agreement will not be evidence of the Fee being correctly calculated or an admission of liability, but is a payment on account only.

12.8 Set off

Despite anything else contained in this Agreement, the Company may deduct from any amount payable to the Manager under this Agreement any amount the Company has overpaid, as agreed between the Manager and the Company, in respect of a previous invoice or is entitled to a credit in respect of any invoice.

12.9 Taxes

(a) The Manager must make any payment from the Portfolio and transfer all or any part of the Portfolio to the Company without deduction of any Taxes, unless the Manager is required by a relevant Law to deduct an amount in respect of Taxes, excluding penalties and interest arising from the Taxes, from the payment. In that case, the Manager must pay to the relevant tax authority the deducted amount on account of the Company in compliance with the relevant Law and

provide details to the Company of any such payment of Taxes in a form either as required by a relevant Law or as requested by the Company. The Company must indemnify the Manager and keep the Manager indemnified after termination of this Agreement against any liability for Taxes, excluding penalties and interest arising from the Taxes, which the Manager ought to have deducted in accordance with this clause 12.9(a) at the time the payment was made to the Company.

(b) If the Company is required, in its opinion, to withhold any amount in respect of Taxes from a payment to be made to the Manager under this Agreement, it is entitled to do so and such withholding and payment to the relevant tax authority will be a good discharge of its obligation to pay the relevant amount to the Manager. In the event that the Company pays an amount to the Manager without withholding an amount in respect of Taxes, the Company will be indemnified, and kept indemnified by the Manager after termination of this Agreement, for any loss suffered by it as a result of failing to withhold.

13 Expenses

13.1 Company liable for expenses

(a) Subject to clause 13.3, the Company is liable for and must pay out of the Portfolio (or, if paid by the Manager, reimburse the Manager out of the Portfolio) any Expenses properly and reasonably incurred by the Manager in connection with the provision of the Services.

(b) The Manager may incur any Expenses referred to in clauses 13.1(a) without the Company's prior consent or permission and the Manager may cause them to be deducted from the Portfolio. The Manager shall allocate Costs and expenses incurred in connection with an Investment acquired or to be acquired on behalf of the Company and other clients between the Company and those clients proportionately to their respective interests in the Investment.

13.2 Deferral and waiver

The Manager may:

(a) defer reimbursement for an agreed period; and

(b) waive the right to be reimbursed in respect of,

any or all Expenses or part thereof under clause 13.1. Where reimbursement is deferred, the Manager does not waive any right to recover that Expense.

13.3 Manager not indemnified for certain expenses

Notwithstanding any other provision of this Agreement, the Manager is not indemnified for and is not entitled to be reimbursed for, or to have paid, by the Company any Costs, Expenses or Taxes to the extent that:

(a) they arise as a result of any breach of this agreement by the Manger or the fraud or wilful misconduct of the Manager or any officer, employee, delegate, agent or contractor of the Manager; or

(b) they are paid by any of the companies or entities in which the Company invests or are otherwise recovered by the Manager from any Investment or part of the Portfolio or from any other person.

13.4 Regulatory costs

For the avoidance of doubt, the Expenses will include any Expenses associated with the provision by the Manager of information and other assistance required in relation to the Company's compliance under any applicable Law.

14 Termination

14.1 Resignation by Manager

(a) Following the third anniversary of the Commencement Date, the Manager may, by giving to the Company not less than six months' written notice, resign from its appointment as Manager and terminate this Agreement.

(b) Subject to clause 14.1(c), the Manager may at any time resign from its appointment as Manager and terminate this Agreement in the event of:

(i) the Company committing a material breach of this Agreement (including any termination of this agreement by the Company not in accordance with clause 14.2 or any repudiation of this agreement by the Company) that:

(A) cannot be remedied;

(B) only where damages are not an appropriate remedy; and

(C) only after the Manager has provided 60 days' notice to the Company of such material breach;

(ii) an Insolvency Event occurring in relation to the Company; or

(iii) a Change of Control of the Company.

(c) While the Company is an Investment Entity, the Manager may only resign from its appointment as Manager and terminate this Agreement under clause 14.1(b) if the Manager has first given to the Company at least 3 months' written notice.

14.2 Termination by Company

(a) The Company may remove the Manager and terminate this Agreement with immediate effect if:

(i) the Manager has committed a material breach of this Agreement that:

(A) cannot be remedied;

(B) only where damages are not an appropriate remedy; and

(C) only after the Company has provided 60 days' notice to the Manager of such material breach; or

(ii) an Insolvency Event occurring in relation to the Manager.

(b) While the Company is an Investment Entity, the Company may remove the Manager and terminate this Agreement after the expiration of the Initial Term, on delivery of 3 months' prior written notice following approval of the Company's Shareholders to do so.

(c) If the Manager extends the Initial Term of this agreement under clause 4.2, the Company may remove the Manager and terminate this Agreement on delivery of 3 months' written notice prior to the expiry of the initial Extended Term or the expiry of any subsequent Extended Term following approval of the Company's Shareholders to do so. This right may be exercised notwithstanding that the Company is not an Investment Entity at that time.

14.3 Notification of material breach that can be remedied

The Company and the Manager must, as soon as it becomes aware, immediately notify the other of any breach or potential material breach of the terms of this Agreement.

14.4 Effect of termination

(a) If this Agreement is terminated under clause 14 then all rights and obligations under this Agreement terminate on that date, except:

(i) rights and obligations of the parties under clauses 1, 9, 16, 19, 21, 22, 23 and 24;

(ii) any transaction properly entered into prior to termination;

(iii) any claim by the Manager in respect of accrued Fees and expenses incurred in respect of the period to termination; or

(iv) any other claim which either party may have against the other.

(b) Rights and obligations of the parties under the clauses referred to in clause 14.4(a) shall survive termination of this Agreement and shall continue to apply notwithstanding any termination of this Agreement.

14.5 Delivery of documents

(a) Subject to clause 14.5(b), on the termination or expiry of this Agreement, the Manager must deliver to the Company within 14 days of the receipt of a written request all records and materials, regardless of form, in its possession or control which contain or embody Confidential Information, delete any electronic copies of this information and cease to use this information or any part of it and the Manager must transfer management, supervision and control of the Company's business, operations and administration in accordance with the Company's reasonable directions, and in the month before termination the Manager must manage and supervise the Company's business, operations and administration in a way to ensure an orderly transfer and the Manager must deal with the Company's money, property, rights and income solely for that purpose.

(b) The Manager may retain one copy of the Confidential Information solely for its corporate governance purposes.

15 Warranties and acknowledgements

15.1 Mutual Warranties

Each party represents and warrants that:

(a) (**status**) it is a body corporate duly incorporated under the laws of the place of its incorporation;

(b) (**power**) it has full legal capacity and power to:

(i) own property and carry on its business; and

(ii) enter into and perform its obligations under this Agreement;

(c) (**authorisations**) it has taken all corporate and other action required and obtained or been granted all consents, approvals, permissions and authorisations, whether internal or external, necessary to enable it to enter into and perform its obligations under this Agreement;

(d) (**binding obligations**) this Agreement constitutes a valid and legally binding obligation of it in accordance with its terms (except to the extent limited by equitable principles and laws affecting creditors' rights generally);

(e) (**no contravention**) the execution, delivery and performance of this Agreement will not contravene:

(i) any law, regulation, order, judgment or decree of any court or Government Agency which is binding on it or any of its property;

(ii) any provision of its constitution or equivalent documents; or

(iii) any agreement, undertaking or instrument which is binding on it or any of its property;

(f) (**no litigation**) no litigation, arbitration, mediation, conciliation, criminal or administrative proceedings are current, pending or (to the knowledge of any of its officers after due inquiry) threatened which, if adversely determined, could have a material adverse effect on its ability to perform its obligations under this Agreement;

(g) (**no untrue statements of fact**) no representation, warranty or other information provided by it contains any untrue statement of material fact or omits to state a material fact necessary to ensure that the representation, warranty or information is not misleading; and

(h) (**no trust**) it is not entering into this Agreement as the trustee of any trust or settlement.

15.2 Acknowledgment

The Company acknowledges that neither the Manager nor any other member of the Thorney Group guarantees the repayment of capital or the performance of the Investments or the Company or makes any representation concerning any of these matters.

16 Licence of Name

16.1 Acknowledgement

The Company acknowledges and agrees:

(a) that Thorney Holdings Pty Ltd and members of the Thorney Group have developed a reputation from, and goodwill in, the Name; and

(b) the Company proposes to seek shareholder approval to change the Company's Name to a name that includes the Name to use and leverage off the goodwill and reputation associated with the Name during the Licence Term.

16.2 Licence

In consideration of the Company paying the Manager the Licence Fee, the Manager grants to the Company a non-exclusive non-transferrable licence to use the Name in the Company's Name during the Licence Term and in accordance with the terms and conditions set out in this clause 16.

16.3 Manager's property

The Company acknowledges and agrees that:

(a) the Name, together with all Intellectual Property rights subsisting in the Name, is the sole and absolute property of Thorney Holdings Pty Ltd and that during the Licence Term Thorney Holdings Pty Ltd and members of the Thorney Group will continue to use the Name; and

(b) this Agreement does not constitute or effect, or purport to constitute or effect, the sale or transfer of ownership to the Company of the Name or any Intellectual Property in the Name.

16.4 Effect of termination under clause 14

Upon termination of this Agreement pursuant to clause 14, the Company must, within 3 months of termination, call and hold a general meeting of its shareholders to seek their approval to change the Company's Name to a name that does not include the Name.

17 Other Intellectual Property

17.1 Use of Company's name and trademarks

The Company grants a non-exclusive licence to the Manager to use the name and trademarks and logos the Company uses in connection with its business in disclosure documents and other marketing and promotional material for the Group insofar as they relate to the management of the Portfolio by the Manager in accordance with the terms of this Agreement.

17.2 Use of Manager's name and trademarks

Unless otherwise permitted under clause 16, the Company agrees only to use the Manager's name, trademarks or information about performance history, asset allocation and investment strategy, material events or other information reasonably required in any publication, with the Manager's prior written consent.

17.3 Requirements for disclosure

Any disclosure document issued by the Company in relation to the Manager's products must disclose the following matters:

(a) the Manager has not issued or caused the issue of the disclosure document or endorsed or otherwise recommended any investment or participation in the Company; and

(b) the Manager is not responsible for the making of any disclosure or the failure to make a disclosure in a disclosure document.

17.4 Copyright

(a) The copyright in all analyses, estimates, bills, budgets, accounts, specifications, calculations, reports, valuations, notes of meeting and other documents provided or produced by the Manager in the performance of its obligations under this Agreement remains vested in the Manager.

(b) The provisions of clause 17.4(a) continue despite the termination of this Agreement, whether under clause 14 or otherwise.

18 Exclusion of Manager's liability

18.1 Liability of Manager

Neither the Manager nor any of its officers, employees, delegates, agents or contractors will be liable to the Company for any loss or liability incurred by the Company as a result of the Manager's or any of its officers, employees, delegates, agents or contractors exercise or performance (or failure of the Manager or any of its officers, employees, delegates, agents or contractors to exercise or perform or any error of judgment in respect thereof) of any of the obligations under this Agreement, or loss of opportunity as a result of which the value of the Company would have increased, or for any decline in value of the Company, howsoever arising, except to the extent that such liability is caused by gross negligence, fraud, wilful misconduct or dishonesty by the Manager or any officer, employee, delegate, agent or contractor of the Manager.

18.2 Manager may rely

(a) The Manager may take and may act upon a document or instruction in circumstances where it is reasonable for the Manager to assume it was properly authorised by the Board or the Company and the Manager will not be liable for anything done, suffered or omitted by it in good faith in reliance upon such document or instruction.

(b) The Manager will not be liable for anything done, suffered or omitted by it in good faith arising out of a decision or strategy made or followed by the Manager in the proper performance of its duties and obligations where such decision or strategy was made or followed:

(i) in good faith in reliance on an advice, opinion or statement from a banker, accountant, auditor, valuer or other professional consulted by the Manager who in each case was believed by the Manager, in good faith, to be expert in relation to the matters upon which they were consulted; and

(ii) where the Company has the benefit of and can rely on such advice, opinion or statement.

(c) The Company and the Manager agree that they will take such steps as are required to ensure that, where privilege over any advice, opinion or statement referred to in clause 18.2(b) is held jointly by the Manager and the Company, that privilege is not waived.

19 Disputes

19.1 No arbitration or court proceedings

If a dispute arises out of or in relation to this Agreement ("**Dispute**") no party to the Dispute ("**Disputant**") will start arbitration or court proceedings (except proceedings seeking interlocutory relief) unless it has complied with this clause 19.

19.2 Notice

A party claiming that a Dispute has arisen must notify each other Disputant in writing giving details of the Dispute and its proposal for a resolution.

19.3 Initial Period

For a 14 day period after a notice is given ("**Initial Period**") each Disputant must use all reasonable endeavours to resolve the Dispute and an Authorised Officer of each Disputant will meet within the first 7 days of that period with that aim.

19.4 Appointment of mediator

If the Dispute remains unresolved at the end of the Initial Period, it must be referred at the request of any Disputant to mediation by:

(a) a person agreed on by the Disputants; or

(b) if agreement is not reached within seven days of the end of the Initial Period, appointed by the chairman of the Victorian Bar Council.

19.5 Role of mediator

The role of any mediator is to assist in negotiating a resolution of the Dispute. A mediator may not make a decision that is binding on a Disputant unless that Disputant has agreed to this in writing.

19.6 Venue, representation and format

Unless otherwise agreed between the Disputants, the mediation will take place in Melbourne and the Disputants will be entitled to legal representation.

19.7 Timeframe

Each Disputant will use all reasonable endeavours to resolve the Dispute through mediation as soon as is practical, including, but not limited to, providing the mediator with all information relevant to the Dispute.

19.8 Confidentiality

Any information or documents disclosed by a Disputant under this clause must be kept confidential and may not be used except to attempt to resolve the Dispute.

19.9 Costs

Each Disputant must bear its own costs of complying with this clause 19 and the Disputants must bear equally the mediator's costs.

19.10 Breach of this clause

If, in relation to a Dispute, a Disputant breaches any provision of clauses 19.1 to 19.8, each other Disputant need not comply with those clauses in relation to that Dispute.

20 Force majeure

No party is liable for any failure to perform or delay in performing its obligations under this Agreement if that failure is due to anything beyond that party's reasonable control. If that failure or delay exceeds 60 days, any other party may terminate this Agreement immediately by giving notice to each other party without prejudice to any accrued rights or remedies of any party. This clause 20 does not apply to any obligations to pay money.

21 Confidentiality

The Recipient may use Confidential Information solely for the Approved Purpose and must keep this information confidential and ensure that its officers, employees, agents and advisers keep it confidential and must not disclose this information to any person except:

(a) with the prior written consent of the Disclosing Party;

(b) to the extent required by law or the rules of any stock exchange; or

(c) to any officers, employees, agents and advisers of the Recipient who:

  (i) have a need to know the information for the Approved Purpose, but only to the extent they have a need to know; and

  (ii) before disclosure, are directed by the Recipient to use Confidential Information solely for the Approved Purpose and to keep it confidential,

and the rights and obligations of the parties under this clause 21 will survive termination of this Agreement and continue indefinitely.

22 Goods and Services Tax

22.1 Except where express provision is made to the contrary, the consideration to be paid or provided by a party for a Taxable Supply made by the other party under or in connection with this Agreement is exclusive of GST.

22.2 Despite any other provision in this Agreement, if a party makes a Taxable Supply under or in connection with this Agreement ("**supplier**"), then the party liable to pay for the Taxable Supply ("**recipient**") must also pay, at the same time and in the same manner as the GST exclusive consideration is required to be paid or provided, an additional amount equal to the amount of any GST payable in respect of that Taxable Supply. The amount of GST is to be calculated by multiplying the GST exclusive consideration for the Taxable Supply by the GST rate from time to time.

22.3 Where this Agreement requires the recipient of a Taxable Supply to make further and additional payments, whether by way or reimbursement or contribution or other payments, for an amount paid or payable by the supplier in respect of an acquisition from a third party for which the supplier is entitled to claim an Input Tax Credit, the additional amount payable by the recipient must be reduced by the amount of the Input Tax Credit and increased by the amount of the GST payable (calculated pursuant to clause 22.2) by the supplier in respect of the supply.

22.4 The right of either party to payment under this clause is subject to a valid Tax Invoice, which complies with the GST Act, being issued and delivered by the supplier of the Taxable Supply to the recipient.

23 Notices

23.1 Method

All notices, requests, demands, consents, approvals, offers, agreements or other communications ("**notices**") given by a party under or in connection with this Agreement must be:

(a) in writing;

(b) signed by a person duly authorised by the sender or, where transmitted by e-mail, sent by a person duly authorised by the sender;

(c) directed to the intended recipient's address (as specified in clause 23.3 or as varied by any notice); and

(d) hand delivered, sent by prepaid post or transmitted by e-mail or facsimile to that address.

23.2 Receipt

A notice given in accordance with this clause is taken as having been given and received:

(a) if hand delivered, on delivery;

(b) if sent by prepaid post:

(i) within Australia, on the second Business Day after the date of posting;

(ii) to or from a place outside Australia, on the seventh Business Day after the date of posting;

(c) if transmitted by e-mail, on transmission; or

(d) if transmitted by facsimile, at the time recorded on the transmission report indicating successful transmission of the entire notice,

but if the delivery or transmission is not on a Business Day or is after 5.00pm (recipient's time) on a Business Day, the notice is taken to be received at 9.00am (recipient's time) on the next Business Day.

23.3 Address of parties

Unless varied by notice in accordance with this clause 23, the parties' addresses and other details are:

Party: Company
Attention: Company Secretary
Address:
Facsimile:
E-mail:

Party: Manager
Attention: Company Secretary
Address: Level 39, 55 Collins Street, Melbourne Vic 3000
Facsimile: (03) 9921 7100
E-mail:

23.4 Requirement for written notice

For the avoidance of doubt, the requirement in clause 23.1(a) applies to all notices unless expressly excluded and no implication to the contrary is to be drawn from the use of the expressions “written” or “in writing” in relation to some but not all notices.

24 General

24.1 Entire agreement

This Agreement constitutes the entire agreement between the parties in relation to its subject matter. All prior discussions, undertakings, agreements, representations, warranties and indemnities in relation to that subject matter are replaced by this Agreement and have no further effect.

24.2 Paramountcy of document

If this Agreement conflicts with any other document, agreement or arrangement, this Agreement prevails to the extent of the inconsistency.

24.3 No merger

The provisions of this Agreement will not merge on completion of any transaction contemplated in this Agreement and, to the extent any provision has not been fulfilled, will remain in force.

24.4 Attorneys

Each person who executes this Agreement on behalf of a party under a power of attorney warrants that he or she has no notice of the revocation of that power or of any fact or circumstance that might affect his or her authority to execute this Agreement under that power.

24.5 Amendment

This Agreement may not be amended or varied unless the amendment or variation is in writing signed by all parties.

24.6 Assignment

(a) The Company may not assign, transfer or otherwise deal with this Agreement or any right under this Agreement without the prior written consent of the Manager, which may be given conditionally or unconditionally or withheld in the Manager’s absolute discretion.

(c) The Manager may not assign, transfer or otherwise deal with this Agreement or any right under this Agreement without the prior written consent of the Company, such consent not to be unreasonably withheld.

24.7 Relationship

Except where this Agreement expressly states otherwise, it does not create a relationship of employment, trust, agency or partnership between the parties.

24.8 Severability

Part or all of any provision of this Agreement that is illegal or unenforceable will be severed from this Agreement and will not affect the continued operation of the remaining provisions of this Agreement.

24.9 Waiver

Waiver of any power or right under this Agreement:

(a) must be in writing signed by the party entitled to the benefit of that power or right; and

(b) is effective only to the extent set out in that written waiver.

24.10 Rights, remedies additional

Any rights and remedies that a person may have under this Agreement are in addition to and do not replace or limit any other rights or remedies that the person may have.

24.11 Further assurances

Each party must do or cause to be done all things necessary or reasonably desirable to give full effect to this Agreement and the transactions contemplated by it (including, but not limited to, the execution of documents).

24.12 Costs

Each party must bear its own legal, accounting and other costs for the preparation and execution of this Agreement.

24.13 Counterparts

This Agreement may be executed in any number of counterparts and all counterparts taken together will constitute one document.

24.14 Governing law and jurisdiction

This Agreement will be governed by and construed in accordance with the laws in force in the State of Victoria and each party submits to the exclusive jurisdiction of the courts of that State.

SCHEDULE 1 –SERVICES

Section 1 – Exclusive Services

The Manager will:

(a) invest, manage and review the Portfolio;

(b) identify, evaluate, invest and manage Investments with a view to maintaining and enhancing the value, performance and profitability of those Investments;

(c) keep the Portfolio under review and confer at regular intervals with the Company regarding the investment and management of the Portfolio;

(d) construct the Portfolio in accordance with clause 6;

(e) keep complete and proper records in relation to transactions entered into in relation to the Portfolio;

(f) if required by law, provide information and assistance to ASIC in relation to the Portfolio and the activities of the Manager under this Agreement;

(g) provide the Company with access to a copy of the Manager's records in relation to the Portfolio, following a reasonable request by the Company;

(h) comply with all reasonable requests for information or assistance from any auditor appointed by the Company to conduct an audit of the Portfolio;

(i) recommend, and if approval is given by the Board, use its reasonable endeavours to procure, the raising of funds whether by way of debt or equity including the issue of options or fully or partly paid Shares or otherwise but without any obligation to provide such amounts;

(j) when appropriate recommend and, in consultation with the Board, appoint nominees of the Company as directors of companies in which the Company invests;

(k) make recommendations in relation to the exercise of the voting rights to which the Company is entitled in respect of its investments in securities;

(l) carry out valuations of the assets of the Portfolio or arrange for such valuation to occur; and

(m) prepare or cause to be prepared detailed reports to be considered by the Board on the Investment and sale of Investment recommendations, management of Investments and otherwise in respect of the performance of the Manager's obligations under this Agreement that the Company may reasonably require and in such form that the Board and the Manager agree.

Section 2 – Non-Exclusive Services

The Manager may:

(a) in respect of the Portfolio or an Investment, manage litigation in which the Company is sued or commence litigation after consulting with the Board;

(b) assist in developing strategic plans and annual business plans for the Company;

(c) prepare all necessary budgets for the Company;

(d) recommend the arrangements for the holding and safe custody of the Company's Portfolio and Investments including, if required, the appointment of custodians or nominees if required by the Board;

(e) prepare detailed papers and agendas for scheduled meetings of the Board which, where applicable, must contain such information as is reasonably available to the Manager to enable the directors to base their opinion;

(f) undertake all things reasonably necessary for the management, secretarial, accounting, administrative, liaison, investor relations, representative and reporting functions and obligations of the Company;

(g) if the Manager considers it appropriate, recommend to the Board changes to the Constitution;

(h) if the Manager considers it appropriate, recommend to the Board capital reductions including buy-backs of Shares;

(i) if the Manager considers it appropriate, recommend to the Board the appointment, hiring and dismissal (including all material terms) of officers, staff and consultants to any of the Company and its subsidiaries;

(j) if the Manager considers it appropriate, recommend to the Board the payment of dividends and interim dividends to its Shareholders;

(k) recommend and appoint and engage on behalf of the Company any necessary securities registrar, accountants, auditors, solicitors, barristers and other accounting, financial or legal advisers and technical, commercial, marketing or other independent experts necessary, usual or desirable for the purpose of allowing the Manager to exercise its powers and perform its obligations under this Agreement;

(l) attend to all matters necessary for any reconstruction proposal or the eventual winding up of the Company;

(m) attend to the timely calculation of Taxes payable by the Company and arrange the filing of all Tax returns due by the Company;

(n) attend to the opening, closing and operation and management of all the Company's bank accounts and the Company's accounts held with other financial institutions, including making any deposits and withdrawals reasonably necessary for the management of the Company's day to day operations and for investing and managing Investments;

(o) where required by law, cause to be prepared an audited balance sheet of the Company at 30 June each year and a profit and loss account for the 12 month period ending on the day to which the balance sheet is made up and also cause to be prepared a balance sheet of the Company at 31 December each year and a profit and loss account for the 6 month period ending on the day to which the balance sheet is made up and where required by law cause the same to be sent to Shareholders in every such case within such period as required by law and where appropriate, consolidated accounts of the Company and its subsidiaries;

(p) make recommendations in relation to and, if the Board approves, effect the entry into at the cost of the Company, insurance of the assets of the Company and its subsidiaries together with other insurances against other risks including directors and officers insurance as the Manager and the Board may from time to time agree;

(q) liaise with, and monitor, any registry provider appointed by the Company; and

(r) provide all such other services as may from to time be agreed by the Manager, including all other duties reasonably related to the day to day operations of the Company.

SCHEDULE 2 - INVESTMENT POLICY AND OBJECTIVES

1 Investment Policy

The Investment Policy of the Company is to acquire a portfolio of assets, including by way of cash and/or debt, in order for the Company to pursue the Investment Objectives, and such investments may comprise the following:

(a) securities, whether or not quoted on a securities exchange, including notes, options, partly paid securities and convertible notes;

(b) warrants, options, and other derivative contracts as well as short positions and arrangements and other similar financial instruments and arrangements;

(c) interests in unit trusts, managed investment schemes or joint venture arrangements;

(d) participation in underwriting and sub-underwriting of securities and units;

(e) foreign exchange transactions or other hedging arrangements;

(f) corporate debt securities and other fixed interest securities;

(g) cash and bank deposits; and

(h) any other financial products which the Manager may use in the management of the Portfolio.

2 Investment Objectives

To construct and manage a Portfolio of Investments to seek absolute returns over the medium to long term.

The Manager will have an open mandate to consider investment opportunities, with a notional, but not sole nor prescriptive focus on technology opportunities and disruptive business models. Investments may span the life cycle of business from venture capital, start up, and pre-IPO to well established businesses. The Manager may consider investments where the Manager considers technology plays a significant role in the business, to other businesses where technology may be an enabler of the business. The Manager may consider investments in businesses and start-ups that adopt a new business model, including potentially a disruptive business model (regardless of whether technology plays a significant role). The Manager may consider investments in well established businesses.

The Company and Manager may consider investments in a wide range of opportunities including:

- investments listed on a recognized stock exchange
- investments in unlisted securities
- investments in a fund or other structure that in turn has an investment focus
- investments in securities or a direct investment in an underlying business or asset
- investments whether Australian based or not

SCHEDULE 3 - EXPENSE ITEMS

The Expense Items include all third party expenses reasonably and properly incurred by the Manager in relation to providing the Services including, without limitation:

(a) the preparation, review, distribution and promotion of any disclosure document in respect of Shares, other shares, options or financial instruments issued by the Company and other promotion of the Company;

(b) the acquisition, disposal, insurance, custody and any other dealing with assets;

(c) any proposed acquisition, disposal or other dealing with an Investment;

(d) the administration or management of the Company or its assets and liabilities including expenses in connection with the register of Shares, custody arrangements or the valuation of any asset of the Company or the Company as a whole;

(e) borrowing arrangements on behalf of the Company or guarantees in connection with the Company, including hedging costs;

(f) underwriting of any subscription or purchase of Shares, other shares, options or Financial Instruments issued by the Company including underwriting fees, handling fees, costs and expenses (including marketing and roadshow costs, travel and accommodation expenses and legal fees), amounts payable under indemnity or reimbursement provisions in the underwriting agreement and any amounts becoming payable in respect of any breach (other than for gross negligence, fraud or breach of duty) by the Manager of its obligations, representations or warranties under any such underwriting agreement;

(g) convening and holding meetings of Shareholders and the implementation of any resolutions and communications with Shareholders;

(h) taxes, including any amount charged by a supplier of goods or services, or both, to the Manager by way of or as a reimbursement for GST;

(i) financial institution fees;

(j) the engagement of agents (including real estate agents and managing agents), valuers, contractors and advisers (including legal advisers) whether or not the agents, valuers, contractors or advisers are members of the Thorney Group;

(k) preparation and audit of the taxation returns, accounting records and accounts of the Company;

(l) termination of the Company and the retirement or removal of the Manager and the appointment of a replacement;

(m) any court proceedings, arbitration or other dispute concerning the Company including proceedings against the Manager, except to the extent that the Manager is found by a court to be in breach of trust or to have been grossly negligent, in which case any expenses paid or reimbursed under this clause 2(m) must be repaid;

(n) all damages, expenses, payments, legal and other costs and disbursements incurred by the Manager in relation to or in connection with any claim, dispute or litigation ("**Claim**") arising as a result of or in connection with any untrue representation or warranty contained in any document relating to any Investment by the Company including any project document in connection with the Investment and any Disclosure Document or borrowing document in connection with the Company except where the Claim arises out of the fraud or wilful default of the Manager;

(o) the appointment of any compliance officer to undertake compliance work for the Company;

(p) the preparation of reports including compliance reports;

(q) the promotion of the Company generally;

(r) recording, responding to and dealing with any enquiries or complaints from Shareholders in connection with the Company;

(s) complying with any law, and any request or requirement of ASIC or ASX or any other relevant stock exchange or any other regulator; and

(t) the admission of the Company to any stock exchange, the official quotation of Shares, other shares, options or Financial Instruments issued by the Company and compliance with the rules of such an exchange.

SCHEDULE 4 - INDEPENDENT VALUATION OF LICENCE FEE

3 Application of schedule

This schedule applies if the Company is required to pay the Manager the Licence Fee applicable in the Second Licence Term.

4 Independent Valuer

(a) Appointment

If the Company and the Manager do not reach agreement of the Licence Fee within 14 days following the end of the First Licence Term, the parties must, within 7 days of this date, appoint an independent expert to determine the value of the Licence Fee in accordance with this schedule ("**Independent Valuer**").

(b) Failure to agree

If the parties cannot reach agreement within 7 days, the Independent Valuer will be appointed by the president for the time being of the Institute of Chartered Accountants in Australia.

5 Valuation

The Independent Valuer will determine the value of the Licence Fee as at the date of termination of this Agreement under clause 14 on the basis that a licence to use the Name is:

(a) on an arm's length terms; and

(b) to be used in respect of a business, including a competitor of the Manager, which provides investment management services or has funds under management.

6 Period of determination

The parties must use their best endeavours to ensure that the Independent Valuer makes a determination as soon as practicable and in any event within 20 days after receiving instructions.

7 Process

The parties agree that, in determining a value for the Name under this schedule, the Independent Valuer:

(a) will act as an expert and not as an arbitrator;

(b) may obtain or refer to any documents, information or material and undertake any inspections or enquiries as he or she determines appropriate;

(c) must provide the parties with a draft of his or her determination and must give the parties an opportunity to comment on the draft determination before it is finalised; and

(d) may engage such assistance as he or she reasonably believes is appropriate or necessary to make a determination.

8 Final and binding

The Independent Valuer's determination will be final and binding on the parties.

9 Costs

The Company must pay the reasonable costs and expenses of the Independent Valuer.

EXECUTED as an **AGREEMENT**

EXECUTED by **AUSTRALIAN RENEWABLE FUELS LIMITED**)
)

Signature of director	Signature of director / company secretary (delete as applicable)
Name of director (print)	Name of director / company secretary (print)

EXECUTED by **THORNEY MANAGEMENT SERVICES PTY LTD**)
)

Signature of director	Signature of director / company secretary (delete as applicable)
Name of director (print)	Name of director / company secretary (print)

APPENDIX 4 - ASSET SALE AGREEMENT

Arnold Bloch Leibler
Lawyers and Advisers

Asset Sale Agreement

[date]

Australian Renewable Fuels Ltd ACN 096 782 188
Thorney Holdings Pty Ltd ABN 37 006 262 835
TIGA Trading Pty Ltd ABN 95 118 961 210
Thistle Custodians Pty Ltd ABN 26 078 027 193
Thorney International Pty Ltd ABN 57 132 886 698

Arnold Bloch Leibler
Lawyers and Advisers

Level 21 333 Collins Street | **Melbourne** | Victoria 3000 Australia
Level 24 Chifley Tower 2 Chifley Square | **Sydney** | NSW 2000 Australia

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Ref: JDL 011902402
ABL/5332836v9

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THIS AGREEMENT is made on 2016

PARTIES

AUSTRALIAN RENEWABLE FUELS LTD
ACN 096 782 188
of Level 39, 55 Collins Street Melbourne, Victoria 3000
("**ARW**")

and

EACH PARTY LISTED IN SCHEDULE 2
(each a "**Thorney Entity**" and collectively referred to as the **"Thorney Entities"**)

BACKGROUND

A Each Thorney Entity owns the Assets set out opposite its name in Schedule 1.

B The Thorney Entities have agreed to sell and ARW has agreed to purchase the Assets on the terms and conditions set out in this Agreement.

AGREED TERMS

1 Definitions and interpretation

1.1 Definitions

In this document, unless the context requires otherwise:

"**Agreement**" means this agreement.

"**Assets**" means those assets listed in Schedule 1.

"**ASX**" means ASX Limited, or the Australian Securities Exchange operated by ASX Limited, whichever is relevant.

"**ASX Listing Rules**" means the listing rules (as defined in chapter 7 of the Corporations Act) of ASX.

"**Business Day**" means a day on which Banks are open for general banking business in Melbourne, excluding Saturdays, Sundays and public holidays.

"**Claim**" means any allegation, claim, notice, demand, action, proceeding, litigation, investigation or judgement however arising and whether present or future, fixed or unascertained, actual or contingent.

"**Completion**" means completion of the sale of the Assets and the issue of the Shares in accordance with clause 5.

"**Completion Date**" means date on which placement occurs under the Placement Offer.

"**Conditions**" has the meaning given to that term in clause 2.1.

"**Condition Date**" means 28 February 2017 or any other date agreed by the Parties.

"**Consideration Shares**" means such number of ARW Shares issued by ARW on the Completion Date in full satisfaction of payment of the Purchase Price, calculated as follows:

CS = PP ÷ SP

Where:

CS = Consideration Shares

PP = Purchase Price

SP = Share Price.

"**Controller**" means, in relation to a person's property:

(a) a receiver or receiver and manager of that property; or

(b) anyone else who (whether or not as agent for the person) is in possession, or has control of that property to enforce an Encumbrance.

"**Corporations Act**" means the *Corporations Act 2001* (Cth).

"**Execution Date**" means the date of this document.

"**GST**" has the meaning given to that term in the GST Act.

"**GST Act**" means the Act known as *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

"**Implementation Deed**" means the implementation deed between ARW and THPL dated [date].

"**Insolvency Event**" means the occurrence of any of the following events in relation to any person:

(a) the person becomes insolvent as defined in the Corporations Act, states that it is insolvent or is presumed to be insolvent under an applicable law;

(b) the person is wound up, dissolved or declared bankrupt;

(c) the person becomes an insolvent under administration as defined in the Corporations Act;

(d) a liquidator, provisional liquidator, Controller, administrator, trustee for creditors, trustee in bankruptcy or other similar person is appointed to, or takes possession or control of, any or all of the person's assets or undertaking;

(e) the person enters into or becomes subject to:

  (i) any arrangement or composition with one or more of its creditors or any assignment for the benefit of one or more of its creditors; or

  (ii) any re-organisation, moratorium, deed of company arrangement or other administration involving one or more of its creditors;

(f) an application or order is made (and, in the case of an application, it is not stayed, withdrawn or dismissed within 30 days), resolution passed, proposal put

forward, or any other action taken which is preparatory to or could result in any of (b), (c), (d) or (e) above;

(g) the person is taken, under section 459F(1) of the Corporations Act, to have failed to comply with a statutory demand;

(h) the person suspends payment of its debts, ceases or threatens to cease to carry on all or a material part of its business or becomes unable to pay its debts when they fall due; or

(i) anything occurs under the law of any jurisdiction which has a substantially similar effect to any of the other paragraphs of this definition,

unless the event occurs as part of a solvent reconstruction, amalgamation, merger or consolidation that has been approved in writing by the other party.

"**Listed Securities"** means those Assets as listed in item 1 of Schedule 1.

"**Loss**" means any debt or other monetary liability (including for Tax) or penalty, fine or payment or any damages, losses, costs (including legal costs on a solicitor and client basis), charges, outgoings or expenses of whatever description (including interest) however arising and whether present, unascertained, immediate, future or contingent and includes any decrease in the value of the Assets, whether or not realised.

"**Placement Offer**" means an offer to sophisticated and/or professional investors to apply for Shares at $0.22 each, to raise up to $50 million, with the ability to accept up to a further $50 million in oversubscriptions.

"**Purchase Price**" means the Value of the Assets.

"**Related Body Corporate**" has the meaning given to that term by section 9 of the Corporations Act.

"**Relevant Purchase Price**" means, in respect of each Thorney Entity, the Value of the Assets held by that Thorney Entity, as detailed in Schedule 1.

"**Respective Proportion**" means, in relation to a Thorney Entity, the proportion that the Value of the Assets held by that entity bears to the aggregate Value of the Assets.

"**Restricted Assets**" has the meaning given to that term in clause 3.4(a).

"**Share**" means an ordinary share in ARW.

"**Share Price**" means the price per Share under the Placement Offer, being $0.22 per Share.

"**Shareholder Approval**" means the approvals as set out in the Implementation Deed.

"**Taxable Supply**" has the meaning given by section 195-1 of the GST Act.

"**Unlisted Securities"** means those Assets as listed in item 2 of Schedule 1.

"**Value of the Assets**" means the aggregate value of the Assets, calculated as follows:

(a) for Listed Securities, as detailed in item 1 of Schedule 1, the value is deemed to be the lower of:

(i) the closing price for each of the Listed Securities on 2 November 2016; and

(ii) the volume weighted average price (VWAP) for each of the Listed Securities over the 5 Business Days prior to the Completion Date; and

(b) for Unlisted Securities, as detailed in item 2 of Schedule 1, the value is deemed to be the cost price for each of those Unlisted Securities.

1.2 Words and expressions

In this document, unless the context requires otherwise:

(a) the singular includes the plural and vice versa;

(b) words denoting any gender include all genders;

(c) where a word or phrase is defined, its other grammatical forms have a corresponding meaning;

(d) a reference to a party, clause, paragraph, schedule or annexure is a reference to a party, clause, paragraph, schedule or annexure to or of this document;

(e) a reference to this document includes any schedules or annexures;

(f) headings are for convenience and do not affect interpretation;

(g) the background or recitals to this document are adopted as and form part of this document;

(h) a reference to any document or agreement includes a reference to that document or agreement as amended, novated, supplemented, varied or replaced from time to time;

(i) a reference to "$", "A$" or "dollar" is a reference to Australian currency;

(j) a reference to a time is a reference to Australian Eastern Standard Time.

(k) a reference to a party includes its executors, administrators, successors, substitutes (including persons taking by novation) and permitted assigns;

(l) a reference to writing includes any method of representing words, figures or symbols in a permanent and visible form;

(m) words and expressions denoting natural persons include bodies corporate, partnerships, associations, firms, governments and governmental authorities and agencies and vice versa;

(n) a reference to any legislation or to any provision of any legislation includes:

(i) any modification or re-enactment of the legislation;

(ii) any legislative provision substituted for, and all legislation, statutory instruments and regulations issued under, the legislation or provision; and

(iii) where relevant, corresponding legislation in any Australian State or Territory;

(o) no rule of construction applies to the disadvantage of a party because that party was responsible for the preparation of this document or any part of it; and

(p) the words "including", "for example", "such as" or other similar expressions (in any form) are not words of limitation.

1.3 Other rules of interpretation

In this document, unless expressly provided otherwise:

(a) (**method of payment**) any payment of money by one party to another will be made in Australian currency by bank cheque or by credit of cleared funds to a bank account specified by the recipient.

(b) (**consents and approvals**) if the doing of any act, matter or thing requires the consent, approval or agreement of any party, that consent, approval or agreement must not be unreasonably withheld or delayed.

(c) (**several liability**) a promise, representation or warranty given by or in favour of two or more persons under this document is given by them or for their benefit severally.

(d) (**Business Days**) if:

(i) the day on or by which any act, matter or thing is to be done is a day other than a Business Day, the act, matter or thing will be done on the next Business Day; and

(ii) any money falls due for payment on a date other than a Business Day, that money will be paid on the next Business Day (without interest or any other amount being payable in respect of the intervening period).

(e) (**inconsistency within document**) if a clause of this document is inconsistent with a schedule or annexure of this document, the clause prevails to the extent of the inconsistency.

2 Conditions Precedent

2.1 Conditions

Clauses 3 and 5 and will not bind the parties and Completion will not proceed unless and until the following conditions precedent ("**Conditions**") are fulfilled:

(a) (**Shareholder Approval**) ARW obtains the Shareholder Approvals; and

(b) (**ASX Approval**) ARW receives confirmation from ASX of its successful re-compliance with Chapters 1 and 2 of the ASX Listing Rules.

2.2 Obligation to satisfy Conditions and co-operate

(a) Each party must use all reasonable endeavours to ensure that the Conditions are fulfilled on or before the Condition Date.

(b) Without limiting clause 2.1(a):

(i) no party may take any action that would or would be likely to prevent or hinder the fulfilment of the Conditions;

(ii) each party must:

(A) co-operate with the other party and provide all reasonable assistance to the other party to fulfil the Conditions;

(B) promptly provide to the other party copies of all information supplied for the purpose of enabling the Conditions to be fulfilled; and

(C) keep the other party informed in a timely manner of the status of any discussions, negotiations or correspondence with relevant third parties regarding the Conditions.

(c) Notwithstanding the above, the parties acknowledge and agree to use all reasonable endeavours to fulfil the conditions by 31 December 2016.

2.3 Notice

ARW must notify the Thorney Entities in writing as soon as practicable after becoming aware that each Condition has been fulfilled or is incapable of being fulfilled.

2.4 Failure of Condition

(a) If the Conditions are not met by the Condition Date, ARW or the Thorney Entities may terminate this Agreement by giving notice in writing to the other party.

(b) If this Agreement is terminated in accordance with clause 2.4(a) all rights and obligations between the parties will cease, save for those arising from antecedent breach.

3 Sale and Purchase

3.1 Sale and Purchase

Subject to clause 3.4, the Thorney Entities agree to sell and ARW agrees to buy the Assets:

(a) for the Purchase Price;

(b) free from any Security Interests;

(c) with all rights (including dividend and voting rights) attached or accrued to them;

(d) with effect on and from Completion; and

(e) on the terms and conditions set out in this Agreement.

3.2 Purchase Price

Subject to clause 3.4, the Purchase Price payable to the Thorney Entities is equal to the Value of the Assets.

3.3 Payment of Purchase Price

(a) ARW must pay to each Thorney Entity, or its nominee, the Relevant Purchase Price.

(b) The Purchase Price will be satisfied by ARW issuing to each Thorney Entity, or its nominee, its Respective Proportion of the Consideration Shares on Completion.

(c) For the purposes of clause 3.3 and clause 5.2, THSC, TTPL and THIN have each nominated THPL to be its nominee and to be issued its Respective Proportion of the Consideration Shares on Completion.

3.4 Exceptions to Sale and Purchase

(a) If a Thorney Entity reasonably determines that it may be restricted from, or too administratively burdensome to, sell any of the Assets to ARW on the Completion Date and otherwise in accordance with clause 3.1 ("**Restricted Assets**") then the following procedures apply:

(i) as soon as it becomes aware (and in any event no later than 2 Business Days prior to Completion) of any Assets becoming Restricted Assets, the relevant Thorney Entity must provide written notice to ARW setting out the reasons for the Restricted Assets being prevented from being sold in accordance with clause 3.1, including whether there are any specific restrictions preventing the Thorney Entity holding such Restricted Assets on trust for ARW until such time as the Assets may be sold;

(ii) ARW must respond within 1 Business Day of receiving the notice set out in clause 3.4(a)(i), specifying whether ARW will:

(A) subject to clause 3.4(b), require the Thorney Entity to hold the Restricted Assets on trust (on terms reasonably acceptable to ARW), with effect from Completion, until the Restricted Assets can be sold in accordance with clause 3.1 (except the relevant completion date for the sale of the Restricted Assets will be as soon as practicable after the date on which the Thorney Entity is permitted to sell the Restricted Assets to ARW); or

(B) not buy those Restricted Assets in accordance with clause 3.1.

(iii) If ARW elects not to buy the Restricted Assets in accordance with clause 3.4(a)(ii)(B) then the parties must adjust the Purchase Price to reflect the exclusion of the Restricted Assets from those Assets being sold under clause 3.1.

(iv) If any Restricted Assets are held on trust for ARW in accordance with clause 3.4(a)(ii)(A), the parties must co-operate with each other and provide all reasonable assistance to the other to effect the sale and purchase of those Restricted Assets as soon as reasonably practicable.

(v) The parties acknowledge and agree where there are any Restricted Assets that are not being sold to ARW, for the purposes of the parties' respective obligations under clause 5, references to Assets shall be references to Assets excluding Restricted Assets.

(b) A Thorney Entity is not required to hold any Restricted Assets on trust under clause 3.4(a)(ii)(A) if to do so will contravene the Corporations Act, the ASX Listing Rules, any legally binding agreement entered into by the Thorney Entity, or any other law to which the Thorney Entity is subject.

(c) For the avoidance of doubt, a Thorney Entity will not be in breach of its obligations under this Agreement to sell the Assets if it complies with this clause 3.4.

4 Obligations before Completion

4.1 Assets

From the Execution Date until the earlier of Completion or the termination of this document, the Thorney Entities must not dispose of any Assets or create a Security Interest over any Assets.

5 Completion

5.1 Thorney Entities' obligations on Completion

On or before the Completion Date each of the Thorney Entities must:

(a) (**Delivery of documents**) deliver to ARW:

(i) completed transfers in favour of ARW of its respective Assets, as set out opposite its name in item 1 of Schedule 1, in registrable form duly executed by that Thorney Entity;

(ii) share certificates for all of its respective Unlisted Securities, as set out opposite its name in item 2 of Schedule 1, (or statutory declarations duly executed by that Thorney Entity declaring that such share certificates have never been issued or have been permanently lost or destroyed without replacement);

(iii) duly signed minutes of each meeting convened to approve the sale of its respective Assets, as set out opposite its name in item 1 of Schedule 1, on the terms of this Agreement; and

(iv) any other deeds, instruments or documents necessary to vest title in their respective Assets in ARW free from all Security Interests.

(b) (**CHESS**) Authorise the nominated broker to transfer their respective Listed Securities to ARW's SRN.

(c) (**All other things**) On or before Completion, each Thorney Entity must do all other things reasonably necessary or desirable to transfer their respective Assets to ARW.

5.2 ARW's obligations on Completion

On the Completion Date ARW must:

(a) (**Issue of Shares**) issue the Consideration Shares to each Thorney Entity (or its nominee).

(b) (**Delivery of documents**) deliver holding statements to each Thorney Entity (or its nominee) for the Consideration Shares issued to those entities.

5.3 Title and risk

Upon Completion:

(a) title to the Assets shall pass to ARW free from any Security Interests; and

(b) risk in the Assets shall pass to ARW.

5.4 Sale and purchase interdependent

Subject to clause 3.4 the sale and purchase of each Asset (other than Restricted Assets) is interdependent and shall be completed simultaneously on Completion.

6 GST

6.1 Payments are exclusive of GST

Except where express provision is made to the contrary, all payments or other consideration to be made to any party under, in respect to, for the inducement of or in connection with, this Agreement are exclusive of GST.

6.2 Consideration to be increased by GST amount

Notwithstanding any other provision of this agreement, if a party makes a Taxable Supply in connection with this agreement (the "supplier"), then the party liable to pay for the Taxable Supply (the "recipient") must also pay, at the same time and in the same manner as the GST exclusive consideration is otherwise payable, an additional amount equal to the amount of any GST payable in respect of the taxable supply.

7 Notices

7.1 Method

All notices, requests, demands, consents, approvals, offers, agreements or other communications ("**notices**") given by a party under or in connection with this document must be:

(a) in writing;

(b) signed by a person duly authorised by the sender or, where transmitted by e-mail, sent by a person duly authorised by the sender;

(c) directed to the intended recipient's address (as specified in clause 7.3 or as varied by any notice); and

(d) hand delivered, sent by prepaid post or transmitted by e-mail or facsimile to that address.

7.2 Receipt

A notice given in accordance with this clause is taken as having been given and received:

(a) if hand delivered, on delivery;

(b) if sent by prepaid post, either:

(i) on the day on which the relevant postal service estimates delivery will occur; or

(ii) on the first day of the period during which the relevant postal service estimates delivery will occur,

based on the most recent estimate published by the relevant postal service as at the date on which the notice is sent;

(c) if transmitted by e-mail, on transmission; or

(d) if transmitted by facsimile, at the time recorded on the transmission report indicating successful transmission of the entire notice,

but if the delivery or transmission is not on a Business Day or is after 5.00pm (recipient's time) on a Business Day, the notice is taken to be received at 9.00am (recipient's time) on the next Business Day.

7.3 Address of parties

Unless varied by notice in accordance with this clause 7, the parties' addresses and other details are:

Party: **ARW**
Attention:
Address:
Facsimile:
E-mail:

Party: **Thorney Entities**
Attention:
Address: Level 39, 55 Collins Street, Melbourne Vic 3000
Facsimile: (03) 9921 7100
E-mail:

7.4 Requirement for written notice

For the avoidance of doubt, the requirement in clause 7.1(a) applies to all notices unless expressly excluded and no implication to the contrary is to be drawn from the use of the expressions "written" or "in writing" in relation to some but not all notices.

8 Confidentiality

8.1 Confidentiality undertaking

Each party must not disclose, and must use its best endeavours to ensure its officers, employees and advisers do not disclose, to any person any information about this deed, or any information provided by or on behalf of the other party relating to it or any of its subsidiaries and controlled entities, except for the purpose of implementing, or genuinely attempting to implement, the matters and the asset sale in accordance with this Agreement. The obligations under this clause 8.1 cease to apply to any information which becomes generally available to the public otherwise than due to disclosure in breach of this clause 8.1.

8.2 Exceptions

Despite anything else contained in this deed to the contrary:

(a) clause 8.1 does not apply to announcements, disclosures, submissions and other communications by ARW to ASIC, ASX, shareholders of ARW and others to the extent necessary to obtain the Shareholder Approvals or implement any matter the subject of a Shareholder Approval or otherwise to perform its obligations under this Agreement or to take any other step required or permitted under this Agreement; and

(b) a party may make any disclosure (including any press release or public announcement) as is necessary to enforce its rights under this deed or to comply with any of the ASX Listing Rules or any applicable law provided that all reasonable steps have been taken to limit, as far as reasonably possible, the extent of the disclosure.

9 Costs

9.1 Costs

The parties will bear their own legal costs and expenses in respect of the negotiation, preparation and execution of this document and matters arising out of the implementation of the provisions of this document.

10 General

10.1 Entire agreement

This document constitutes the entire agreement between the parties in relation to its subject matter. All prior discussions, undertakings, agreements, representations, warranties and indemnities in relation to that subject matter are replaced by this document and have no further effect.

10.2 Paramountcy of document

If this document conflicts with any other document, agreement or arrangement, this document prevails to the extent of the inconsistency.

10.3 No merger

The provisions of this document will not merge on completion of any transaction contemplated in this document and, to the extent any provision has not been fulfilled, will remain in force.

10.4 Attorneys

Each person who executes this document on behalf of a party under a power of attorney warrants that he or she has no notice of the revocation of that power or of any fact or circumstance that might affect his or her authority to execute this document under that power.

10.5 Amendment

This document may not be amended or varied unless the amendment or variation is in writing signed by all parties.

10.6 Assignment

No party may assign, transfer or otherwise deal with this document or any right or obligation under this document without the prior written consent of each other party.

10.7 Severability

Part or all of any provision of this document that is illegal or unenforceable will be severed from this document and will not affect the continued operation of the remaining provisions of this document.

10.8 Waiver

Waiver of any power or right under this document:

(a) must be in writing signed by the party entitled to the benefit of that power or right; and

(b) is effective only to the extent set out in that written waiver.

10.9 Rights, remedies additional

Any rights and remedies that a person may have under this document are in addition to and do not replace or limit any other rights or remedies that the person may have.

10.10 Further assurances

Each party must do or cause to be done all things necessary or reasonably desirable to give full effect to this document and the transactions contemplated by it (including, but not limited to, the execution of documents).

10.11 Costs

Each party must bear its own legal, accounting and other costs for the preparation and execution of this document.

10.12 Counterparts

This document may be executed in any number of counterparts and all counterparts taken together will constitute one document.

10.13 Electronic delivery of document

If a party delivers an executed counterpart of this document or any other document executed in connection with it ("**Relevant Document**") by facsimile or other electronic means:

(a) the delivery will be deemed to be an effective delivery of an originally executed counterpart; and

(b) the party will still be obliged to deliver an originally executed counterpart, but the failure to do so will not affect the validity or effectiveness of the Relevant Document.

10.14 Governing law and jurisdiction

This document will be governed by and construed in accordance with the laws in force in the State of Victoria and each party submits to the exclusive jurisdiction of the courts of that State.

SCHEDULE 1 - ASSETS

1 Listed Securities

Asset No.	Description	Thorney Entity
1	309,075 ordinary shares in Adacel Technologies Limited	TTPL
2	1,831,745 ordinary shares in OneVue Holdings Limited	TTPL
3	50,385 ordinary shares in Webjet Limited	THPL
4	297,630 ordinary shares in NextDC Limited	TTPL
5	59,690 ordinary shares in Hub24 Limited	TTPL
6	293,335 ordinary shares in iSelect Limited	THIN
7	1,001,595 shares of common stock in Updater Inc	TTPL
8	204,650 ordinary shares in Anatara LifeSciences Limited	TTPL

2 Unlisted Securities

Asset No.	Description	Thorney Entity
9	757,576 ordinary shares in Aglive Group Limited	THSC
10	1,500,000 ordinary shares in Change Up Holdings Limited	TTPL

SCHEDULE 2 - THORNEY ENTITIES

THORNEY HOLDINGS PTY LTD
ABN 37 006 262 835
of Level 39, 55 Collins Street Melbourne, Victoria 3000
("THPL")

and

TIGA TRADING PTY LTD
ABN 95 118 961 210
of Level 39, 55 Collins Street Melbourne, Victoria 3000
("TTPL")

and

THISTLE CUSTODIANS PTY LTD
ABN 26 078 027 193
of Level 39, 55 Collins Street Melbourne, Victoria 3000
("THSC")

and

THORNEY INTERNATIONAL PTY LTD
ABN 57 132 886 698
of Level 39, 55 Collins Street Melbourne, Victoria 3000
("THIN")

EXECUTED as an **AGREEMENT**

EXECUTED by **AUSTRALIAN RENEWABLE FUELS LIMITED** ACN 096 782 188)

Signature of director	Signature of director / company secretary (delete as applicable)
Name of director (print)	Name of director / company secretary (print)

EXECUTED by **THORNEY HOLDINGS PTY LTD** ABN 37 006 262 835)

Signature of director	Signature of director / company secretary (delete as applicable)
Name of director (print)	Name of director / company secretary (print)

EXECUTED by **TIGA TRADING PTY LTD** ABN 95 118 961 210)

Signature of director	Signature of director / company secretary (delete as applicable)
Name of director (print)	Name of director / company secretary (print)

EXECUTED by **THISTLE CUSTODIANS PTY LTD** ABN 26 078 027 193)

Signature of director	Signature of director / company secretary (delete as applicable)
Name of director (print)	Name of director / company secretary (print)

THORNEY INTERNATIONAL PTY LTD)
ABN 57 132 886 698)

Signature of director	Signature of director / company secretary (delete as applicable)
Name of director (print)	Name of director / company secretary (print)

APPENDIX 5 – NOMINATION OF AUDITOR

Thorney Holdings Pty Ltd
A.C.N. 006 262 835

4 November 2016

Company Secretary
Australian Renewable Fuels Limited
Level 39
55 Collins Street
Melbourne VIC 3000

Dear Sir

Nomination of auditor

Pursuant to section 328B(3) of the *Corporations Act 2001* (Cth), Thorney Holdings Pty Ltd ACN 006 262 835 hereby nominates Ernst & Young as auditor of Australian Renewable Fuels Limited.

Executed by **Thorney Holdings Pty Ltd** by:

.....	.....
Signature of ~~director~~	Signature of ~~director~~/company secretary
ALEX WAISLITZ	CRAIG SMITH
Name of director	Name of ~~director~~/company secretary

GLOSSARY

In this explanatory statement, unless the context otherwise requires, the following definitions apply:

AGM	Annual General Meeting of the Company
ASIC	Australian Securities & Investments Commission
Asset Sale Agreement	Asset sale agreement entered into by the Company and the Thorney Entities pursuant to which the Company agrees to acquire the Seed Investments in consideration for issuing the Consideration Shares to Thorney Holdings
ASX	ASX Limited ACN 008 624 691 or the Australian Securities Exchange operated by ASX Limited, as the context requires
ASX Listing Rules	Official listing rules of ASX
Bell Potter	Bell Potter Corporate Finance Limited ABN 65 057 547 323
Board	The board of Directors of the Company
Company	Australian Renewable Fuels Limited ACN 096 782 188
Consideration Shares	the Shares to be issued by the Company to Thorney Holdings pursuant to the Asset Sale Agreement in consideration for the acquisition of the Seed Investments, as further described in section 9.8 of this explanatory statement
Corporations Act	*Corporations Act* 2001 (Cth)
Directors	The directors of the Company
Financial year	12 months ended or ending 30 June of any year
Implementation Deed	Implementation deed between the Company and Thorney Holdings in relation to the Proposal
Independent Expert	PKF Corporate Finance (NSW) Pty Limited ACN 097 893 957
Independent Expert's Report	The independent expert's report prepared by the Independent Expert in relation to the Proposal
Investment Management Agreement	Investment management agreement to be entered into by the Company and Thorney Management, a copy of which is included in appendix 2 of this explanatory statement
NPAT	Net profit after tax
Placement Offer	The invitation by the Company to sophisticated and/or professional investors to apply for Shares at $0.22 each, pursuant to which the Company will seek to raise up to $50 million, with the ability for the Company to accept oversubscriptions for up to a further $50 million
Proposal	The proposal described in section 2 of this explanatory

	statement
Prospectus	The prospectus to be prepared by the Company for the Placement Offer and Retail Offer in compliance with sections 710 and 711 and other applicable provisions of division 4 of part 6D.2 of the Corporations Act (including any document deemed to be incorporated by the Corporations Act)
Retail Offer	The proposed invitation by the Company to its Shareholders and other investors to apply for Shares at $0.22 each, pursuant to which the Company will seek to raise $25 million with the ability to accept oversubscriptions, provided that the total Capital Raising does not exceed $125 million
Seed Investments	The investments to be sold by the Thorney Entities and acquired by the Company pursuant to the Asset Sale Agreement, details of which are provided in section 9.8 of this explanatory statement
Share	An ordinary share in the Company
Shareholder	A person registered on the register of members of the Company as the holder of Shares
Share Consolidation	The proposed consolidation of the Company's share capital by converting all of the issued Shares into a smaller number equal to one-one hundredth of the total number of issued Shares subject to rounding up fractional entitlements
Thorney Entities	Refer to section 10.10 of this explanatory statement
Thorney Group	Thorney Holdings, its related bodies corporate and controlled entities (including Thorney Management) and their respective officers, employees and consultants
Thorney Holdings	Thorney Holdings Pty Ltd ABN 37 006 262 835
Thorney Management	Thorney Management Services Pty Ltd ABN 88 164 880 148, a wholly owned subsidiary of Thorney Holdings
Thorney Participation	Refer to section 2.6 of this explanatory statement
TOP	Thorney Opportunities Ltd ACN 080 167 264
TOP Shareholder	A person registered on the register of members of TOP as a holder of ordinary shares
you	The reader of this document, if you are a Shareholder of the Company

CORPORATE DIRECTORY

Company

Australian Renewable Fuels Limited ACN 096 782 188
Level 39, 55 Collins Street
Melbourne VIC 3000

Directors

Mr Alan Fisher
Mr Martin Casey
Mr Craig Smith

Company Secretary

Mr Craig Smith

Independent Expert

PKF Corporate Finance (NSW) Pty Limited ABN 66 097 893 957
Level 8, 1 O'Donnell Street
Sydney NSW 2000

Corporate Adviser

Bell Potter Corporate Finance Limited ABN 65 057 547 323
Level 26 Governor Philip Tower, 1 Farrer Place
Sydney NSW 2000

Lawyers

Arnold Bloch Leibler
Level 21, 333 Collins Street
Melbourne VIC 3000

Share registrar

Computershare Investor Services Pty Ltd
Yarra Falls Level 8, 446 Collins Street
452 Johnston Street
Abbotsford VIC 3067

Australian Renewable Fuels Limited
ABN 66 096 782 188

ARW
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Lodge your vote:

Online:
www.investorvote.com.au

By Mail:
Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:
(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

Proxy Form

XX

Vote and view the annual report online

- Go to www.investorvote.com.au **or** scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.

Your access information that you will need to vote:

Control Number: 999999

SRN/HIN: I9999999999 **PIN: 99999**

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

For your vote to be effective it must be received by 11:00am (Melbourne time) Wednesday 7 December 2016

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

GO ONLINE TO VOTE,
or turn over to complete the form ➔

This Document is printed on **Greenhouse Friendly**™ ENVI Laser Carbon Neutral Paper

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

☐ **Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with '**X**') should advise your broker of any changes.

I 9999999999 I ND

Proxy Form

Please mark ☒ to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Australian Renewable Fuels Limited hereby appoint

☐ **the Chairman of the Meeting** **OR** _____

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Australian Renewable Fuels Limited to be held at Arnold Bloch Leibler, Level 21, 333 Collins Street, Melbourne, Victoria, 3000 on Friday, 9 December 2016 at 11:00am (Melbourne time) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolution 1 (except where I/we have indicated a different voting intention below) even though Resolution 1 is connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolution 1 by marking the appropriate box in step 2 below.

STEP 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

ORDINARY BUSINESS	For	Against	Abstain
1 Adoption of Remuneration Report	☐	☐	☐
2 Election of Mr Martin Casey	☐	☐	☐
3 Election of Mr Alex Waislitz	☐	☐	☐
4 Election of Mr Jeremy Leibler	☐	☐	☐

Special Business	For	Against	Abstain
5 Adopt new constitution	☐	☐	☐
6 Change in nature of activities	☐	☐	☐
7 Share consolidation	☐	☐	☐
8 Change of name	☐	☐	☐
9 Approval of investment management agreement with Thorney Management	☐	☐	☐

	For	Against	Abstain
10 Approval of asset sale agreement, acquisition of Seed Investments from the Thorney Entities and issue of Consideration Shares to Thorney Holdings under asset sale agreement	☐	☐	☐
11 Approval of issue of shares to Thorney Holdings under placement offer and/or retail offer	☐	☐	☐
12 Approval of issue of shares under placement offer to other sophisticated and professional investors	☐	☐	☐
13 Approval of issue of shares under retail offer	☐	☐	☐
14 Appointment of auditor	☐	☐	☐

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1	Securityholder 2	Securityholder 3
Sole Director and Sole Company Secretary	**Director**	**Director/Company Secretary**

Contact Name _____ **Contact Daytime Telephone** _____ **Date** / /