



MAJESTIC HORIZON
HOLDINGS



Prospectus

Majestic Horizon Holdings Ltd

ACN 614 137 807

PUBLIC OFFER

This Prospectus contains an offer of between 15,000,000 and 20,000,000 Shares at an issue price of \$0.20 per Share to raise between \$3 million and \$4 million (**Public Offer**).

NOTEHOLDER OFFER

This Prospectus also contains an offer of Shares to investors that hold Convertible Notes issued by the Company in order to convert those Convertible Notes into Shares (**Noteholder Offer**).

Important information

This is an important document. Investors should read this document in full and are advised to consult with their professional advisers before deciding whether to apply for Shares under this Prospectus. Any investment in the Company under this Prospectus should be considered speculative in nature and prospective investors should be aware that they may lose some or all of their investment.

GENERAL

This Prospectus is dated 7 December 2016 and was lodged with ASIC on that date. This is a replacement prospectus which replaces the prospectus dated 21 November 2016 and which was lodged with ASIC on that date (**Original Prospectus**). ASIC, the ASX and their respective officers take no responsibility for the content of this Prospectus or the merits of the investment to which this Prospectus relates.

This Prospectus is a prospectus for the purpose of satisfying Chapters 1 and 2 of the Listing Rules (relating to admission of an entity to the Official List of the ASX). The Company submitted a Listing Application with the ASX within 7 days after the Original Prospectus Date.

This replacement Prospectus differs from the Original Prospectus in the following key aspects:

- the Opening Date and Closing Date for the Offers have been updated;
- additional risks relating to the operations of the Group and its insurance coverage have been added to the 'Chairman's Letter', Section 1 (Investment Overview) and Section 6 (Key Risks);
- additional information relating to the age of the Group's key equipment, the maintenance and refurbishment practices relating to that equipment and the useful life of that equipment has been added to Section 2 (Group Overview) and Section 4 (Financial Information);
- modifications have been made to Section 4 (Financial Information) to clarify whether certain monetary figures are in Australian, United States or Malaysian currency; and
- additional disclosures have been included in Section 2 (Group Overview) and Section 6 (Key Risks) regarding the fact that the SOL Group does not have any intellectual property protection in relation to the mud cooler units that it builds.

This Prospectus expires on the date that is 13 months after the Original Prospectus Date (**Expiry Date**) and no Shares will be issued pursuant to this Prospectus after the Expiry Date.

THE OFFERS ARE SUBJECT TO CONDITIONS

The Offers are conditional on certain events occurring. Please refer to Section 10.4 of this Prospectus for further details.

OFFER PERIOD

The Offers are scheduled to close at 5.00pm (AEDT) on 20 January 2017 unless extended or withdrawn. Applications must be received before that time to be valid.

NOTE TO APPLICANTS

The information in this Prospectus is not financial product advice and does not take into account your investment objectives, financial situation, or particular needs.

It is important that you read this Prospectus carefully and in full before deciding whether to invest in the Company. Some of the key risk factors that should be considered by prospective investors are set out in Section 6 of this Prospectus. There may be risk factors in addition to these that should be considered in light of your own personal circumstances. Investors should

seek professional advice from an accountant, stockbroker, lawyer and/or other professional adviser before deciding to invest in any of the Offers.

No person named in this Prospectus, nor any other person, guarantees the performance of the Company, the repayment of capital or any return on investment.

NO OFFERING WHERE OFFERING WOULD BE ILLEGAL

The Public Offer is being made to Australian residents. The Noteholder Offer is only being made to the Noteholders. The Offers are not made to persons or in places to which, or in which, it would not be lawful to make such offers for Securities. No action has been taken to register or qualify the Offers or Shares, or otherwise permit an offer of Shares, in any jurisdiction outside Australia. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate applicable securities laws.

In particular, this Prospectus may not be distributed to, or relied on by, persons in the United States or to or for the account or benefit of US Persons (as defined in Rule 902(k) of Regulation S made under the US Securities Act of 1933). The Shares have not been and will not be registered under the US Securities Act or any state securities law in the United States and may not be offered or sold in the United States except in a transaction exempt from, or not subject to, registration under the US Securities Act and applicable state securities laws in the United States.

DISCLAIMER AND FORWARD LOOKING STATEMENTS

No person is authorised to give any information or to make any representation in relation to the Offers that is not contained in this Prospectus. Any information or representation not so contained in this Prospectus may not be relied on as having been authorised by the Company or the Directors.

This Prospectus contains forward-looking statements, which may be identified by words such as “may”, “could”, “believes”, “estimates”, “expects”, “intends”, “projects”, “plans”, “predicts”, “will”, “anticipates” and other similar words that involve risks and uncertainties.

These forward-looking statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, at the Prospectus Date, are expected to take place.

Such statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and management. Each of the Company, the Directors, any persons named in this Prospectus with their consent or any person involved in the preparation of this Prospectus does not make any representation, assurance or guarantee as to the accuracy or likelihood of fulfilment of any forward looking statement or any outcomes express or implied in any forward looking statement.

Except to the extent required by law, the Company has no intention to update or revise forward looking statements, or to publish prospective financial information in the future, regardless of whether new information or future events affect the information contained in this Prospectus.

These forward looking statements are subject to various risk factors that could cause the Company’s actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 6. Investors are cautioned not to place undue reliance on these forward looking statements.

STATEMENTS OF PAST PERFORMANCE

This Prospectus includes information regarding the past performance of the Company and the SOL Group. Investors should be aware that past performance is not indicative of future performance.

FINANCIAL INFORMATION PRESENTATION

The basis of preparation and presentation of the financial information in this Prospectus is set out in Section 4. The financial information should be read in conjunction with, and is qualified by reference to, the information contained in Section 4, the Investigating Accountant's Report in Section 5 and the risk factors in Section 6.

OBTAINING A COPY OF THIS PROSPECTUS

A paper copy of this Prospectus may be obtained free of charge from the Company by any person in Australia by calling +61 3 9028 4480 between 9.00am and 5.00pm (AEDT), Monday to Friday during the Offer Period.

This Prospectus is also available to Australian resident investors in electronic format on the website, <https://automic.com.au/ipo/majestic.htm>.

Applications may only be made using the Application Forms attached to a hard copy of this Prospectus or on a printed copy of the electronic version downloaded in its entirety.

The Corporations Act prohibits any person from passing any Application Form on to another person unless it is attached to, or accompanied by, this Prospectus in its paper copy form or the complete and unaltered electronic version of this Prospectus. Refer to Section 10 for further information.

EXPOSURE PERIOD

The Corporations Act prohibits the Company from accepting or processing Applications in the 7 day period after the date of lodgement of the Original Prospectus with ASIC (**Exposure Period**). By way of a letter dated 28 November 2016 from ASIC to the Company, the Exposure Period was extended by ASIC for a further period of 7 days to end on 5 December 2016. Applications received under the Original Prospectus during the Exposure Period will be dealt with in accordance with section 724 of the Corporations Act. No preference will be given to Applications received during the Exposure Period or the period before the Prospectus Date.

Pursuant to ASIC Corporations (Exposure Period) Instrument 2016/74, this Prospectus is not subject to an Exposure Period.

NO COOLING-OFF

Cooling off rights do not apply to an investment in Shares issued under this Prospectus. This means that in most circumstances you cannot withdraw your Application once it has been accepted.

PHOTOGRAPHS AND DIAGRAMS

Photographs and diagrams used in this Prospectus that do not have descriptions are for illustration only and should not be interpreted to mean that any person shown in them endorses this Prospectus or its contents or that the assets shown in them are owned or used by the Company. Diagrams used in this Prospectus are for illustration only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the Prospectus Date.

COMPANY WEBSITE

Any references to documents included on the Company's website are provided for convenience only, and none of the documents or other information on the Company's website, or any other website referred to in this Prospectus, is incorporated in this Prospectus by reference.

PRIVACY

By filling out an Application Form, you will be providing personal information to the Company and the Share Registry. The Company, and the Share Registry (on behalf of the Company), may collect, hold and use that personal information in order to process your Application, service your needs as a Shareholder, provide services and facilities that you request and carry out appropriate administration.

Once you have become a Shareholder, the Corporations Act requires the Company to include information about you (including your name, address and details of Shares you hold) in its public register of members. The information contained in the Company's register of members must remain there even if you cease to be a shareholder. The information contained in the Company's register of members is also used to facilitate any dividend payments, corporate communications and compliance with legal and regulatory requirements. If you do not provide the information requested in the relevant Application Form, the Company and the Share Registry may not be able to process or accept your Application. An Applicant has a right to gain access to the information that the Company and the Share Registry hold about that person, subject to certain exemptions under law. A fee may be charged for access.

Your personal information may also be used from time to time to inform you about other products and services offered by the Company, which it considers may be of interest to you. Your personal information may also be provided to the Company's agents and service providers. The agents and service providers of the Company may be located outside Australia where your personal information may not receive the same level of protection as that afforded under Australian law. The types of agents and service providers that may be provided with your personal information and the circumstances in which your personal information may be shared are:

- the Share Registry for ongoing administration of the register of members;
- printers and other companies for the purpose of preparation and distribution of documents and for handling mail;
- market research companies for the purpose of analysing the Shareholder base and for product development and planning; and
- legal and accounting firms, auditors, contractors, consultants and other advisers for the purpose of administering and advising on the Shares and for related actions.

DEFINED TERMS AND ABBREVIATIONS

A number of terms and abbreviations used in this Prospectus have defined meanings which appear in Section 13 of this Prospectus. All financial amounts contained in this Prospectus are expressed in Australian dollars unless otherwise stated.

QUESTIONS

If you have any question about whether to invest in the Company or how to apply for Shares, please call your stockbroker, solicitor, accountant, tax adviser or other professional adviser. Instructions on how to apply for Shares are set out in Section 10.8 and on the back of the Application Form that applies to each Offer. Alternatively, please call the Company Secretary on +61 3 9028 4480 between 9.00am and 5.00pm (AEDT), Monday to Friday during the Offer Period.

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Chairman's Letter

Dear Investor,

On behalf of the Board, it is my pleasure to invite you to become a Shareholder of the Company.

The Company has recently been incorporated for the purpose of becoming the listed holding company for the companies that form part of the SOL Group. The SOL Group companies provide specialist engineering equipment and services to the upstream oil and gas industry, including:

- mud cooling equipment and services (for both offshore and onshore drilling);
- hammer piling equipment and services; and
- supply and leasing services for offshore containers.

The Offers under this Prospectus comprise the Public Offer and the Noteholder Offer. The purpose of the Public Offer is to raise between \$3 million and \$4 million to (among other things) fund the immediate working capital needs of the Company and the business of the SOL Group, to pursue identified and potential growth opportunities and to assist the Company with its Listing Application. The Noteholder Offer is intended to reduce the Company's debt levels by converting existing loans into Shares.

The demand for the SOL Group's products and services is largely dependent on the level of global onshore and offshore drilling activity, particularly high pressure high temperature drilling requiring mud cooling equipment. Over the past 2 years, drilling activity globally has declined significantly as a result of falls in the oil price. However, as set out in the Independent Market Report, it is anticipated that drilling activity will start to increase again from mid to late in the 2016 calendar year. The Company is seeking to capitalise on this anticipated growth (and will be investing a significant portion of the funds raised under the Public Offer) to increase the Group's stock of equipment that it has available to lease to customers and review potential acquisition targets. The Company also wishes to add a complementary service to the SOL Group's existing onshore mud cooler services by adding water treatment and filtration systems to attract new customers and offer this as a new service to existing customers.

The Company wishes to further explore potential opportunities for the Group in the Asia Pacific region (particularly in Thailand, Indonesia, Vietnam and Myanmar) and the funds to be raised under the Public Offer will assist the Group in targeting new customers in this region and marketing its products and services. The Directors believe that the sector is currently depressed as a result of recent falls in oil and gas prices (which presents an opportunity to consider complementary acquisitions that would provide visible earnings growth in the near term if oil and gas prices increase at the rates contemplated by the Independent Market Report).

An investment in the Company under this Prospectus should be considered speculative in nature. The Group will be subject to a range of risks, including those risks set out in Section 6. Some of the key risks include the following:

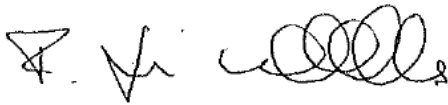
- The Vendors will hold between 67% and 73% of the Shares and will have a controlling interest in the Company. The interests of the Vendors may differ from other investors.
- Demand for the SOL Group's products and services is intricately linked with the oil price and the gas price. Oil and gas prices have decreased substantially in recent years.
- As disclosed in the financial statements set out in Section 4, the SOL Group incurred a loss and had net cash outflows from operating activities for the financial year ended 31 December 2015 and the half year

ended 30 June 2016. The revenue of the SOL Group during this period declined in line with the overall decline in global oil production. The ability of the Group to continue operating as a going concern will be largely dependent on the Company's ability to raise funds and conditions in the global oil and gas production sector improving.

- Providing services on drilling sites has inherent risks. Solidgro and Geopremium have limited insurance and the current insurance policies may not be enough to cover all potential claims that may arise. Color Ocean Energy does not currently have any insurance coverage. The Board intends to investigate possible new insurance policies for the Group (including Color Ocean Energy) in the near future.

I encourage all potential investors to read this Prospectus carefully and in full before making a decision to invest. Should you view this opportunity favourably, we look forward to welcoming you as a Shareholder of the Company.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Frank Licciardello', with a stylized, cursive script.

Francesco (Frank) Licciardello
Chairman

Key offer information

Important dates

The anticipated date for commencement of trading of the Shares on the ASX as a result of the Listing Application is subject to ASX approval. The dates shown in the table below are indicative only and may vary. The Company reserves the right to vary the Opening Date and the Closing Date for the Offers without prior notice, which may have a consequential effect on the other dates.

The Company also reserves the right to cancel one or both of the Offers at any time before the allotment of Shares under the Offers.

Activity	Indicative Timetable
Lodgement of the Original Prospectus with ASIC	Monday, 21 November 2016
Lodgement of this replacement Prospectus with ASIC	7 December 2016
Opening Date for the Offers	8 December 2016
Closing Date for the Offers ¹	20 January 2017
Completion of the Restructure	Late January 2017
Completion of the Offers (Shares to be issued to successful Applicants) ²	Late January 2017
Dispatch of holding statements ²	Late January 2017
Expected date for Shares to commence trading on the ASX ²	Late January 2017

Key statistics of the Offers

	Based on minimum subscription	Based on maximum subscription
Offer Price per Share under the Public Offer	\$0.20	\$0.20
Gross proceeds of the Public Offer	\$3,000,000	\$4,000,000
Existing Shares	100,000	100,000
Shares to be issued under Restructure Deed	49,692,308	49,692,308
Shares to be issued under this Prospectus		
Public Offer	15,000,000	20,000,000
Noteholder Offer ²	3,866,666	3,866,666
Shares on issue following completion of Offers and Restructure	68,658,974	73,658,974
Indicative market capitalisation of the Company following completion of Offers and Restructure ³	\$13,731,795	\$14,731,795

¹ Unless the Offer Period is varied by the Company (including in circumstances where the Offers are closed early)

² The number of Shares to be issued under the Noteholder Offer may increase in the event that any interest payable to the Noteholders is capitalised in accordance with the terms of the Convertible Note Agreements.

³ Market capitalisation is usually determined by multiplying the number of Shares on issue by the price at which the Shares trade on the ASX from time to time. For indicative purposes only, the above market capitalisation calculations assume that Shares will be traded at the Offer Price. Shares may not trade at the Offer Price after trading on the ASX commences. If Shares trade below the Offer Price, the market capitalisation will be lower than the amount shown above.

ASX Listing

The Company is of the view that the listing of the Company on the ASX will:

- allow capital to be raised from a wider market in order to, among other things, expand the business of the SOL Group, including by way of establishing new businesses and/or acquiring other existing businesses;
- raise the profile of the business of the SOL Group to institutional and professional investors;
- provide a means of increasing the number and diversity of investors;
- improve the public recognition and commercial standing of the business of the SOL Group outside Malaysia;
- provide increased credibility and leverage when submitting tenders to (and responding to requests for quotations from) global tier 1 customers on large projects; and
- allow the Group to purchase additional equipment to increase its current service offering (i.e. through the addition of water filtration and treatment systems on the Group's mud coolers).

1. Investment overview

The information in this Section is a selective overview only and is not intended to be a comprehensive summary of this Prospectus. Prospective investors should read this Prospectus carefully and in full before deciding to invest.

1.1 Introduction

Topic	Summary	Further information
Who is the issuer of this Prospectus?	Majestic Horizon Holdings Ltd ACN 614 137 807	N/A
What are the Offers?	<p>By this Prospectus, the Company is making the following 2 conditional offers of Shares:</p> <ul style="list-style-type: none"> • Public Offer – an offer to Australian residents of 15,000,000 to 20,000,000 Shares at an Offer Price of \$0.20 per Share to raise a minimum of \$3 million and a maximum of \$4 million. • Noteholder Offer – an offer to the Noteholders for the allotment of approximately 3,866,666 Shares on conversion of the Convertible Notes issued to the Noteholders. 	Section 10
What is the Offer Price?	The Offer Price under the Public Offer is \$0.20 per Share. Under the Noteholder Offer, the Noteholders will effectively be converting debts owed by the Company into Shares at a rate of \$0.075 per Share.	Section 10
What are the Conditions of the Offers?	<p>The Offers are conditional on:</p> <ul style="list-style-type: none"> • Shareholders approving the Shareholder Resolutions (which are required to complete the Restructure); • completion of the Restructure occurring; • the Company raising at least \$3 million under the Public Offer; and • the ASX giving conditional approval for the Listing Application. 	Section 10.4
Why are the Offers being conducted?	<p>The Public Offer is being conducted to:</p> <ul style="list-style-type: none"> • fund the immediate working capital needs of the Company and the business of the SOL Group; • assist the Company to meet the requirements of the ASX and satisfy Chapters 1 and 2 of the Listing Rules; and • provide funds to pursue identified and potential growth opportunities (both organic and by acquisition). 	Section 10.5

Topic	Summary	Further information
	<p>On completion of the minimum raising of \$3 million under the Public Offer, the Board believes that the Company will have sufficient working capital to achieve the objectives stated in this Prospectus.</p> <p>The Noteholder Offer is being conducted to reduce the Company's debts and to maximise the portion of the Public Offer proceeds that can be applied to the development and growth of the business of the SOL Group.</p>	
What is the minimum investment under the Public Offer?	Applications under the Public Offer must be for a minimum of \$2,000 worth of Shares (10,000 Shares) and thereafter, in multiples of \$200 worth of Shares (1,000 Shares).	Section 10.2

1.2 Key features of the Company and the SOL Group

Topic	Summary	Further information
What does the Company do?	The Company is a newly formed Australian public company that has been incorporated for the purpose of becoming the listed holding company for the companies that form part of the SOL Group.	Section 2
Who will have a controlling interest in the Company?	Following completion of the Offers and the Restructure, the Vendors (being existing shareholders of the SOL Group companies) will hold between 67% and 73% of the Shares (depending on the amount raised under the Public Offer).	Section 1.5
What is the Company's strategy?	<p>The SOL Group is in the business of providing specialist engineering equipment and services to the upstream oil and gas industry.</p> <p>Following completion of the Restructure, the Company will focus on growing the existing business of the SOL Group by upgrading and increasing its mud cooling equipment fleet to target customers in the Middle East, Africa, USA and other countries with HPHT and geothermal oil and gas wells.</p> <p>In particular, the SOL Group has identified the opportunity to add water treatment and filtration systems to some of its current onshore mud coolers to deal with on-site contamination of water. The water treatment and filtration systems are expected to improve the efficiency of the mud cooling equipment and provide an additional product/service offering to customers of the Group.</p> <p>The Company will also investigate the possibility of acquiring other companies or businesses that provide different but complementary services to (or conduct other related activities in) the oil and gas industry to take advantage of the current depressed conditions in the sector.</p>	Section 2

Topic	Summary	Further information
How will the Group generate income and what will be the key costs?	<p>The SOL Group's current business generates revenue mainly from the leasing of mud cooling equipment and hammer piling equipment (together with fees charged for the associated technical services relating to the operation of that equipment). The SOL Group is the manufacturer of the mud coolers used by the business, but purchases the hammer piling equipment from a third-party manufacturer. In each case, the contracts with customers provide that the SOL Group is responsible for the maintenance and operation of the relevant equipment while it is located at the relevant customer's drilling site. The SOL Group has also collaborated with OEG to provide supply and rental services for offshore enclosed cargo containers and mud lab cabins.</p> <p>As noted above, the Company will also be investigating the possibility of acquiring other companies or businesses that provide different but complementary services to (or conduct other related activities in) the oil and gas industry and intends to expand its product/service offering through the addition of water treatment and filtration systems to some of the Group's mud coolers.</p>	Section 2.8
Who are the SOL Group's customers?	<p>The majority of the SOL Group's customers are oil and gas exploration and production companies. For the half year ended 30 June 2016, the SOL Group generated 84% of its revenue from 3 customers, being Asia Pacific Drilling Engineering Co Ltd, PetroVietnam Drilling Investment Services Company and PT Indo Karya Energy. The SOL Group generated 97% of its revenue from the same 3 customers for the financial year ended 31 December 2015. These 3 customers act as agents for a number of operators in the oil and gas exploration and production industries. The end users/customers of the SOL Group products and services during the half year ended 30 June 2016 and the full financial year ended 31 December 2015 included:</p> <ul style="list-style-type: none"> • Coastal Energy; • Idemitsu; • PTT Exploration and Production; • PetroVietnam Exploration and Production Corporation; • Rosneft; and • UMW Offshore Drilling. 	Section 2.8

1.3 Key industry opportunities

Topic	Summary	Further information
Frost & Sullivan Report	<p>This Prospectus includes an independent market report on the oil and gas services sector prepared by Frost & Sullivan. Frost & Sullivan has stated that:</p> <ul style="list-style-type: none"> • The upstream oil and gas industry can be divided into 5 lifecycle stages (exploration, drilling, development, 	Section 3

Topic	Summary	Further information
	<p>production and decommissioning). The SOL Group provide services at all 5 lifecycle stages.</p> <ul style="list-style-type: none"> • Drilling equipment and services is the largest segment of the oilfield equipment and services market. The value of the drilling equipment and services segment was estimated to be \$139 billion in 2015. • Globally, the total value of the oilfield equipment and services market was estimated to be \$452 billion in 2014 and is expected to decline by 43% to \$258 billion in 2016. • Oil and gas drilling activity is primarily driven by the long-term growth in demand for crude oil and natural gas, and short-term fluctuations in oil and gas prices. The Independent Market Report indicates that there is likely to be growth in the demand for crude oil and natural gas (and increases in oil and gas prices), stimulating growth in the upstream oil and gas services sector from 2017 to 2021. • Mud coolers are mostly used for drilling projects in high pressure high temperature reservoirs. The number of high pressure high temperature wells (as a percentage of all oil and gas wells) is currently relatively small. However, as conventional oil and gas resources become more depleted, there is likely to be growth in the exploration of high pressure high temperature wells. • The SOL Group's piling equipment is used in the installation of jack-up drilling rigs and oil and gas production platforms. Offshore exploration and production activity has declined significantly since 2014. However, Frost & Sullivan anticipates that 2016 is likely to represent the low point of the offshore exploration and production expenditure cycle (with expenditure expected to increase from 2017). • Frost & Sullivan also anticipates that the geothermal energy industry will have an expanded requirement for mud cooling equipment (and this offers another potential opportunity for growth for the business of the SOL Group). 	

1.4 Key risks

Topic	Summary	Further information
What are the key risks of investing in	The list below is a summary of some of the key risks associated with investing in the Company. A more comprehensive list of risks is set out in Section 6.	Section 6

Topic	Summary	Further information
Shares in the Company?	<p data-bbox="472 293 895 322">Risks associated with capital structure</p> <p data-bbox="472 360 1166 517">The Vendors will hold between 67% and 73% of the Shares (depending on the amount that is raised under the Public Offer). The Vendors' interests as controlling Shareholders of the Company may differ from the interests of minority Shareholders.</p> <p data-bbox="472 555 708 584">Loss making business</p> <p data-bbox="472 622 1166 909">As disclosed in the financial statements set out in Section 4, the SOL Group incurred a loss and had net cash outflows from operating activities for the financial year ended 31 December 2015 and the half year ended 30 June 2016. The revenue of the SOL Group during this period declined in line with the overall decline in global oil prices. The ability of the Group to continue operating as a going concern will be largely dependent on the Company's ability to raise funds and conditions in the global oil and gas production sector improving.</p> <p data-bbox="472 947 767 976">Reliance on key customers</p> <p data-bbox="472 1014 1166 1133">The SOL Group is heavily reliant on 3 key customers, each of whom act as the SOL Group's agent for oil companies such as PTT Exploration and Production, Coastal Energy, Idemitsu, PetroVietnam, Rosneft and UMW Offshore.</p> <p data-bbox="472 1171 1166 1395">In addition, the SOL Group generally operates under short term (and, in some cases, short form) contractual arrangements (the termination of which can significantly affect the revenue generated by the business). The terms of these contracts also do not provide the SOL Group with the benefit of any minimum quantities of products and services required to be purchased by customers.</p> <p data-bbox="472 1433 804 1462">Operating and insurance risks</p> <p data-bbox="472 1500 1166 2040">Solidgro builds the mud coolers that are used to service the customers of the SOL Group. The hammer piling equipment used by the SOL Group companies is purchased from a third-party manufacturer. The SOL Group companies do not sell mud coolers or hammer piling equipment to customers, rather they lease the equipment and provide staff to operate and maintain the equipment while it is located at the relevant customer's drilling site. Under contracts with customers, the SOL Group is often required to provide warranties and indemnities for the benefit of the relevant customer and will have potential exposure to liability for matters such as financial loss, property damage, death, personal injury and contamination resulting from the use of the SOL Group's equipment and the services provided by the SOL Group (and failures associated with the equipment and services). Solidgro and Geopremium have insurance policies in place to reduce their exposure to operating risks to a limited extent. However, providing services on drilling</p>	

Topic	Summary	Further information
	<p>sites has inherent risks and these insurance policies may not be enough to cover all potential claims or the full monetary amount of potential claims. The SOL Group has no insurance coverage for environmental matters and Color Ocean Energy does not currently have any insurance coverage at all. The Board intends to investigate possible new insurance policies for the Group (including Color Ocean Energy) in the near future.</p> <p>Geopremium control risk and Petronas licence</p> <p>Under the terms of the licence issued to Geopremium by Petronas, the Company is prevented from holding more than a 49% shareholding in Geopremium. The interests of the Company may differ from the interests of the other Geopremium shareholders (who will collectively have control of Geopremium).</p> <p>In these circumstances, there is a risk that the Company will not be able to control the conduct of Geopremium (or ensure that Geopremium acts in a manner that is in the best interests of the Company), which in turn could have an impact on the Group's revenue associated with products and services provided to customers in Malaysia (given that Geopremium is responsible for providing those products and services as a "Petronas vendor").</p> <p>There is also the risk associated with the Petronas licence expiring and not being renewed (the licence is currently due to expire on 16 May 2018) or otherwise terminating, which would significantly impact on the ability of the Group to carry on its business in Malaysia.</p> <p>Volatility of oil and gas prices</p> <p>The demand for the products and services offered by the SOL Group may decrease if the financial stability and prospects of customers reduce. The SOL Group's customers operate in the oil and gas sector, and their value and profitability is largely determined by oil and gas prices.</p> <p>Oil and gas prices have decreased substantially in recent years. Prices for oil and gas are subject to fluctuations and are affected by numerous factors beyond the control of the Group.</p> <p>These factors include global consumer demand, political and economic conditions, actions of the Organization of the Petroleum Exporting Countries (OPEC), government regulations and the availability of alternative and competing fuel sources.</p> <p>Foreign exchange risks</p> <p>The functional currency of Solidgro and Geopremium is Malaysian ringgit and the functional currency of Color Ocean</p>	

Topic	Summary	Further information
	Energy is US dollars. Accordingly, the depreciation and/or appreciation of the Malaysian and/or US currency relative to the Australian currency could result in a translation loss on consolidation which is taken directly to Shareholder equity. Any depreciation of these currencies relative to the Australian currency may also result in lower than anticipated revenue, profits and earnings. The Company will be affected on an ongoing basis by the foreign exchange risk associated with relative movements in the Australian dollar, Malaysian ringgit and the US dollar, and will have to monitor this risk on an ongoing basis.	

1.5 Share capital structure

Immediately following completion of the Restructure and the Offers, the number of Shares on issue is expected to be as set out in the table below:

	Assuming \$3 million raised under the Public Offer	Assuming \$4 million raised under the Public Offer
Existing Shares	100,000	100,000
Shares to be issued to the Vendors	49,692,308	49,692,308
Shares to be issued under this Prospectus		
Public Offer	15,000,000	20,000,000
Noteholder Offer ⁴	3,866,666	3,866,666
Shares on issue following completion of Offers and Restructure	68,658,974	73,658,974

8,000,000 Options will also be issued to Sanston as part of its consideration under the Sanston Mandate.

It is anticipated that the Vendors will be the only Shareholders that will have voting power of 20% or more after completion of the Restructure and the Offers.

⁴ The number of Shares to be issued under the Noteholder Offer may increase in the event that any interest payable to the Noteholders is capitalised in accordance with the terms of the Convertible Note Agreements.

1.6 Key financial metrics and dividends

Topic	Summary	Further information
What is the key financial information?	The financial position of the Company as at 30 June 2016 and the pro forma financial position of the Group as at the same date (assuming completion of the Offers and the Restructure and prepared as if they had completed by 30 June 2016) are set out below:	Section 4

	Company - Before the Offers or the Restructure (\$)	Group Pro forma - Assuming \$3 million raised under the Public Offer (\$)	Group Pro forma - Assuming \$4 million raised under the Public Offer (\$)
Current Assets	291,000	4,488,812	5,413,812
Non-Current Assets	0	4,049,089	4,049,089
Total Assets	291,000	8,537,901	9,462,901
Current Liabilities	290,000	1,291,956	1,291,956
Non-current Liabilities	0	1,265,983	1,265,983
Total Liabilities	290,000	2,557,939	2,557,939
Net Assets	1,000	5,979,962	6,904,962

Set out below is a summary of the historical amalgamated audited statement of profit or loss and other comprehensive income of the SOL Group for the half-year ended 30 June 2016 and the financial years ended 31 December 2015 and 31 December 2014.

	Audited Amalgamated Half-year ended 30 June 2016 (\$)	Audited Amalgamated Year ended 31 Dec 2015 (\$)	Audited Amalgamated Year ended 31 Dec 2014 (\$)
Revenue	1,024,718	3,123,689	4,805,097
Cost of sales (excluding depreciation and interest)	(407,591)	(1,358,161)	(1,340,613)
Gross profit	617,127	1,765,528	3,464,484
Other income	514,765	282,198	337,713
Expenses			
Employee expenses	(217,282)	(511,057)	(630,815)
Directors' fees and remuneration	(207,823)	(270,806)	(96,133)
Depreciation	(424,749)	(936,639)	(867,691)
Other expenses	(372,535)	(693,634)	(772,271)
(Loss)/profit from operations	(90,497)	(364,410)	1,435,287
Finance income/(costs)	(37,485)	(88,327)	(59,502)
Share of profit/(loss) of associate	11,198	(25,546)	32,588
Profit/(loss) before tax	(116,784)	(478,283)	1,408,373
Taxation	3,405	309,982	(313,839)
Net profit/(loss) for the period/year	(113,379)	(168,301)	1,094,534

Topic	Summary	Further information																																	
How will the funds raised under the Public Offer be used?	<p>The Company intends to apply the funds raised from the Public Offer (together with existing cash reserves of the Group) during the 12-month period following completion of the Restructure as follows:</p> <table> <tr> <th>Purpose</th><th>Minimum subscription (\$3,000,000)</th><th>Maximum subscription (\$4,000,000)</th></tr> <tr> <td>Cash reserves of the Group⁵</td><td>\$92,928</td><td>\$92,928</td></tr> <tr> <td>Funds raised under Public Offer</td><td>\$3,000,000</td><td>\$4,000,000</td></tr> <tr> <td>Total</td><td>\$3,092,928</td><td>\$4,092,928</td></tr> <tr> <td>Expenses of the Offers</td><td>\$330,000</td><td>\$400,000</td></tr> <tr> <td>ASX compliance costs</td><td>\$65,000</td><td>\$70,000</td></tr> <tr> <td>Purchase of new equipment</td><td>\$634,000</td><td>\$1,501,333</td></tr> <tr> <td>Potential acquisitions of new businesses</td><td>\$250,000</td><td>\$275,000</td></tr> <tr> <td>Sales and marketing activities</td><td>\$223,928</td><td>\$256,595</td></tr> <tr> <td>Working capital</td><td>\$1,590,000</td><td>\$1,590,000</td></tr> <tr> <td>Total funds applied</td><td>\$3,092,928</td><td>\$4,092,928</td></tr> </table> <p>The estimates of expenditure set out above are based on budgets set by the Directors. The actual level and breakup of expenditure may change on an ongoing basis depending on results obtained.</p>	Purpose	Minimum subscription (\$3,000,000)	Maximum subscription (\$4,000,000)	Cash reserves of the Group ⁵	\$92,928	\$92,928	Funds raised under Public Offer	\$3,000,000	\$4,000,000	Total	\$3,092,928	\$4,092,928	Expenses of the Offers	\$330,000	\$400,000	ASX compliance costs	\$65,000	\$70,000	Purchase of new equipment	\$634,000	\$1,501,333	Potential acquisitions of new businesses	\$250,000	\$275,000	Sales and marketing activities	\$223,928	\$256,595	Working capital	\$1,590,000	\$1,590,000	Total funds applied	\$3,092,928	\$4,092,928	Section 10.6
Purpose	Minimum subscription (\$3,000,000)	Maximum subscription (\$4,000,000)																																	
Cash reserves of the Group ⁵	\$92,928	\$92,928																																	
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Working capital	\$1,590,000	\$1,590,000																																	
Total funds applied	\$3,092,928	\$4,092,928																																	
Prospects of the Group	<p>The Directors consider that an investment in the Company under this Prospectus should be considered speculative in nature. The SOL Group business has an operating history and was profitable in FY 2013 and 2014, however, it has been operating at a loss in recent years (largely as a result of the global fall in oil prices and the impact that this has had on the businesses of the SOL Group's customers). If growth in the oil and gas exploration and production sector increases at the rate forecast by Frost & Sullivan (as set out in the Independent Market Report), the Directors are confident that the SOL Group companies will be well positioned to take advantage of that growth. However, the Directors believe that they are not in a position to provide prospective financial information in relation to the Company or the Group (or make any other definitive statements regarding the prospects of the Group).</p> <p>There can be no certainty that the Group will achieve (or sustain) any level of revenue, profitability or cash flow in the future.</p>	N/A																																	
What is the Company's dividend policy?	<p>The payment of a dividend by the Company is at the discretion of the Board and will be a function of a number of factors. There is no guarantee that the dividends will be paid on the Shares.</p>	Section 2.12																																	

⁵ As at 30 June 2016

Topic	Summary	Further information
When will the first dividend be paid?	The Company does not expect to pay dividends in the short term.	Section 2.12

1.7 Experience and background of directors and management

Topic	Summary	Further information
Who are the Directors?	<p>The Directors of the Company are:</p> <ul style="list-style-type: none"> • Frank Licciardello (Non-Executive Chairman) • Khen Peng Wee (Managing Director and CEO) • Han Bee Tung (Finance Director) • Manogran P. Arumugam (Executive Director and COO) • Craig Sanford (Non-Executive Director) 	Section 7
Who are the key managers	<p>Following the completion of the Restructure and the Offers, the key managers of the Company and the SOL Group will be:</p> <ul style="list-style-type: none"> • Datin Norlia Shukri (Managing Director of Geopremium) • Chan Fui Phe (Senior Technical Supervisor) • Kheng Hwa Wee (Technical Consultant) • Poh Chuan Leow (Group Accountant) • Yee Ping Chan (Business Development Manager) • Dillion Baret Anak Redit (Operations Manager) • Kok Chun Teng (Service Manager) • Redhwan V Rot Abdullah (QHSE Manager) • Lee Mitchell (Company Secretary) 	Section 7
What experience and background do the Directors and key managers have?	The experience and background of each of the Directors and key managers that will be involved in the operations of the Group following completion of the Restructure and the Offers are set out in Section 7.	Section 7
What Securities will the Directors (and their associates) hold?	Details of the interests of the Directors in the Company's Securities are set out in Section 7.2.6.	Section 7.2.6

1.8 Additional key information in relation to the Offers

Topic	Summary	Further information
Are the Offers underwritten?	The Offers are not underwritten.	Section 10.15
Is there any brokerage commissions or stamp duty payable by Applicants?	No brokerage, commission or stamp duty is payable by Applicants on an acquisition of Shares under the Public Offer or the Noteholder Offer.	Section 10.11
What are the tax implications of investing in the Shares under the Offers?	The tax consequences of any investment in Shares will depend on each Applicant's particular circumstances. Applicants should obtain their own tax advice before deciding whether to invest.	Section 11.6
Will the Shares be quoted?	An application for official quotation of all Shares to be issued under the Offers (other than those that will be subject to escrow restrictions) was made to the ASX within 7 days after the Original Prospectus Date. The Options to be issued to Sanston will not be quoted on the ASX.	Section 10.12
Will any Securities be escrowed?	Some of the Shares and Options held (or to be held) by the Vendors, the Noteholders and Sanston may be subject to escrow restrictions under the Listing Rules (expiring between 12 months and 24 months after completion of the Restructure). Because of the value of the tangible assets that will be held by the Group after the Restructure, it is also possible that the ASX will decide that no escrow will be imposed. The Company is seeking confirmation from the ASX in relation to the final number of Shares and Options (if any) that may be subject to mandatory escrow and these details will be released to the market before any Shares commence trading on the ASX.	Section 2.14
Financial benefits to related parties under the Offers	<p>Before issuing Shares under this Prospectus, the Company will obtain approval from its Shareholders for the giving of the following financial benefits by the Company to related parties:</p> <ul style="list-style-type: none"> the financial benefits to be received by the Vendors and their associates under the Restructure Deed; the financial benefits that will be paid to the Vendors as executive directors and employees of the Group; and the financial benefits to be received by Sanston under the Sanston Mandate. <p>Further details of these related party arrangements are set out in Sections 7.2.3, 9.1, 9.3 and 9.4.</p>	Sections 7.2.3, 9.1, 9.3 and 9.4
Where can I find more information?	If you have any questions about whether to invest in the Company or how to apply for Shares, please call your stockbroker, solicitor, accountant, tax adviser or other professional adviser. Instructions on	N/A

how to apply for Shares are set out in Section 10.8 and on the back of the Application Form that relates to the relevant Offer. For general enquiries in relation to the Offers, please call the Company Secretary on +61 3 9028 4480 between 9.00am and 5.00pm (AEDT), Monday to Friday during the Offer Period.

2. Group overview

2.1 History of the Company

The Company was incorporated in Victoria, Australia on 9 August 2016, primarily for the purpose of becoming a listing vehicle and holding company for the business operated by the SOL Group companies. The Company has no trading history.

On incorporation, 100,000 Shares were issued at \$0.01 per Share. The Shares are held by Han Bee Tung, Khen Peng Wee and Manogran P. Arumugam (**Vendors**). In August 2016, the Company conducted a seed capital raising and issued 3,866,666 Convertible Notes to the Noteholders with a face value of \$0.075 per Convertible Note. No other Securities have been issued since incorporation.

2.2 Restructure

As at the Prospectus Date, the Vendors hold interests in the SOL Group companies (being a 100% interest in each of Solidgro, Color Ocean Energy and COE (Aus) and, indirectly, a 30% interest in Geopremium held through Solidgro). In order to consolidate the SOL Group companies and further expand the businesses operated by the SOL Group companies, the Company and the Vendors have entered into a Restructure Deed to undertake the Restructure. The terms of the Restructure Deed are summarised in Section 9.1.

After completion of the Restructure, which is subject to and conditional on (among other things), the successful capital raising of \$3 million under the Public Offer and the Company receiving conditional approval from the ASX that it will be admitted to the Official List of the ASX following completion of the Restructure, the Group's corporate structure will be as follows:



Given that the Company will only have a 49% interest in Geopremium but not control or joint control over the financial and operating policy decisions of Geopremium, the Company's interest in Geopremium will be accounted for using equity accounting principles.

2.3 About the SOL Group

The operations of the SOL Group commenced in 2006 after the Vendors identified an opportunity to provide specialist engineering equipment and services to the upstream oil and gas industry. Before founding the business, the Vendors had each spent an average of 30 years in the oil and gas industry. From their experience, they were aware that with the depletion of shallow oil and gas wells, oil production companies were required to drill deeper for oil reserves. Greater drilling depths generate more heat, creating an opportunity for mud cooling equipment and associated services.

The principal operations of the SOL Group relate to the provision of mud cooling equipment and services to customers (for both offshore and onshore drilling). The SOL Group also provides:

- hammer piling equipment and services; and
- supply and leasing services for mud lab cabins and offshore cargo containers.

Solidgro is the main cost centre of the SOL Group. It acquires, fabricates and owns all equipment that is leased to customers of the SOL Group. It has few external customers (instead providing equipment and resources to related companies in the Group, being Color Ocean Energy and Geopremium).

Color Ocean Energy and Geopremium are the entities that primarily contract with external customers.

Colour Ocean Energy supplies the SOL Group's products and services to customers in the oil and gas exploration industry located outside Malaysia. The company is domiciled in the British Virgin Islands and is not required to pay income tax in the British Virgin Islands.

Geopremium supplies the SOL Group's products and services to companies in the oil and gas exploration industry within Malaysia. This is because in Malaysia, the supply of such products and services requires the supplier to hold a licence issued by Petronas (i.e. so as to become registered as a "Petronas vendor"). Geopremium was registered as a Petronas vendor on 2 February 2011. Geopremium also provides management services to Color Ocean Energy and leases mud lab cabins and cargo containers to external customers.

Color Ocean Energy Pty Ltd was incorporated in Australia in 2016 with the intention of becoming the vehicle that will be used for selling the SOL Group's products and services in Australia. However, as at the Prospectus Date, it has not yet commenced any trading operations.

Mud cooling equipment and services

Mud cooling equipment, also known as mud coolers, is specialised equipment used in high pressure high temperature drilling activities. The purpose of mud coolers is to substantially reduce the temperature of the drilling mud, or drilling fluids, and this is performed through heat transfer between a cooling medium and the hot fluids.

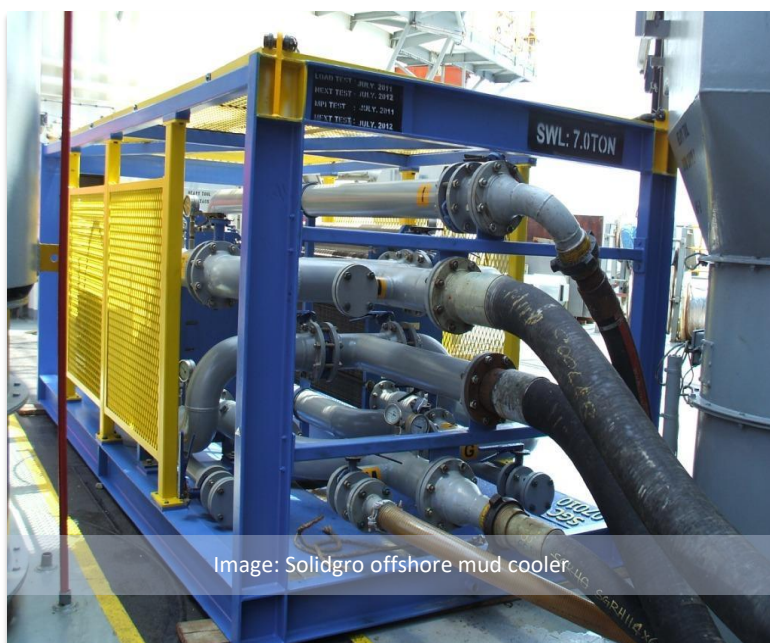


Image: Solidgro offshore mud cooler

The cooling pack consists of corrugated metal flow plates with 2 separate channels for the cooling medium and hot fluids to flow through in order for the heat transfer to take place. Channels formed between the flow plates are arranged so that the 2 fluids flow on a complete counter-current flow basis. The heat is transferred through the flow plates and the corrugation of the flow plates provide a passage between the flow plates, supporting each flow plate against the adjacent flow plate and creating turbulence, allowing for efficient heat transfer.

Mud coolers have the following benefits:

- lowering the temperature of oil based drilling fluids to below their flash point;
- greater drilling accuracy when using measurement-while-drilling (MWD) devices;
- MWD devices and other logging tools can go to greater depths and with increased endurance due to reduced thermal stress; and
- reduced usage of drilling additives and increased life of elastomers.

The SOL Group companies manufacture their mud coolers at their plant in Kemaman, Malaysia where they fabricate the mud cooling skids, pump skids, strainers and baskets and install heat exchanger packs onto the skids. The heat exchanger packs are procured from a third party supplier.

The SOL Group companies' mud coolers for offshore use draw seawater directly as a cooling medium. The onshore mud coolers incorporate in-built water storage facilities and a water cooling tower.

The SOL Group companies lease mud coolers to their customers and they are then transported to the relevant customer's oil and gas drilling site. At the end of the lease period, the mud coolers are returned to the plant in Kemaman.



As part of its growth strategy for the Group, the Company intends to refurbish one of the Group's existing mud coolers, build additional onshore mud coolers, purchase spare heat exchanger plates and purchase 4 water treatment and filtration systems that will be used to generate additional services income. The SOL Group has identified that onshore water on customer sites is often contaminated and causes issues and inefficiencies in the mud cooling process. The SOL Group believes that the treating of water on site will create significant cooling efficiencies that will help to protect the Group's equipment (extending the useful life) and provide more efficient results for customers.

The SOL Group does not have any registered patents or other intellectual property protection in respect of the mud cooler units that it builds. Mud coolers with similar specifications can be obtained from alternative suppliers. However, the key value proposition that the SOL Group markets to its customers in relation to mud coolers relates to the associated services. The leasing contracts by SOL Group companies provide for the provision of experienced SOL Group personnel throughout the duration of the contract to operate the equipment and conduct on-site maintenance and support as part of the services contract. These services allow the relevant customer to focus on their primary drilling operations (without the need to incur additional capital expenditure or employ staff with specific experience operating mud cooler units).

As at the Prospectus Date, the SOL Group has mud cooling equipment on lease to customers in Thailand, Malaysia, Vietnam and India.

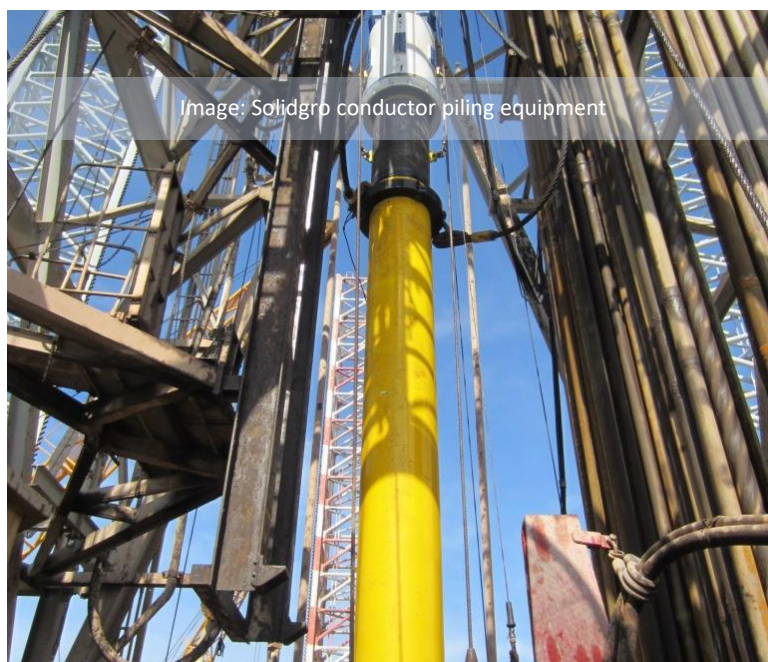
Hammer piling equipment and services

Hammer piling equipment is used for driving surface conductor pipes into the ground for drilling purposes and for the installation of offshore platforms. The SOL Group's hammer piling equipment is hydraulic (meaning that hydraulic rams press piles into the ground). The system allows for greater press-in and extraction force while limiting vibration, and is therefore suited to oil and gas drilling activities as the threat of impacting the stability of surrounding structures is reduced.

The hammer equipment is manufactured by Dawson Construction Plant of the United Kingdom and is capable of piling conductors of up to 36 inches in diameter. Related equipment such as conductor handling equipment (including pipe tongs, safety clamps, elevators, pipe slips and driver chaser subs) is also available.

The key benefits of this equipment are:

- rapid piling rates save time and costs, shortening project durations;
- hydraulic operations produce simple and reliable functionality; and
- the compact and low weight design facilitates offshore handling.



The SOL Group is currently providing hammer piling equipment and services to a customer in Thailand.

Like the SOL Group's mud coolers, the hammer piling equipment is leased to customers and transported to the relevant customer's oil and gas drilling site.

Leasing fees are based on predetermined daily leasing rates, which are typically dependent on the length of the lease period. At the end of the lease period, the hammer piling equipment is returned to the SOL Group's plant in Kemaman, Malaysia.

The Vendors expect to receive minimal revenue from hammer piling equipment until such time as conditions in the oil and gas exploration and production sector improve. Consequently, the SOL Group has recently sold the majority of its hammer piling equipment (retaining 1 set of the equipment). If market conditions improve, the Group intends to purchase 1 additional set of hammer piling equipment (in reconditioned form) and then lease additional hammer piling equipment (when required), which can then be sub-leased to customers at a margin.

Supply and leasing services for offshore containers

Members of the SOL Group have collaborated with OEG Asia Pacific Pte Ltd to provide supply and rental services relating to mud labs and offshore containers. All units are certified to DNV 2.7-1 and EN12079 standard.



Like the SOL Group's mud coolers and hammer piling equipment, the containers are leased to customers and transported to the relevant customer's oil and gas drilling site. Leasing fees are based on predetermined daily leasing rates, which are typically dependent on the length of the lease period. At the end of the lease period, the containers are returned to the SOL Group's plant in Kemaman, Malaysia. The leasing contracts by SOL Group companies for containers do not typically provide for SOL Group personnel throughout the duration of the contract, unless specifically requested by the relevant customer.

The associated products and services provided by the SOL Group in relation to the mud labs and offshore containers include the following:

- Offshore containers and baskets.
- Offshore tanks – vertical and horizontal offshore chemical tanks, Intermediate Bulk Containers (IBCs) and helifuel tanks which are designed and manufactured in accordance with industry standards.
- A60 cabins - available in a wide range of sizes and layouts, to service the growing demand for temporary offshore cabins.
- A60 cabin maintenance – with over 25 years' experience in managing and maintaining A60 engineering cabins, and a unique combination of skills and expertise that enables the provision of comprehensive cabin packages.
- Built-for-sales modules – modular cabins designed and built to meet individual customer specifications.
- Trash compactors.
- Rigsafe air compressors - a range of diesel driven, single stage, oil-injected rigsafe compressors that can be provided on a short or long term rental basis.
- Offshore aviation services - including helifuel audit inspections, helideck audit inspections and refueler operator training.

- Pumping and filtration packages - designed for the filtration of solids from chemicals and fluids during offshore operations. Chemical injection and diaphragm pumps can be supplied as stand-alone units or as part of an integrated solution.

The SOL Group currently provides offshore container equipment and services to customers in Malaysia through Geopremium.

Other products and services

Color Ocean Energy is also the exclusive distributor of STEM Drive fluid mixers and mixing systems in the Asia Pacific region and the Middle East.

STEM drive fluid mixers are used to mix fluids within storage tanks. Stem Drive mixer technology is:

- Easy to install and suited to a wide variety of applications, including liquids, powder and granular materials and semi-solids.
- Designed to work in arduous conditions and safe to use, even in hazardous areas.
- Environmentally friendly and able to be operated in conditions not suited to normal mechanical mixing equipment.
- Fully submersible, require practically no maintenance and able to run continuously even in the most rigorous of applications.

This fluid mixing technology can be applied in numerous industries including the oil, water, waste management, chemical, food processing and edible oil industries, and in any other process requiring fluid mixing.

ISO certification

The SOL Group companies are committed to delivering high quality equipment to their customers and/or end-users. Equipment undergoes stringent testing before it is delivered to a customer or end-user. The SOL Group's quality management system procedures are managed by its Quality, Health, Safety and Environment (**QHSE**) department. Equipment is also required to undergo magnetic particle inspection and load tests which are undertaken by third party inspectors.

The SOL Group also intends to apply for ISO certification after it is admitted to the Official List.

2.4 Operating facilities

The SOL Group's operations are currently conducted from the following properties. In each case, a member of the SOL Group is the owner of the freehold or holds a long term leasehold interest.

Location	Description	Existing use
9-1 Oval, Damansara Tower, No. 685, Jalan Damansara, 60000 Kuala Lumpur	Office space, freehold	Office
9-2 Oval, Damansara Tower, No. 685, Jalan Damansara, 60000 Kuala Lumpur	Office space, freehold	Office
10-1 Oval Damansara, No. 685, Jalan Damansara, 60000 Kuala Lumpur Tower	Office space, freehold	Office
PN 4090-Lot 3766, Mukim Teluk Kalung, Daerah Kemaman, Negeri Terengganu, Malaysia	Industrial land, leasehold expiring August 2057	Fabrication yard
PN 4091-Lot 3767, Mukim Teluk Kalung, Daerah Kemaman, Negeri Terengganu, Malaysia	Industrial land, leasehold expiring August 2057	Fabrication yard
PN 4100- Lot 3776, Mukim Teluk Kalung, Daerah Kemaman, Negeri Terengganu, Malaysia	Industrial land, leasehold expiring August 2057	Fabrication yard
PN 4101-Lot 3777, Mukim Teluk Kalung, Daerah Kemaman, Negeri Terengganu, Malaysia	Industrial land, leasehold expiring August 2057	Fabrication yard

2.5 Key assets

The key assets of the SOL Group currently comprise 15 mud cooler units and one remaining set of hydraulic hammer piling equipment.

The funds raised under the Public Offer will assist the Group to:

- refurbish one of the existing mud coolers;
- build 2 additional onshore mud coolers;
- purchase 4 water treatment and filtration systems to add to existing onshore mud coolers;
- purchase spare heat exchanger plates; and
- purchase 1 new reconditioned set of hammer piling equipment.

If only the minimum amount is raised under the Public Offer (being \$3 million) then the Company intends to only build 1 additional onshore mud cooler (instead of 2), only purchase 2 new water filtration systems (rather than 4) and the reconditioned hammer piling equipment will not be purchased at all.

The age of the SOL Group's mud cooler units range between 3 and 9 years old. The remaining set of hydraulic hammer piling equipment is 9 years old. The SOL Group has historically recorded depreciation on these assets at a rate of 10% per annum on the basis that (from an accounting perspective) it is assumed that plant and equipment will have a useful life of approximately 10 years. However, with regular servicing and maintenance, the useful life of each mud cooler can be substantially more than 10 years, for the following reasons:

- Mud coolers are generally only operated for a small portion of the time while they are out on lease at a customer's site (i.e. only during periods when high pressure high temperature drilling is being carried out). For the rest of the time, the mud coolers are idle (resulting in minimal wear and tear).
- Between contracts, the mud coolers are returned to the SOL Group's fabrication yard in Kemaman for routine maintenance (which generally involves inspection and testing, the replacement of consumable items such as hoses and gaskets, cleaning of the heat exchanger plates, repacking and pressure testing). This process helps to maintain the quality and reliability of the mud cooler units and also assists with the early identification of faults and component parts in need of repair or replacement.
- The SOL Group's mud coolers are built by the SOL Group out of a range of separate component parts. These component parts wear at different rates depending on the utilisation of the mud coolers and the conditions under which they are used. However, as the parts wear (or otherwise get damaged) the SOL Group is able to swap and replace those component parts, each time extending the useful life of the relevant mud cooler unit.

As an example, from the funds raised under the Public Offer, the Company intends to complete a major refurbishment of one of the existing mud coolers (by replacing and/or repairing key component parts, where necessary). The refurbishment will include the replacement of:

- 2 electric starter panels for cooling tower water tanks;
- 1 high efficiency motor for a cooling tower fan;
- 1 soft open top 20-foot container;
- 1 side open door 20-foot container;
- 1 set of cooling tower electrical lighting;
- 2 water tank control panels;
- 2 centrifugal pumps;
- 2 CMG motors; and
- general consumable parts.

The SOL Group anticipates that the proposed refurbishment of the mud cooler will cost approximately \$115,000 and will return that mud cooler to near new condition. This cost compares to a cost of approximately \$265,000 for building a new mud cooler.

The useful life of the SOL Group's hydraulic hammer piling equipment is also dependent on the utilisation and conditions under which that equipment is used. Like the mud cooler units, the useful life of the hydraulic hammer piling equipment can be substantially more than 10 years. Based on the current condition of the hydraulic hammer piling equipment, the SOL Group anticipates that the equipment has a further useful life of approximately 5 to 10 years (if it is regularly maintained). Routine maintenance on the hydraulic hammer piling equipment typically involves inspection and testing and the replacement of hoses and piping.

The Directors believe that they are not in a position to provide prospective financial information in relation to the future costs of conducting maintenance and repairs on the SOL Group's equipment (given that such figures have the potential to vary significantly depending on a range of factors, including the future utilisation of the equipment by customers and the conditions under which they get used).

2.6 Human resources

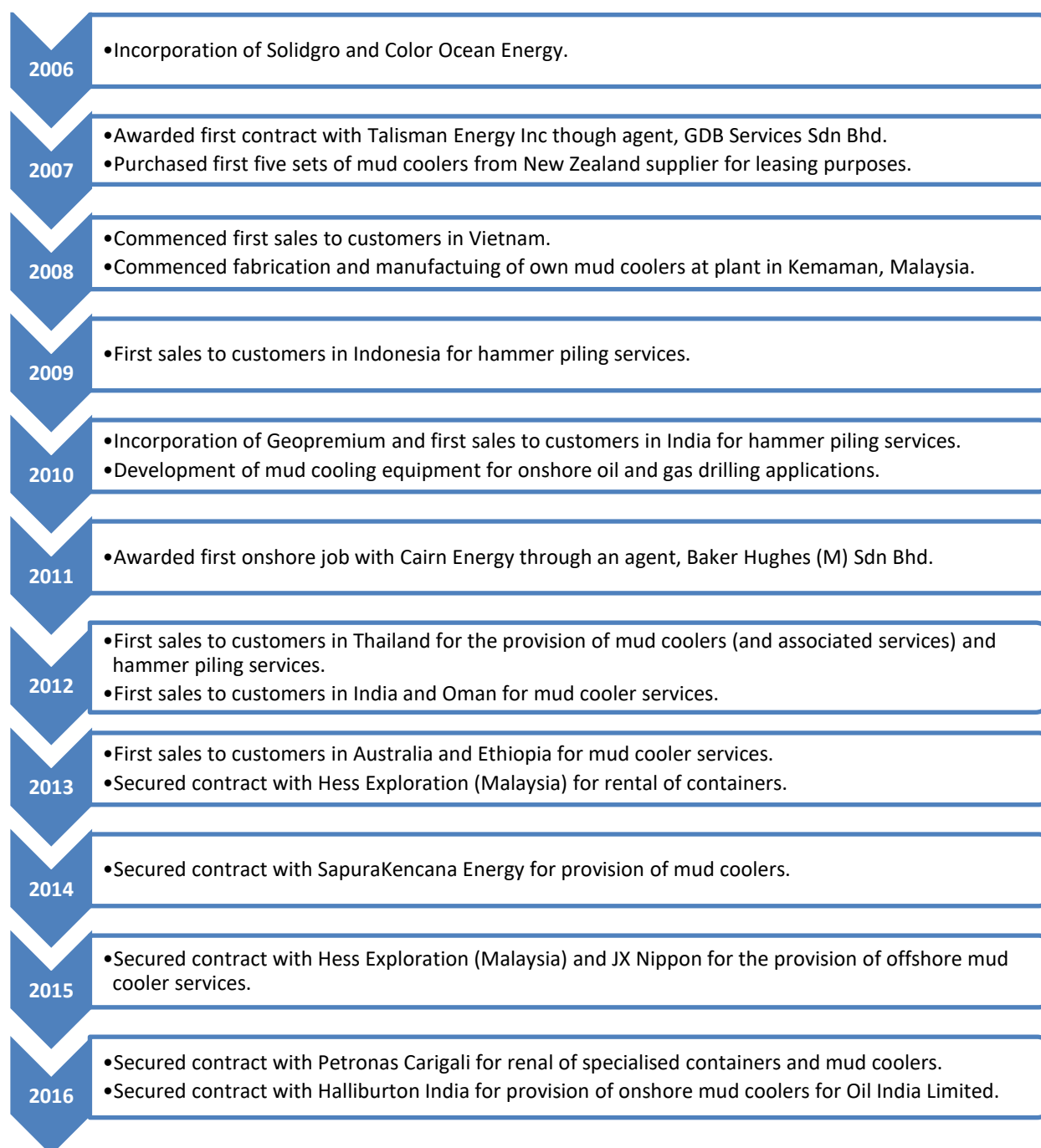
The SOL Group's key value proposition to its customers is in the provision of specialist engineering personnel to operate and conduct on-site maintenance of the equipment that it leases to customers (allowing the relevant customer to focus on their core drilling activities).

As at the Prospectus Date, Solidgro employed 13 staff and Geopremium employed 27 staff. All employees are Malaysian.

Solidgro employs a number of the SOL Group's senior management employees, including the business development manager, technical coordinator, technical consultant, 3 service engineers and the group accountant. Geopremium employs the majority of the SOL Group's technical and operational staff such as service engineers and yard personnel who work in the container leasing part of the business.

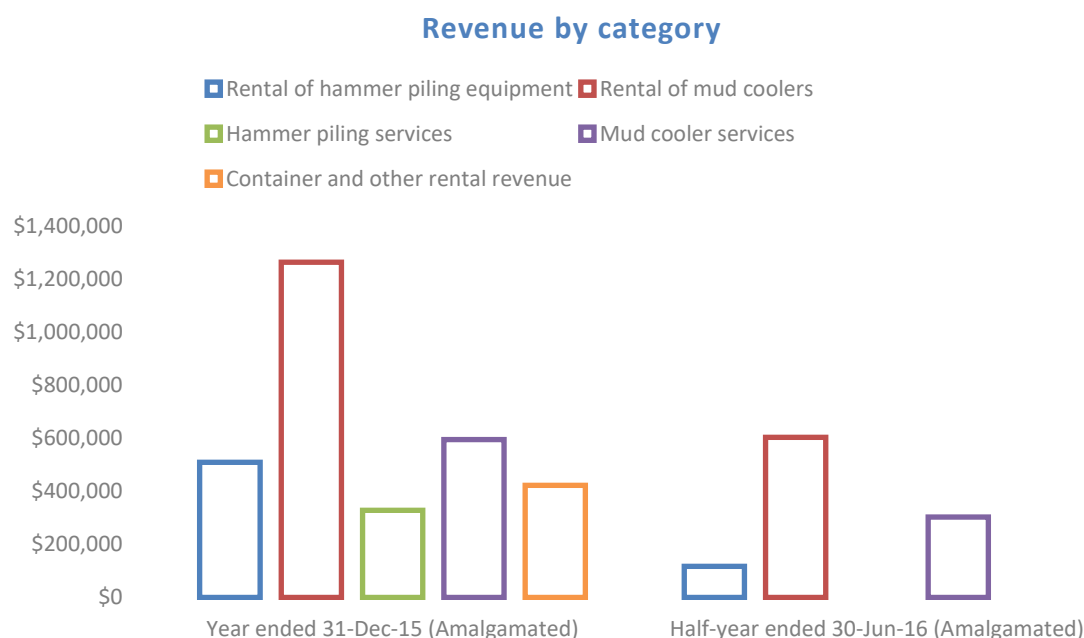
Engineers make up a substantial proportion of the SOL Group's workforce, accounting for an average of 35% of the SOL Group's total headcount over the past 3 financial years. All of the SOL Group's engineers are qualified engineers, mostly from mechanical, electrical and industrial engineering disciplines, and have been trained to operate and maintain the SOL Group's mud cooling and hammer piling equipment.

2.7 Key achievements and milestones



2.8 Customers and sales

Most of the SOL Group's customers and/or end-users are major oil and gas companies. In some countries, the equipment and services are contracted through third parties due to laws and regulations pertaining to the oil and gas industries in the relevant countries.



For the half year ended 30 June 2016, the SOL Group generated 84% of its revenue from 3 customers, being Asia Pacific Drilling Engineering Co Ltd, PetroVietnam Drilling Investment Services Company and PT Indo Karya Energy. The SOL Group generated 97% of its revenue from the same 3 customers for the financial year ended 31 December 2015. These 3 customers act as agents for a number of operators in the oil and gas exploration and production industries. The end users/customers of the SOL Group products and services during the half year ended 30 June 2016 and the full financial year ended 31 December 2015 included:

- Coastal Energy;
- Idemitsu;
- PTT Exploration and Production;
- PetroVietnam Exploration and Production Corporation;
- Rosneft; and
- UMW Offshore Drilling.

Other current customers include Haliburton Offshore Services (India), SapuraKencana Energy Peninsular Malaysia, JX Nippon Oil & Gas Exploration Malaysia, Hess Exploration & Production Malaysia and Petronas Carigali.

The SOL Group has a full-time business development manager who is responsible for seeking new business opportunities in Malaysia and internationally. The SOL Group utilises 3 main sales channels to procure projects and promote a greater awareness of the SOL Group's products and services (being tender bidding, referrals and trade exhibitions).

2.9 Suppliers and raw materials

The primary materials used in the fabrication of mud cooling and hammer piling equipment consist of flow plates, cooling towers, pumps, metal strainer baskets, flanges, fittings, valves and measurement instruments. These materials are mostly sourced from local manufacturers or suppliers, except for flow plates which are imported from Denmark. To date, the SOL Group has not experienced any significant shortages in sourcing materials for its operations. Furthermore, the components used by the SOL Group are readily available from suppliers in Malaysia and various other countries.

2.10 Investment highlights

The SOL Group has a 10-year history of supplying products and services to the upstream oil and gas industry (and a management team with many more years of experience). While the SOL Group business is currently loss making (largely as a result of the global downturn in oil and gas exploration and production), the Company anticipates that drilling activity will soon increase. The Company is seeking to capitalise on this anticipated growth and will be investing a significant portion of the funds raised under the Public Offer to increase the Group's stock of equipment that will be made available to lease to customers (and purchase water treatment and filtration systems to improve the efficiency of its onshore mud coolers).

Some key highlights noted by Frost & Sullivan include the following:

- The upstream oil and gas industry can be divided into 5 lifecycle stages (exploration, drilling, development, production and decommissioning). The SOL Group companies provide services at all 5 lifecycle stages.
- Oil and gas drilling activity is primarily driven by the long-term growth in demand for crude oil and natural gas, and short-term fluctuations in oil and gas prices. There is likely to be growth in the demand for crude oil and natural gas (and increases in oil and gas prices), stimulating growth in the upstream oil and gas services sector from 2017 to 2021.
- As conventional oil and gas resources become more depleted, there is likely to be growth in the exploration of high pressure high temperature wells (resulting in increased demand for mud coolers).
- The geothermal energy industry is likely to have an expanded requirement for mud cooling equipment (and this offers another potential opportunity for growth for the business of the SOL Group).

2.11 Capital management policy

The Company has no formal capital management policy in place due to its scale and size. In the short term, it is not anticipated that there will be any surplus funds available to the Company. It is currently proposed that all funds raised under the Public Offer (together with existing cash reserves) will be applied in the manner described in Section 10.6.

2.12 Dividend policy

The payment of a dividend by the Company is at the discretion of the Board and will be a function of a number of factors such as the general business environment, operating results, cash flows, capital requirements, regulatory restrictions, the financial condition of the Company and any other factors that the Board may consider relevant. The Company does not expect to pay dividends in the short term.

2.13 Capital structure

Immediately following completion of the Restructure and the Offers, the number of Shares on issue is expected to be as set out in the table below:

	Assuming \$3 million raised under the Public Offer	Assuming \$4 million raised under the Public Offer
Existing Shares	100,000	100,000
Shares to be issued to the Vendors	49,692,308	49,692,308
Shares to be issued under this Prospectus		
Public Offer	15,000,000	20,000,000
Noteholder Offer ⁶	3,866,666	3,866,666
Shares on issue following completion of Offers and Restructure	68,658,974	73,658,974

An additional 8,000,000 Options will also be issued to Sanston as part of its consideration under the Sanston Mandate.

2.14 Restricted Securities

Up to 1,995,000 Shares held (or to be held) by the Vendors and up to 2,416,666 Shares to be issued to the Noteholders may be subject to escrow restrictions under the Listing Rules expiring 24 months and 12 months (respectively) after completion of the Restructure and the Offers. In addition, 8,000,000 Options to be issued to Sanston (together with Shares issued as a result of the exercise of those Options) may also be subject to escrow restrictions under the Listing Rules expiring 24 months after the Company becomes admitted to the Official List. Because of the value of the tangible assets that will be held by the Group after the Restructure, it is also possible that the ASX will decide that no escrow will be imposed on any of the Shares or Options. The Company is seeking confirmation from the ASX in relation to the final number of Shares and Options (if any) that may be subject to mandatory escrow and these details will be released to the market before any Shares commence trading on the ASX.

⁶ The number of Shares to be issued under the Noteholder Offer may increase in the event that any interest payable to the Noteholders is capitalised in accordance with the terms of the Convertible Note Agreements.

3. Independent Market Report

F R O S T & S U L L I V A N

September 15, 2016

The Directors
Majestic Horizon Holdings Limited
Level 7, 564 St Kilda Road
Melbourne
VIC 3004

Dear Directors,

Independent Market Report

Oilfield Equipment & Services Market

1. Introduction

This Independent Market Report (IMR or Report) on the oilfield equipment & services market has been prepared by Frost & Sullivan Australia Pty Limited (Frost & Sullivan) at the request of the Directors of Majestic Horizon Holdings Limited (Majestic Horizon) for inclusion in a prospectus (Prospectus) to be lodged with the Australian Securities and Investments Commission in connection with its proposed acquisition of 100% of the issued equity of Solidgro Energy Sdn. Bhd. (Solidgro), Color Ocean Energy Limited (Color Ocean Energy) and Color Ocean Energy Pty Ltd (COE Aus), and 49% of Geopremium Sdn. Bhd. (Geopremium) (collectively known as the SOL Group or the Company), which is to be carried out in conjunction with an initial public offering, associated listing and capital raising on the Australian Securities Exchange (Transaction).

2. Overview of the SOL Group

Solidgro, Color Ocean Energy and Geopremium are current providers (and it is intended that COE Aus will become a provider) of services to the upstream oil & gas (O&G) industry. The Company can therefore be categorised as an oilfield equipment & services company. Additionally, the Company provides services to the geothermal energy industry. Specifically, the SOL Group provides:

- Leasing of mud coolers for both onshore and offshore O&G drilling, particularly for high pressure high temperature drilling. These mud coolers can also potentially be used in geothermal drilling applications;
- Leasing of hammer piling equipment used in construction of drilling rigs and offshore oil production platforms; and
- Leasing of containers used to transport consumables and equipment to and from offshore drilling rigs and production platforms.

Frost & Sullivan understands that the first two lines of business address global markets, and that the SOL Group has won contracts in Asia-Pacific, Africa, India and the Middle-East. The leasing of containers is focused on the Malaysian market.

3. Definitions

The following definitions have been used in this report:

Drilling mud (also known as drilling fluid) refers to a range of liquids used in drilling operations. Drilling mud serves a range of functions including controlling pressure, transporting cuttings from the well bore, cooling and lubricating the drill bit and maintaining the stability and control of the drilling process. There are three main types of drilling mud (based on its main component) – water-based, non water-based (e.g. oil-based) and pneumatic.

Drilling rigs (sometimes known as rotary rigs) are machines used to undertake drilling activities, and include mud tanks and pumps, a derrick or mast, a drill string and power equipment. Rigs are designed for both onshore and offshore use. Offshore rigs (sometimes known as MODUs (mobile offshore drilling units)) include a variety of types, including jackup rigs, drill ships, submersible and semi-submersible rigs. Jackup rigs contain a buoyant hull and a number of legs that are positioned on the ocean floor, providing a stable drilling environment. Jackup rigs can typically operate in water depths up to about 400 feet, making them the most common type of rig used in shallow water drilling (shallow water is typically defined as up to 1,000 feet).

Geothermal Energy is heat energy discharged from the earth's crust that can be used for generating electricity and providing direct heat. Drilling is used to confirm or deny potential sources that can be used to generate geothermal energy. Although the geothermal drilling process is similar to O&G, geothermal wells are typically drilled at higher temperatures with larger diameters in harder rock.

Hammer Piling is a technique used to drive tubular pipes into the ground. In offshore O&G applications, it is typically used to drive conductor pipes into the ground. Conductor pipes are large diameter pipes that provide an initial support for a newly-drilled well to prevent cave-in to the well bore.

High Pressure High Temperature (HPHT) drilling refers to exploitation of oil or gas wells that are higher pressure or higher temperature than most. These are typically defined as having an undisturbed bottom-hole temperature of greater than 300 F (149 C) and a static reservoir pressure of at least 10,000 psi. Above these points, ultra-HPHT wells are defined as those with temperatures of above 400 F and pressure of 20,000 psi, and HPHT-hc wells as those of above 500 F and 35,000 psi.¹ Exploitation of HPHT wells is increasing as many new reserves have HPHT characteristics. Given their characteristics, HPHT reservoirs are more complex and costly to exploit than traditional sources. However, as available resources from standard reservoirs reduce, there is growing interest in exploiting HPHT reservoirs.

Mud Coolers are devices used to cool drilling mud used in HPHT drilling, where the high pressure and high temperatures can cause drilling mud to overheat, resulting in reduced performance and safety issues for drilling crew. Mud coolers are used in both onshore and offshore drilling.

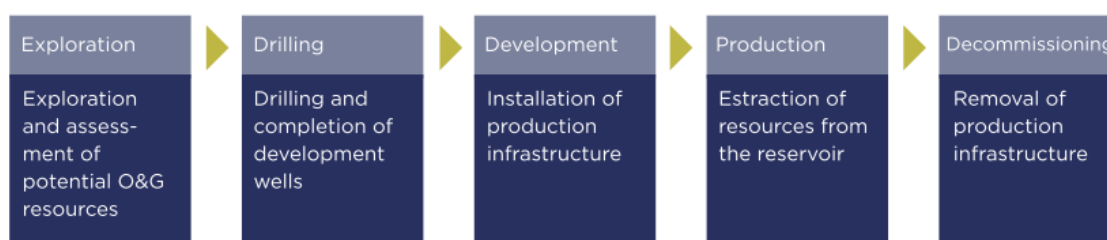
Offshore Production Platforms are structures used for ongoing extraction of oil and natural gas from offshore reservoirs. These can include both floating and fixed platforms.

¹ https://www.slb.com/-/media/Files/resources/oilfield_review/ors08/aut08/high_pressure_high_temperature.pdf

4. Structure of the Upstream O&G Industry

The upstream² O&G industry can be divided into five lifecycle stages as indicated in Figure 1. The SOL Group provides services at all lifecycle stages. Mud coolers are provided during the exploration and drilling stages, when drilling activity is occurring. Hammer piling equipment is provided during the drilling and development stages when construction of drilling rigs and production platforms occurs. Container leasing may occur across all lifecycle stages when there is a requirement to transport equipment and consumables to and from offshore facilities. However, the SOL Group's business is most dependent on the level of drilling activity, which occurs in stages 1 and 2 of the upstream O&G lifecycle.

Figure 1: Upstream O&G Lifecycle



Source: Frost & Sullivan

The upstream sector involves participation from both O&G exploration and production (E&P) companies and equipment and service providers, often known as oilfield services companies. Oilfield services companies provide equipment and services to E&P companies, but do not typically produce oil and gas themselves. Oilfield services companies include both large global companies, such as Schlumberger³, Halliburton⁴ and Baker Hughes⁵ that provide equipment and services on a global basis, as well as a broad range of smaller companies.

A wide range of equipment and services is included within the oilfield equipment & services market, with the largest segment being drilling equipment and services. The value of the drilling equipment and services segment was estimated at \$139 billion in 2015, with the largest product and service categories being contract drilling (approximately \$79 billion), oil country tubular goods (OCTG⁶) at \$14 billion and drilling and completion fluids at \$11 billion.⁷

² The upstream sector commonly refers to the exploration and production of O&G

³ Schlumberger is the world's leading provider of technology for reservoir characterisation, drilling, production, and processing to the oil and gas industry, with over 100,000 employees in 85 countries

⁴ Halliburton is one of the world's largest providers of products and services to the energy industry. It has over 50,000 employees, and operations in approximately 70 countries

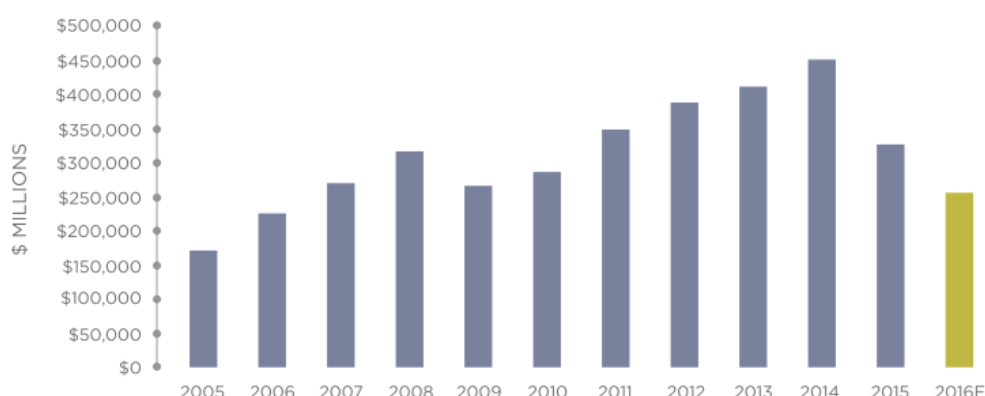
⁵ Baker Hughes provides high-performance drilling, evaluation, completions and production technology and services, integrated operations and reservoir consulting with over 36,000 employees

⁶ OCTG refers to pipe and tube products used in the O&G industry

⁷ Spears & Associates October 2015 Oilfield Market Report, sourced from Founders Investment Banking, 2015 Oilfield Equipment & Services Market Update

Globally, the total value of the oilfield equipment & services market was estimated at \$452 billion in 2014, declining to \$336 billion in 2015.⁸ The market is forecast to decline further in 2016 to reach \$258 billion, a decline of 43% since 2014 (see Figure 2).

Figure 2: Global Oilfield Equipment & Services Market, 2005 to 2016F



Source: Spears & Associates October 2015 Oilfield Market Report, sourced from Founders Investment Banking, 2015 Oilfield Equipment & Services Market Update

The oilfield equipment & services market is heavily dependent on exploration and drilling activity by E&P companies and their drilling service providers. The decline in the market since 2014 therefore reflects a substantial downturn in exploration and drilling activity, itself largely a result of the decline in the oil price since mid-2014. This is described further in Section 5.

5. Drivers of O&G Drilling

O&G drilling activity is primarily a result of E&P expenditure, which reflects the long-term growth in demand for crude oil and natural gas, but which is also affected by shorter-term fluctuations in the oil price, which is the major determinant of E&P activity. Over the long-term, production of both crude oil and natural gas will increase to meet continued demand growth. However, in the shorter-term, the fall in the oil price since mid-2014 has depressed E&P activity.

Oil & Gas Production Outlook

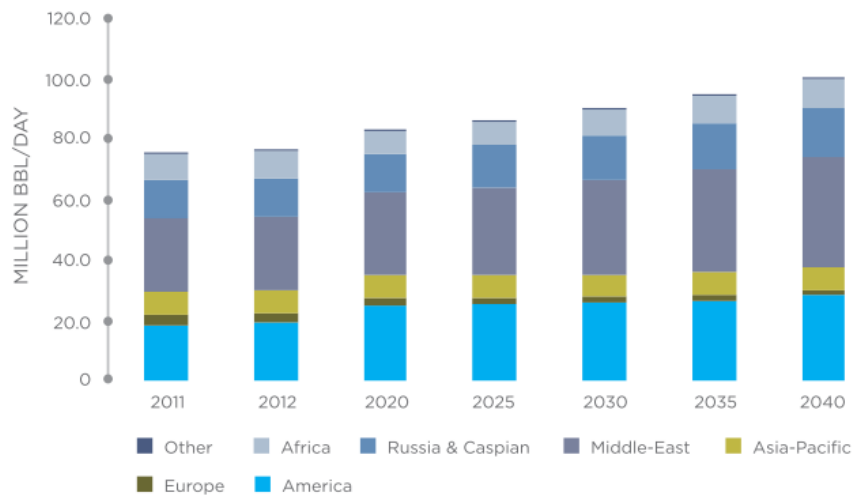
Consumption of petroleum and other liquid fuels is forecast by the US Energy Information Agency (EIA) in its reference⁹ case to grow from 90 million bbl/day in 2012 to 121 million bbl/day by 2040.¹⁰ This is largely driven by economic growth in developing countries, as economic growth drives demand for transportation fuels as well as stimulating fuel demand in the industrial sector. In response, crude oil production is anticipated to increase from 76.1 million bbl/day in 2012 to 99.5 million bbl/day by 2040 (the difference between consumption of liquid fuels and crude oil production is accounted for by other liquid fuels such as biofuels, kerogen (oil shale) and gas-to-liquid). Crude oil production is therefore forecast to increase at a CAGR of 1% to 2040, with the strongest production growth occurring in the Americas (1.6% CAGR) (see Figure 3).

⁸ Ibid

⁹ The EIA prepares forecasts under various scenarios, with the reference case being the most likely scenario

¹⁰ US EIA, International Energy Outlook, 2016

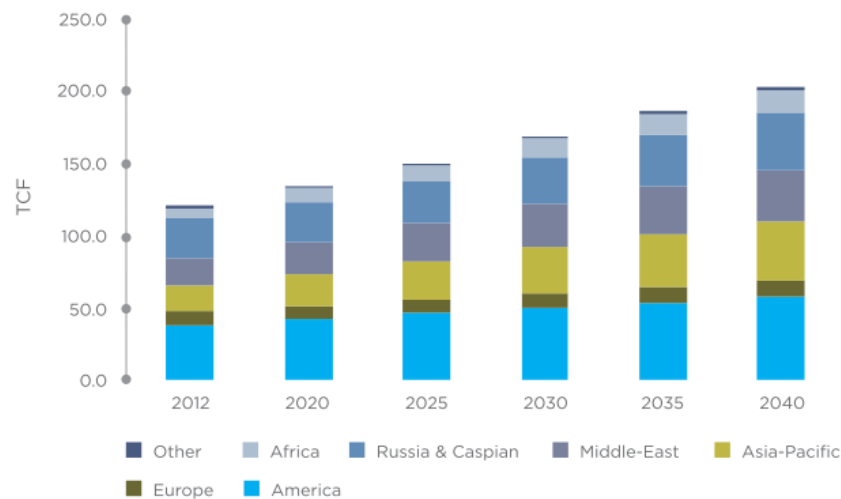
Figure 3: Crude Oil Production by Region, 2011 to 2040



Source: US EIA, Annual Energy Outlook, 2016, Reference Case

Conversely, natural gas production is forecast to increase significantly faster than crude oil, driven particularly by the growing use of gas as a fuel for electricity generation. Natural gas production is forecast to increase from 119.7 trillion cubic feet (TCF) in 2012 to 202.4 TCF in 2040, a CAGR of 1.9%.¹¹ The fastest growth in production will be from the Asia-Pacific region, especially from Australia (see Figure 4).

Figure 4: Natural Gas Production by Region, 2012 to 2040



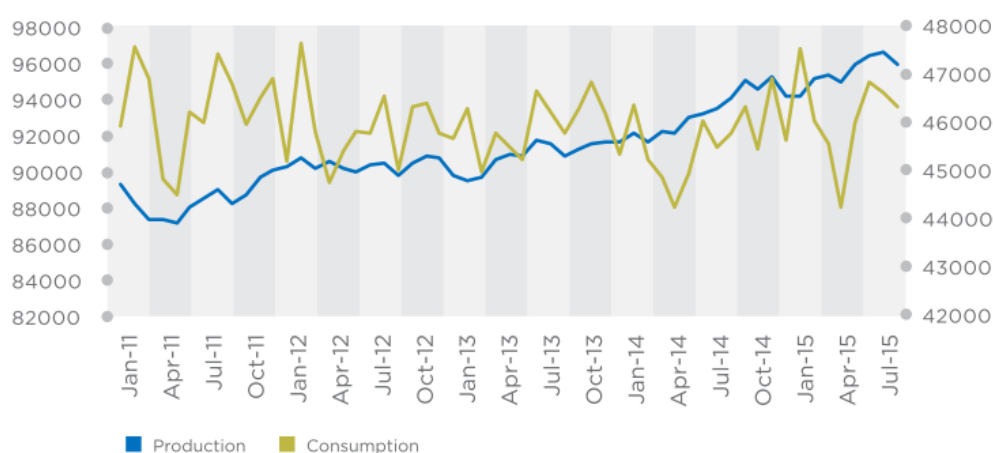
Source: US EIA, Annual Energy Outlook, 2016, Reference Case

¹¹ US EIA, Annual Energy Outlook, 2016, Reference Case

Developments in the Oil Price

The global oil price has been tracking downwards since mid-2014. Broadly, this is a result of the growth in production from markets such as the USA over recent years, especially in production from unconventional¹² sources, combined with a desire by producers in the Organisation of the Petroleum Exporting Countries (OPEC) to maintain production levels to defend market share, as well as the availability of oil from Iran following the lifting of sanctions. This increased production has combined with relatively weak economic conditions in many regions to increase inventories and drive down oil prices. The developments in oil supply and petroleum products consumption since 2011 are illustrated in Figure 5, indicating that growth in production has overtaken growth in consumption. This has driven an increase in oil inventories, and consequently resulted in downward pressure on prices.

Figure 5: Oil Supply and Petroleum Products Consumption, 2011 to 2015



Source: US EIA, International Energy Statistics, accessed August 2016. Production is total global oil supply, consumption is for OECD only

Future Outlook for Oil Prices

Over recent months, oil production in several key areas has reduced, and this is likely to stimulate a return to a supply-demand balance in the medium-term. Partly this decline is due to the reduced E&P investment since 2014, as well as other factors that have disrupted supply, such as recent wildfires in Canada. In the USA, land oil production has declined by 19% compared to the 2015 peak, and in Mexico by 17% compared to 2013.¹³ With limited scope for production increases from OPEC countries, this is anticipated to lead to a recovery in the oil price in the short-term.

The US EIA, in its Short-Term Energy Outlook, is forecasting that, although oil prices will remain relatively subdued in the rest of 2016, by mid-2017 consumption will exceed production, causing a drawdown in oil inventories and consequent upward pressure on the oil price from the second quarter of 2017. Oil prices¹⁴ are forecast to average \$52/bbl in 2017, with prices averaging \$58/bbl in the fourth quarter of 2017, reflecting an increase in

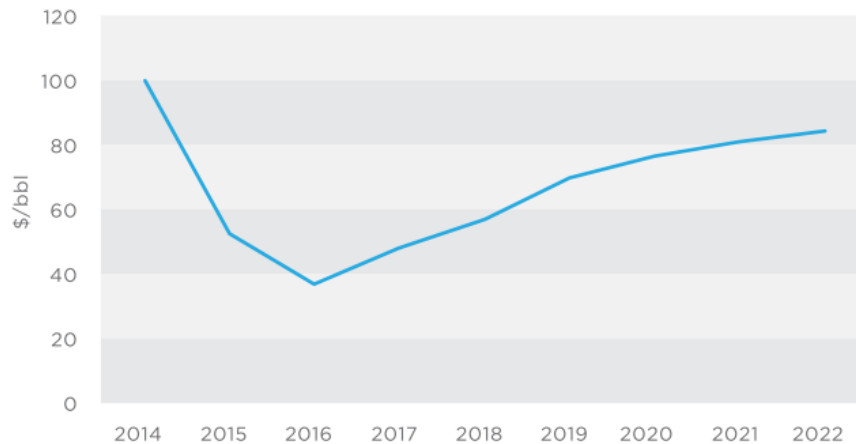
¹² Unconventional oil & gas refers to resources located traditional deposits which have become accessible over recent years due to developments in extraction technology. These include sources such as shale gas and coal seam gas (CSG)

¹³ Presentation by Patrick Schorn, Schlumberger, Wells Fargo West Coast Energy Conference, June 2016

¹⁴ Brent crude spot prices

drawdown of inventories as 2017 progresses.¹⁵ Over the longer-term, the US EIA is forecasting in its reference case that the oil price will reach an average of \$84.65 (Brent crude spot price) by 2022 (see Figure 6). This increase is driven particularly by growing demand from emerging economies, with oil consumption increasing by nearly one-third between 2012 and 2040.¹⁶

Figure 6: Oil Price Forecast to 2022



Source: US EIA, Annual Energy Outlook, 2016, Reference Case

Drilling Activity

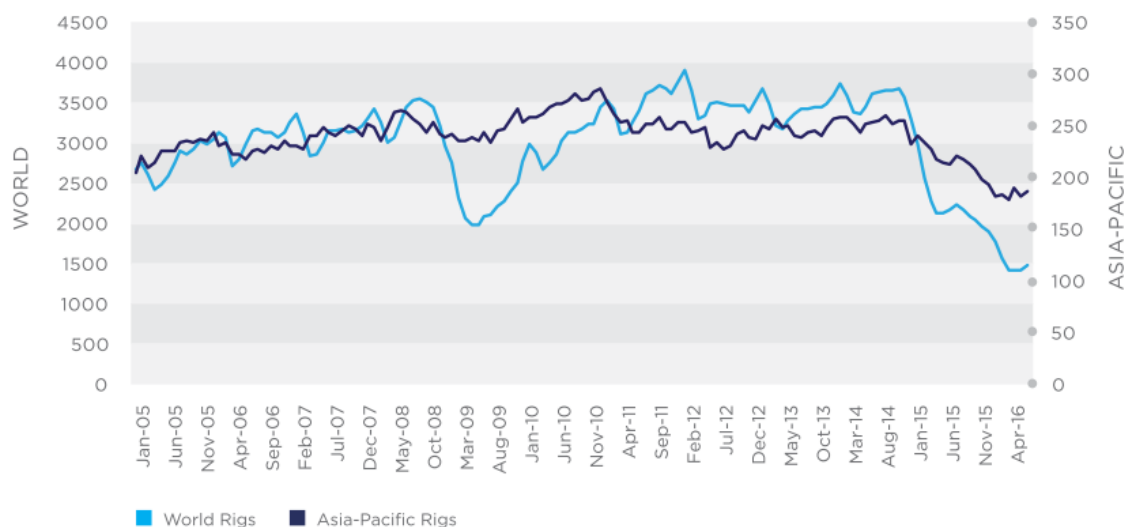
The most commonly used barometer of O&G drilling activity is the Rotary Rig Count produced by Baker Hughes. This is a monthly indicator of the number of drilling rigs in operation by type (onshore and offshore), by country and region. Since drilling activity is closely linked to demand for oilfield equipment & services, the Rotary Rig Count provides an ongoing indicator of the oilfield equipment & services market. The global and Asia-Pacific monthly rig count from January 2005 to July 2016 is indicated in Figure 7. This illustrates the substantial decline in drilling activity that has occurred since 2014. The number of operating rigs globally has declined from 3,736 in February 2014 to 1,405 in May 2016, and in Asia-Pacific from 260 in September 2014 to 179 in April 2016. Over recent months, however, there has been a slight upturn in drilling activity, with 1,481 rigs operating globally and 186 in Asia-Pacific in July 2016.¹⁷

¹⁵ US EIA, Short-Term Energy Outlook, 2016

¹⁶ US EIA, International Energy Outlook, 2016

¹⁷ Baker Hughes Rotary Rig Count, accessed August 2016

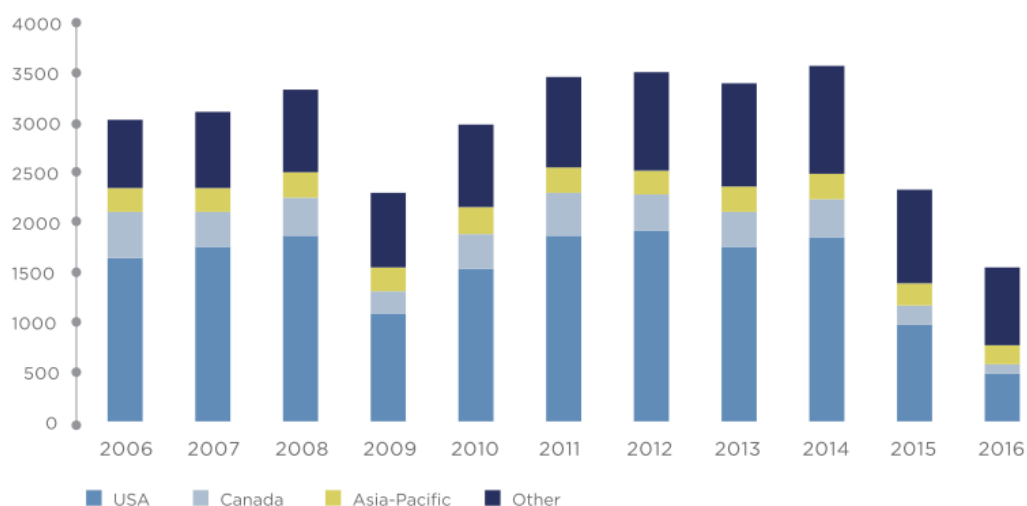
Figure 7: Rotary Rigs in Operation, 2005 to 2016



Source: Baker Hughes Rotary Rig Count

By region, the most significant reduction in drilling activity has been in North America, with operating rigs falling by 74% between 2014 and 2016 (based on the annual average number of rigs operating). By contrast, the reduction in Asia-Pacific, at 27%, has been significantly less (see Figure 8).

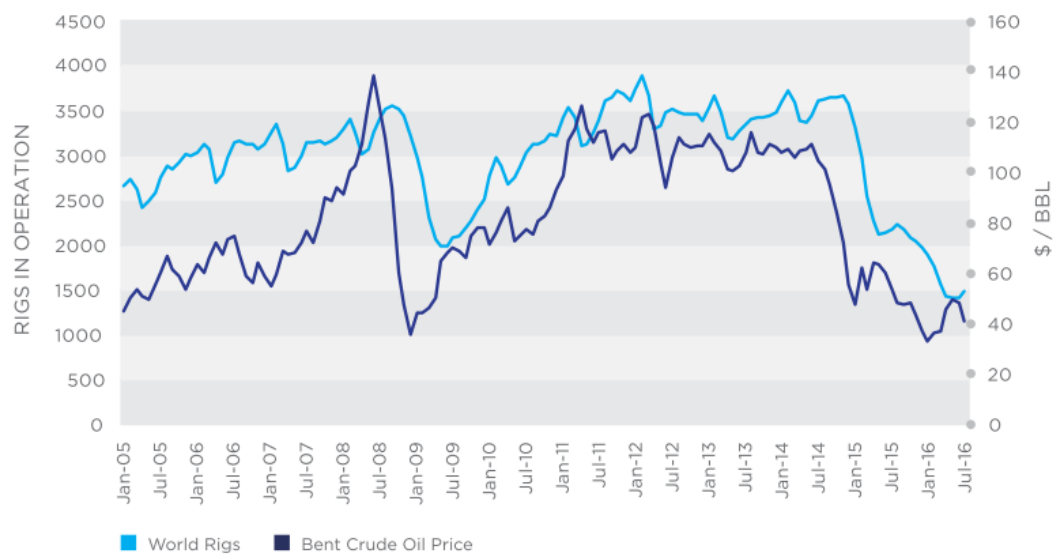
Figure 8: Rotary Rigs in Operation by Region, 2006 to 2016 (Annual Average)



Drivers of Drilling Activity

The number of rigs operating is a result of several factors, including weather, company budgeting and spending cycles and technology developments (for example, new drilling technology may reduce the number of wells needed to exploit a reservoir). However, the main determinant of drilling activity is E&P company exploration and development spending, which in turn is largely based on the current and expected price of oil. The relationship between operating rigs and the oil price is indicated in Figure 9, which illustrates the close relationship between these two variables. The number of rigs operating has tracked down with the reduction in the oil price since 2014.

Figure 9: Rotary Rigs in Operation and Oil Price, 2005 to 2016



Source: Baker Hughes Rotary Rig Count; Energy Information Administration (EIA), Europe Spot Brent Price FOB. Monthly price is based on the final day of each month

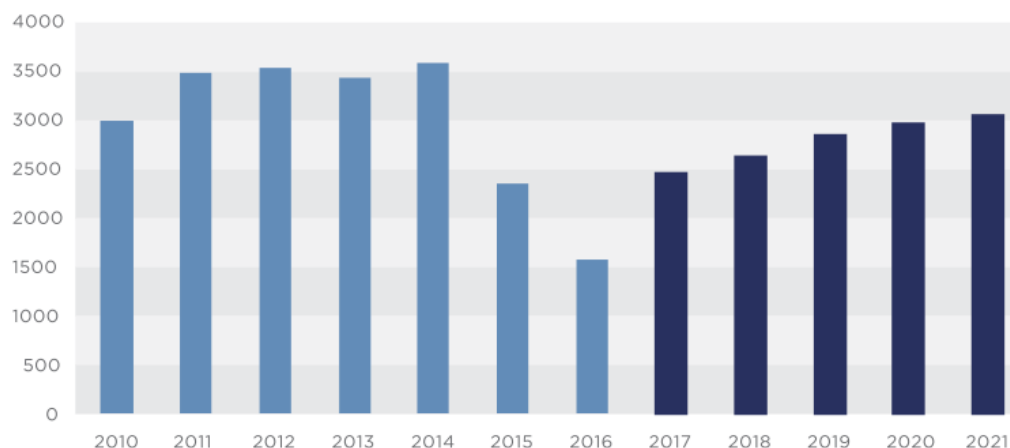
Whilst drilling activity has been on a downward trend since 2014, the anticipated pick-up in the oil price is likely to cause a resumption of growth in drilling in 2017 onwards. As the oil price recovers, E&P activity is likely to expand, driving increased drilling activity and an increase in the number of drilling rigs operating. As mentioned above, initial signs of an upturn have occurred in the Rotary Rig Count in July 2016.¹⁸

Based on the historic relationship between rigs in operation and the oil price, Frost & Sullivan has forecast an increase in rigs operating over the period 2017 to 2021, based on the EIA's oil price forecast.¹⁹ This indicates that the rig count will gradually increase to an average of 3,040 operating rigs by 2021 (see Figure 10). Together with an anticipated increase in the proportion of rigs undertaking HPHT drilling, this is likely to stimulate demand for mud coolers.

¹⁸ Baker Hughes Rotary Rig Count

¹⁹ US EIA, Annual Energy Outlook, 2016, Reference Case

Figure 10: Rotary Rigs in Operation, 2010 to 2021



Source: Baker Hughes Rotary Rig Count; Frost & Sullivan forecasts

6. Growth in HPHT Drilling

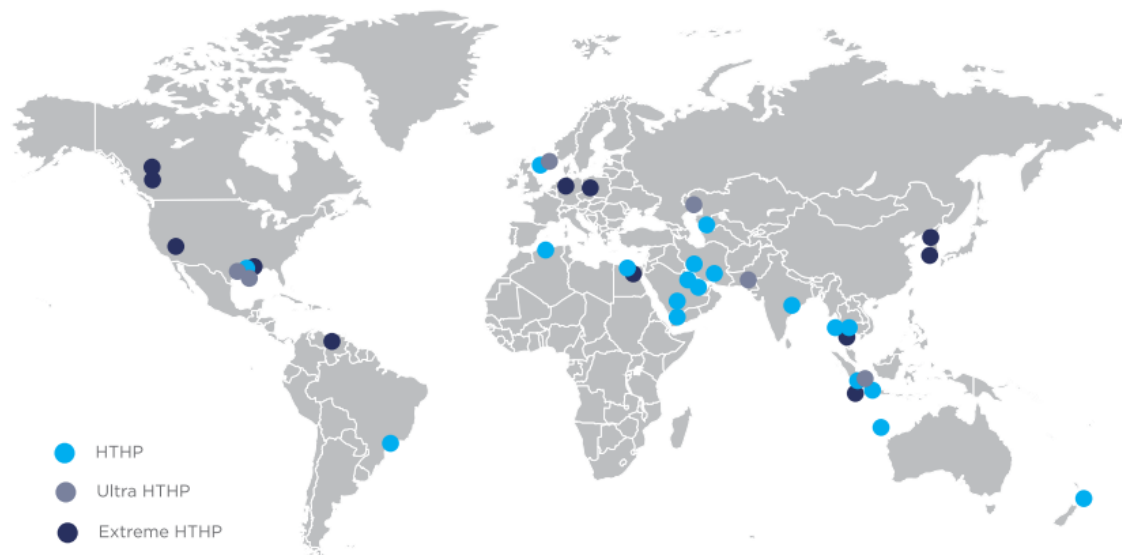
Use of mud coolers is built around a need for O&G drillers to maintain temperature integrity in drilling. Specifically, the main usage of mud coolers is for drilling projects in HPHT reservoirs. Most of the HPHT wells are prevalent in unconventional O&G resources, such as in shale formations, but can also be found in conventional deep water reservoirs. The percentage of HPHT wells is currently relatively small, estimated at only 1.5% of the 100,000 wells drilled globally in 2012.²⁰ However, as conventional O&G resources become more depleted, there is likely to be growth in the exploitation of HPHT wells.

Growth in HPHT drilling is likely to result from increased exploitation of unconventional shale plays, as well as growth for deep water conventional plays in areas such as Asia-Pacific and the North Sea. To date, shale has mainly been limited to the USA, but advancing technology and accessibility to these services will drive growth in unconventional plays and as a result, mud coolers will be in higher demand.

The main areas of HPHT drilling activity are in North America (deepwater Gulf of Mexico and deep, hot onshore wells), the North Sea and Norwegian Seas, and Asia-Pacific (mainly Thailand and Indonesia), however activity is also occurring in the Middle-East and parts of South America and Africa. The main locations of HPHT activity are indicated in Figure 11.

²⁰ http://www.slb.com/resources/oilfield_review/-/media/Files/resources/oilfield_review/defining_series/Defining-HPHT.ashx

Figure 11: Main Locations of HPHT Operations



Source: Shadravan and Armani, HPHT 101-What Petroleum Engineers and Geoscientists Should Know About High Pressure High Temperature Wells Environment, *Energy Science and Technology* Vol. 4, No. 2, 2012, pp. 36-60

Growth in HPHT drilling will be stimulated by the increased exploitation of shale gas and deep water resources. From 2011 to 2015 the US experienced substantial growth to its oil production. Unconventional drilling, also known as “shale plays” grew strongly with the ability to extract oil profitably and efficiently without excessive costs. A number of shale gas resources in the USA have HPHT characteristics, such as the plays at Haynesville and Deep Bossier (South Dallas) where more than 300 HPHT wells have been drilled.²¹ With significant growth in unconventional gas production forecast in the USA, drilling of HPHT wells is likely to significantly increase. The EIA forecasts that US unconventional gas production will increase from 19.8 TCF in 2012 to 37.0 TCF by 2040, almost a doubling in production.²²

Outside onshore unconventional resources, HPHT drilling activity is likely to increase in deepwater resources, in areas such as the North Sea and Asia-Pacific. For example, several gas fields in the Gulf of Thailand require drilling and producing from reservoirs that are at static temperatures above 400 °F.²³ In Vietnam, the Moc Tinh and Hai Thach gas fields situated in the Nam Con Son basin are being developed as HPHT resources, with temperatures up to 350 °F.²⁴ Other basins in Vietnam, such as the Song Hong basin, are also likely to have HPHT characteristics, though E&P activity is only starting. In India, reserves such as the Ravva oil and gas field off the coast of Andhra Pradesh,²⁵ as well as reserves throughout western and eastern areas of India, including offshore Mumbai, onshore Rajamundry and the Krishna Godavari basin, have HPHT characteristics.²⁶

In Australia, shale gas and geothermal resources in areas such as the Cooper Basin have HPHT characteristics and exploratory drilling activity for both gas and geothermal resources is underway. In areas like the North Sea, HPHT production activity will also increase as more conventional resources are depleted.

²¹ Shadravan and Armani, HPHT 101-What Petroleum Engineers and Geoscientists Should Know About High Pressure High Temperature Wells Environment, *Energy Science and Technology* Vol. 4, No. 2, 2012, pp. 36-60

²² US EIA, International Energy Outlook 2016, Reference case

²³ http://www.slb.com/resources/technical_papers/drilling/25392.aspx

²⁴ <http://www.arabianoilandgas.com/article-8910-ge-oil-gas-nets-offshore-gas-deal-in-vietnam/>

²⁵ <http://www.genewsroom.com/Press-Releases/GE-Technology-Comes-to-Indias-High-Pressure-High-Temperature-Drilling-Sector-214408>

²⁶ <https://www.linkedin.com/pulse/expo-secures-major-well-testing-contract-india-directory?articleId=8265814806146724292>

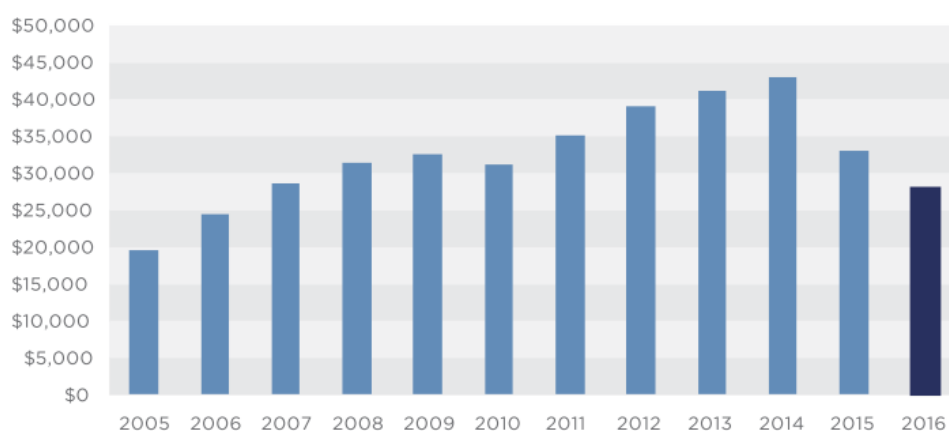
7. Demand for Mud Cooling

Demand for mud cooling equipment will increase as drilling activity picks up from its current low-point, and as an increased proportion of wells that are drilled have HPHT characteristics. As indicated above, Frost & Sullivan anticipates that the number of rigs operating globally will increase from 1,481 in July 2016 to 3,040 by 2021.²⁷ This will be coupled with an increase in the proportion of rigs that are undertaking HPHT drilling activity, and which therefore require mud cooling technology. Currently, based on estimates from the Company, approximately 30% of drilling rigs utilise mud coolers, suggesting around 500 units were in use globally in July 2016.²⁸ However, as there is increased focus on HPHT resources, Frost & Sullivan anticipates that by 2021, 40% of rigs will deploy mud cooling technology, with a requirement for over 1,200 mud cooler units by that date.²⁹

8. Demand for Offshore Construction

The Company's hammer piling equipment is used in the installation of jackup drilling rigs and O&G production platforms. Since 2014, offshore E&P activity has declined significantly as a result of the low oil price. In 2015, global E&P expenditure is estimated to have fallen by 23% in 2015 with a further reduction of 27% anticipated in 2016.³⁰ This has caused a significant contraction in offshore construction activity. Frost & Sullivan estimates that the value of offshore construction services is estimated to have declined from over \$40 billion in 2014 to an anticipated \$28 billion in 2016.

Figure 12: Expenditure on Offshore Construction, 2005 to 2016



Source: Frost & Sullivan estimates

²⁷ Frost & Sullivan forecasts based on EIA oil price forecast

²⁸ Based on estimates from the Company, and 1,481 drilling rigs in operation. Assumes one mud cooler per drilling rig on 30% of drilling rigs

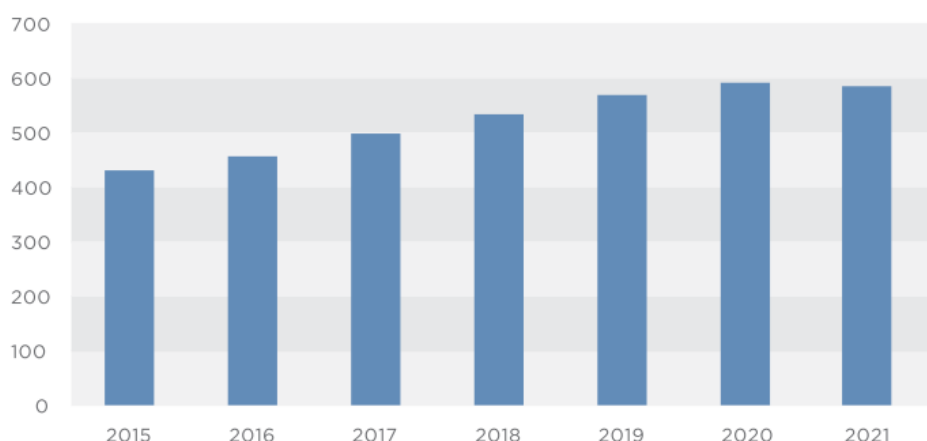
²⁹ Frost & Sullivan forecasts

³⁰ <http://www.ogj.com/articles/2016/03/barclays-global-e-p-spending-drop-revised-to-27-for-2016.html>

However, 2016 is likely to represent the low point of the E&P expenditure cycle, with expenditure forecast by one analyst to pick up by about 5% in 2017 as the oil price recovers and oil companies gain more confidence in undertaking increased E&P activity.³¹ Over the longer term the offshore construction market is likely to grow as oil production increases, and a greater proportion of oil production is met from offshore sources. Between 2014 and 2020, the percentage of global oil supply from subsea sources is expected to increase from 8% to 10%, and for gas from 3% to 4% over the same period.³² Additionally, the anticipated pick-up in the oil price is likely to stimulate an upturn in offshore E&P expenditure from 2017. This will drive increased demand for jackup and other offshore rigs for drilling, as well as a growing requirement for offshore production platforms.

Forecasts prepared for the Organization of Economic Cooperation and Development (OECD) predict that demand for jackup rigs globally will increase from 430 in 2015 to 585 by 2021, as offshore drilling activity increases (see Figure 13).

Figure 13: Demand for Jackup Rigs, 2015 to 2021



Source: OECD, *Offshore Vessel, Mobile Offshore Drilling Unit & Floating Production Unit Market Review, 2014*

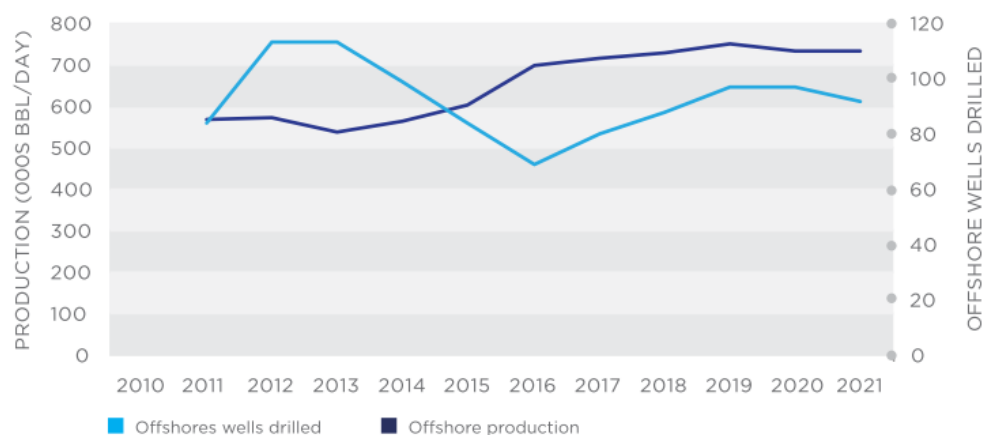
The growth in offshore drilling and production activity from 2017 onwards is therefore likely to stimulate demand for hammer piling equipment. Additionally, within the Malaysian market where the Company supplies its containers, an increase in offshore drilling and production is likely to lead to increased demand for these services. From an estimated low point of 69 in 2016, the number of offshore wells drilled in Malaysian waters is forecast to increase to 92 in 2021, with offshore oil production, excluding natural gas liquids, increasing from approximately 566,000 bbl/day to 734,000 bbl/day over the same period (See Figure 14).³³

³¹ Lorentzen & Stemco, Offshore Summary – march 2016

³² OECD, *Offshore Vessel, Mobile Offshore Drilling Unit & Floating Production Unit Market Review, 2014*

³³ Globalshift (www.globalshift.co.uk), *Offshore Drilled Wells and Oil Production, 2016*

Figure 14: Offshore Oil Production and Wells Drilled, Malaysia, 2011 to 2021



Source: Globalshift (www.globalshift.co.uk), Offshore Drilled Wells and Oil Production, 2016

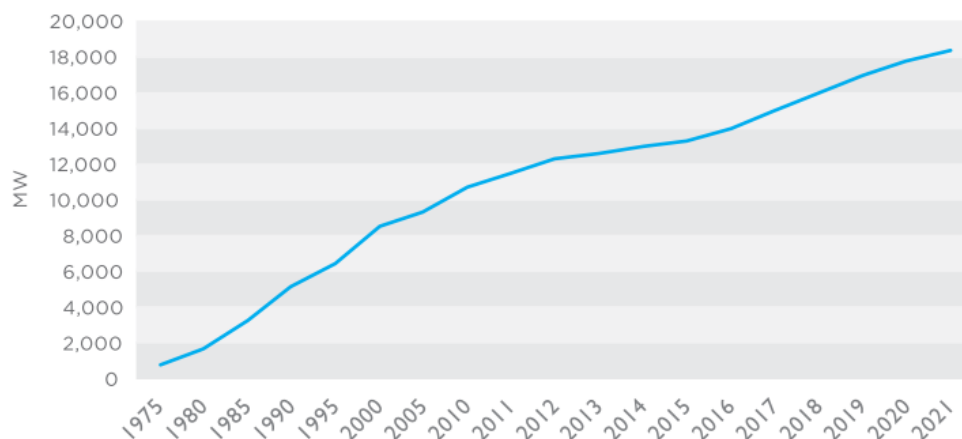
9. Geothermal Market Opportunities

Use of mud coolers in geothermal energy drilling provides another market opportunity for the Company, in addition to O&G drilling. The market for geothermal energy is being stimulated by its status as a renewable energy source and by technology developments which are making the exploitation of new geothermal resources feasible. Traditionally, most geothermal activity has occurred from traditional hydrothermal reserves prevalent along the Ring of Fire (Indonesia, Philippines, Mexico, USA, etc.). However, development of geothermal energy from fractured hot dry rock is a nascent technology that is only beginning to be used, and involves drilling very deep and breaking through rock to reach higher temperatures. This emerging technology, known as Engineered Geothermal Systems (EGS), exploits underground reservoirs that have been created or improved artificially, circulates water from the surface down wells into deep, enhanced permeable volumes of hot rock, where it heats up, is produced through other wells, sent to binary plants to generate electricity, then circulated back down in a closed loop. EGS technology enables a much wider range of geothermal resources to be exploited, in countries without hydrothermal resources (such as Australia). The lower costs of drilling as a result of the decline in O&G drilling activity over recent years has helped to encourage exploration activity in the geothermal sector.

Since 1975, global geothermal electricity generating capacity has increased from 738 MW in 1975 to 13,300 MW in 2015. The Geothermal Energy Association (GEA) is forecasting an increase to 18,400 MW by 2021, a CAGR of 7.2% from 1975 to 2021 (see Figure 15). Currently, geothermal energy generation occurs in 24 countries, with the USA, the Philippines, Indonesia, Mexico, New Zealand and Iceland having the largest capacity.³⁴

³⁴ Geothermal Energy Association, Annual U.S. & Global Geothermal Power Production Report, March 2016

Figure 15: Global Geothermal Electricity Generating Capacity, 1975 to 2021



Source: Geothermal Energy Association, Annual U.S. & Global Geothermal Power Production Report, March 2016

Continued strong growth in geothermal energy production is anticipated, as countries strive to meet renewable energy goals and as technology allows the exploitation of additional geothermal resources, especially through EGS. Overall, if all countries follow through on their geothermal power development goals and targets, the global market could reach 32,000 MW by the early 2030s. However, this would still represent a relatively small proportion of the total estimated global potential of over 200,000 MW.³⁵

Several countries have specifically mentioned geothermal power as a tool to mitigate their emissions in their pledge to the United Nations as part of Council of the Parties 21 (COP21). The combined effect of country commitments to reduce their carbon pollution under their INDC³⁷ pledges could double geothermal capacity. The potential for geothermal energy is likely to stimulate continued exploration activity, and especially drilling activity. With deep, high temperature resources increasingly viable for exploitation through EGS, this will drive growing HPHT drilling in the geothermal sector, providing a growing market opportunity for mud coolers in this sector.

10. Conclusion

The SOL Group provides services to the upstream O&G industry, with demand for its services largely dependent on the extent of onshore and offshore drilling activity, particularly for HPHT drilling which results in demand for mud coolers. Additionally, the SOL Group is more broadly exposed to offshore O&G construction and operational activity, through its hammer piling and container rental services.

Over the past two years, drilling activity globally has declined significantly, though to a much greater degree in the USA than in other markets. From over 3,700 rigs operating globally in early 2014, there were only 1,405 operational as of May 2016.³⁷ This is primarily a result of the significant decline in the oil price that has occurred

³⁵ Ibid

³⁶ In anticipation of COP21 in Paris in 2015, countries publicly outlined what post-2020 climate actions they intended to take under the new international agreement, known as their Intended Nationally Determined Contributions (INDCs)

³⁷ Baker Hughes Rotary Rig Count

over this period, which has deterred E&P activity by O&G companies. However, Frost & Sullivan anticipates that drilling activity will increase from mid-2016, and may already have passed its low point. The close relationship between drilling activity and the oil price indicates that, as oil prices increase, so will drilling activity. Frost & Sullivan anticipates that, based on the forecast increase in the oil price, there will be over 3,000 rigs operational by 2021.³⁸ The growth in operating rigs will drive increased demand for mud coolers and hammer piling equipment. Additionally, demand for the Company's services will be stimulated by the growth in HPHT drilling, as conventional O&G resources become depleted and there is greater focus on exploiting resources with HPHT characteristics, such as shale gas resources in the USA and deepwater fields in Asia-Pacific and the North Sea. With mud coolers primarily required for HPHT drilling, Frost & Sullivan anticipates an increase in this form of drilling activity, amplifying the growth in demand for mud coolers caused by the overall increase in drilling activity.

In addition to the growth in demand for its services from the O&G industry, Frost & Sullivan also anticipates that the geothermal industry will have an expanded requirement for mud cooling. The characteristics of geothermal drilling, especially in EGS resources, generally require mud cooling. The growth in geothermal exploration activity which is anticipated as a result of geothermal's status as a "clean" energy source is therefore likely to further stimulate demand for the SOL Group's services.

11. Disclosure

This is an independent report prepared by Frost & Sullivan. Save for the preparation of this report and services rendered in connection with this report for which normal professional fees will be received, Frost & Sullivan has no interest in Majestic Horizon Holdings Limited, Solidgro Energy Sdn. Bhd., Color Ocean Energy Limited, Color Ocean Energy Pty Ltd or Geopremium Sdn. Bhd. and no interest in the outcome of the Transaction. Payment of these fees to Frost & Sullivan is not contingent on the outcome of the Transaction. Frost & Sullivan has not and will not receive any other benefits (including any commissions) and there are no factors which may reasonably be assumed to have influenced the contents of this report nor which may be assumed to have provided bias or influence. Frost & Sullivan consents to the inclusion of this report in the Prospectus in the form and context in which it is included. As at the date of this report, this consent has not been withdrawn. Frost & Sullivan does not hold a dealer's license or Australian Financial Services License. This report does not constitute advice in respect of the Transaction.

12. About Frost & Sullivan

Frost & Sullivan is an independent market research and consulting group operating in 40 countries globally, of which Frost & Sullivan Australia Pty Ltd (Frost & Sullivan) is a member. Founded in New York in 1961, the Frost & Sullivan group now employs over 1,500 staff globally.

Frost & Sullivan has undertaken a number of market studies in the energy and O&G sectors on behalf of market participants and financial institutions, as well as producing a number of multi-client reports on the energy industry.

In preparing this report, Frost & Sullivan has relied on information derived from reputable publicly available sources and industry publications. This research was undertaken in the month of August 2016.

³⁸ Frost & Sullivan forecasts

All effort has been made by Frost & Sullivan to ensure that information in this report is accurate and appropriate at the time of writing. Conclusions, and assumptions attached to those conclusions, are based on Frost & Sullivan's investigations and analyses of the facts as they are known as at the date of this report and Frost & Sullivan is of the opinion that the conclusions and underlying assumptions are reasonable.

All references to dollars in this report are to US dollars (\$). When converting from other currencies, the exchange rate prevailing as at August 18th 2016 has been used.³⁹

Yours Sincerely



Mark Dougan

Managing Director, Australia & New Zealand

³⁹ Source: Yahoo! Finance

4. Financial Information

4.1 Background

This Section of the Prospectus sets out the following:

- The Historical Financial Information, comprising:
 - the amalgamated Audited Statement of Profit or Loss and Other Comprehensive Income of the SOL Group for the half-year ended 30 June 2016 and the amalgamated Audited Statement of Profit or Loss and Other Comprehensive Income of the SOL Group for the years ended 31 December 2015 and 31 December 2014;
 - the amalgamated Audited Statement of Cash Flows of the SOL Group for the half-year ended 30 June 2016 and the amalgamated Audited Statement of Cash Flows of the SOL Group for the years ended 31 December 2015 and 31 December 2014;
 - the unaudited Statement of Financial Position of the Company as at 30 June 2016; and
 - the amalgamated Audited Statement of Financial Position of the SOL Group as at 30 June 2016.
- The Pro Forma Financial Information, comprising:
 - the Amalgamated Pro Forma Statement of Profit or Loss and Other Comprehensive Income for the half-year ended 30 June 2016 and the years ended 31 December 2015 and 31 December 2014, illustrating the historical results of the SOL Group for the half-year ended 30 June 2016 and the years ended 31 December 2015 and 31 December 2014, and assuming the completion of the transactions summarised in Note 3 in Section 4.8; and
 - the Consolidated Pro Forma Statement of Financial Position at 30 June 2016, assuming the completion of the transactions summarised in Note 3 in Section 4.8 of the Prospectus.

4.2 Basis of preparation

The Pro Forma Financial Information has been reviewed by RSM Corporate Australia Pty Ltd, Melbourne. A copy of RSM Corporate Australia Pty Ltd's Investigating Accountant's Report is set out in Section 5 of this Prospectus.

The Financial Information has been prepared and presented in accordance with the accounting policies set out in Notes 1 and 2 in Section 4.8.

The Company was incorporated in Victoria, Australia on 9 August 2016, primarily for the purpose of becoming a listing vehicle and holding company for the business operated by the SOL Group companies. The Company has no trading history.

On incorporation, 100,000 Shares were issued at AU\$0.01 per Share. The Shares are held by the Vendors. In August 2016, the Company conducted a seed capital raising and issued 3,866,666 Convertible Notes to the Noteholders with a face value of AU\$0.075 per Convertible Note. No other Securities have been issued since incorporation.

COE (Aus) was incorporated in Australia in 2016 with the intention of becoming the vehicle that will be used for selling the SOL Group's products and services in Australia. However, as at the Prospectus Date, it has not yet

commenced any trading operations. As such, the Financial Information does not include any transactions in relation to COE (Aus).

The Historical Financial Information of Solidgro, Color Ocean Energy and Geopremium has been prepared in accordance with the stated basis of preparation, being Malaysian Financial Reporting Standards (“MFRS”) and International Financial Reporting Standards (“IFRS”). The Historical Financial Information of the SOL Group for the half-year ended 30 June 2016, and the years ended 31 December 2015 and 31 December 2014, has been extracted from each of Solidgro, Color Ocean Energy and Geopremium’s financial statements for each financial period and year, which were audited by UHY Chartered Accountants (Malaysia) in accordance with approved Standards on Auditing in Malaysia, and on which an unqualified audit opinion was issued for each financial period and year.

The Financial Information has been solely prepared for the purpose of inclusion in this Prospectus and is presented in an abbreviated form insofar as it does not include all the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act.

4.3 Historical Amalgamated Statement of Profit or Loss and Other Comprehensive Income

Set out below is the historical amalgamated Audited Statement of Profit or Loss and Other Comprehensive Income of the SOL Group for the half-year ended 30 June 2016 and the historical amalgamated Audited Statement of Profit or Loss and Other Comprehensive Income of the SOL Group for the years ended 31 December 2015 and 31 December 2014.

	Audited Amalgamated Half-year ended 30-Jun-16 AU\$	Audited Amalgamated Year ended 31-Dec-15 AU\$	Audited Amalgamated Year ended 31-Dec-14 AU\$
Revenue	1,024,718	3,123,689	4,805,097
Cost of sales (excluding depreciation and interest)	(407,591)	(1,358,161)	(1,340,613)
Gross profit	617,127	1,765,528	3,464,484
Other income	514,765	282,198	337,713
Expenses			
Employee expenses	(217,282)	(511,057)	(630,815)
Directors' fees and remuneration	(207,823)	(270,806)	(96,133)
Management fees	(67,351)	(189,853)	(110,907)
Insurance expenses	(58,954)	(90,426)	(112,276)
Travelling expenses	(69,175)	(146,308)	(235,214)
Upkeep expenses	(16,312)	(33,030)	(77,649)
Professional fees	(6,858)	(53,555)	(2,701)
Depreciation	(424,749)	(936,639)	(867,691)
Others	(153,885)	(180,462)	(233,524)
(Loss)/profit from operations	(90,497)	(364,410)	1,435,287
Finance costs	(37,485)	(88,327)	(59,502)
Share of profit/(loss) of associate	11,198	(25,546)	32,588
Loss before tax	(116,784)	(478,283)	1,408,373
Taxation	3,405	309,982	(313,830)
Net (loss)/profit for the financial period/year, representing the total comprehensive (loss)/profit for the financial period/year	(113,379)	(168,301)	1,094,543

The historical amalgamated Statement of Profit or Loss and Other Comprehensive Income of the SOL Group has been extracted from the audited financial statements of Solidgro, Color Ocean Energy and Geopremium for the half-year ended 30 June 2016, and the audited financial statements of Solidgro, Color Ocean Energy and Geopremium for the years ended 31 December 2015 and 31 December 2014.

As at the Prospectus Date, Solidgro holds a 30% interest in Geopremium, and held a 30% interest in Geopremium for the half-year ended 30 June 2016, and the two years ended 31 December 2015 and 31 December 2014. Solidgro's share of profit or loss and other comprehensive income in Geopremium comprised the share of profit/(loss) of associate as set out in the amalgamated Statement of Profit or Loss and Other Comprehensive Income above

Solidgro and Geopremium's audited financial statements are presented in Ringgit Malaysia (**RM**), whilst Color Ocean Energy's audited financial statements are presented in US Dollars (**US\$**).

The historical Statements of Profit or Loss and Other Comprehensive Income for Color Ocean Energy have first been translated, based on average exchange rates for each reporting period and year, to RM from US\$ using exchange rates as follows:

- half-year ended 30 June 2016 – US\$1 : RM4.0986;
- year ended 31 December 2015 – US\$1 : RM3.9064; and
- year ended 31 December 2014 – US\$1 : RM3.2733.

Thereafter, the historical amalgamated Statements of Profit or Loss and Other Comprehensive Income have been translated, based on average exchange rates for each reporting period and year, to AU\$ from RM using exchange rates as follows:

- half-year ended 30 June 2016 – AU\$1 : RM3.0098;
- year ended 31 December 2015 – AU\$1 : RM2.9315; and
- year ended 31 December 2014 – AU\$1 : RM2.9514.

The amalgamated Statement of Profit or Loss and Other Comprehensive Income of the SOL Group should be read in conjunction with the Notes to the financial information set out in Section 4.8.

4.4 Management Discussion and Analysis on the Historical Amalgamated Statement of Profit or Loss and Other Comprehensive Income of the SOL Group

4.4.1 Revenue by category

	Amalgamated Half-year ended 30-Jun-16 AU\$	Amalgamated Half-year ended 30-Jun-16 RM	Amalgamated Year ended 31-Dec-15 AU\$	Amalgamated Year ended 31-Dec-15 RM
Revenue by category				
Rental of Hammer piling equipment	117,181	352,691	510,785	1,497,368
Rental of Mud Coolers	603,993	1,817,898	1,265,810	3,710,721
Services Rendered-Mud Coolers	303,544	913,608	596,068	1,747,374
Services Rendered-Hammer piling equipment	-	-	328,449	962,849
Rental-Mud Lab Cabins/containers	-	-	422,577	1,238,783
Total revenue	1,024,718	3,084,197	3,123,689	9,157,095

The table above sets out a summary of revenue by service category generated by the SOL Group for the half-year ended 30 June 2016 (**HY 16**) and the year ended 31 December 2015 (**FY 15**).

As set out above, the SOL Group has generated the majority of its revenue from the rental of mud cooling equipment and the rental of mud labs and offshore containers.

4.4.2 Key customers

	Total	Amalgamated	Color Ocean	Amalgamated	Amalgamated	Color Ocean
	Half-year ended	Half-year ended	Energy	Year ended	Year ended	Energy
	30-Jun-16	30-Jun-16	Half-year ended	31-Dec-15	31-Dec-15	Year ended
	AU\$	RM	30-Jun-16	AU\$	RM	31-Dec-15
			US\$			US\$
Revenue by customer						
Sales by Color Ocean Energy						
Asia Pacific Drilling Engineering Co. Ltd	183,566	552,498	134,802	1,836,030	5,382,321	1,377,821
Petrol Vietnam Drilling Investment Corporation	563,741	1,696,746	413,982	1,261,841	3,699,088	946,930
PT Indo Karya Energy	108,940	327,888	80,000	-	-	-
Others	-	-	-	(63,660)	(186,618)	(47,772)
Sales by Color Ocean Energy	856,247	2,577,132	628,784	3,034,211	8,894,791	2,276,979
Sales by Solidgro						
APEQ Process Sdn Bhd	32,494	97,800	-	34,489	101,104	-
Halliburton Offshore Services, Inc.	101,374	305,116	-	-	-	-
Others	34,603	104,149	-	54,989	161,200	-
Sales by Solidgro	168,471	507,065	-	89,478	262,304	-
Total revenue	1,024,718	3,084,197	628,784	3,123,689	9,157,095	2,276,979

As set out in the table above, sales generated by Color Ocean Energy are denominated in US\$. Sales generated by Solidgro and Color Ocean Energy have been tabled in RM before being translated into AU\$.

For HY 16, the SOL Group generated 84% of its revenue from three customers, comprising Asia Pacific Drilling Engineering Co. Ltd, Petrol Vietnam Drilling Investment Corporation and PT Indo Karya Energy. The SOL Group generated 97% of its revenue from the same three customers for FY 15.

The SOL Group's operations are primarily based in Vietnam, Thailand and Malaysia, with further opportunities in India with Halliburton, and in Indonesia with PT Indo Karya Energy.

Total amalgamated sales disclosed by the SOL Group as set out above comprised total third party sales of Solidgro and Color Ocean Energy, with inter-company balances and transactions between the entities eliminated on amalgamation.

Solidgro's associated interest in Geopremium (net of Geopremium's total income and expense items) is disclosed in the share of profit/(loss) of associate as set out in the amalgamated Statement of Profit or Loss and Other Comprehensive Income

4.4.3 Cost of sales

	Amalgamated Half-year ended 30-Jun-16 AU\$	Amalgamated Half-year ended 30-Jun-16 RM	Amalgamated Year ended 31-Dec-15 AU\$	Amalgamated Year ended 31-Dec-15 RM
Cost of sales				
Labour charges	53,813	161,969	266,367	780,856
Rental of equipment	71,724	215,874	381,033	1,116,998
Commission paid	79,213	238,416	377,052	1,105,329
Transportation fees	31,942	96,140	134,650	394,726
Spare parts and consumables	102,681	309,049	108,480	318,009
Repairs and maintenance	21,229	63,894	67,853	198,910
Rental of yard	33,564	101,022	25,676	75,269
Tender fees	-	-	655	1,921
Custom duties	1,256	3,780	151	443
Retainer fees	12,169	36,625	(3,756)	(11,010)
Cost of sales (excluding interest and direct depreciation)	407,591	1,226,769	1,358,161	3,981,451
Depreciation of equipment and accessories (direct depreciation)	381,432	1,148,033	846,668	2,482,008
Interest costs recognised in cost of sales	-	-	20,496	60,085
Total cost of sales	789,023	2,374,802	2,225,325	6,523,544

The table above sets out a summary of the amalgamated cost of sales (**COS**) for HY 16 and FY 15. Labour charges comprised direct employee costs charged by Geopremium to Solidgro and Color Ocean Energy for costs incurred by Geopremium on behalf of Solidgro and Color Ocean Energy.

COS disclosed in each of the entities' audited financial statements include expenses in relation to the depreciation of direct equipment and accessories. Other indirect depreciation expense is recognised in operating expenses.

As set out above, the SOL Group disclosed cost of sales (excluding interest and depreciation) of AU\$408,000 (RM1.2 million) and AU\$1.4 million (RM4.0 million) for HY 16 and FY 15, respectively. The SOL Group disclosed total cost of sales of AU\$789,000 (RM2.4 million) and AU\$2.2 million (RM6.5 million) for HY 16 and FY 15, respectively.

COS excluding interest and depreciation represented 40% and 43% of total revenue for HY 16 and FY 15, respectively. Total COS represented 77% and 71% of total revenue for HY 16 and FY 15, respectively. The overall reduction in COS was in line with the decrease in revenue.

Total amalgamated COS disclosed by the SOL Group as set out above comprised costs of Solidgro and Color Ocean Energy, with inter-company balances and transactions between the entities eliminated on amalgamation.

Solidgro's associated interest in Geopremium (net of Geopremium's total income and expense items) is disclosed in the share of profit/(loss) of associate as set out in the amalgamated Statement of Profit or Loss and Other Comprehensive Income.

4.4.4 Employee expenses

	Amalgamated Half-year ended 30-Jun-16 AU\$	Amalgamated Half-year ended 30-Jun-16 RM	Amalgamated Year ended 31-Dec-15 AU\$	Amalgamated Year ended 31-Dec-15 RM
Employee expenses				
Allowance	17,845	53,708	66,681	196,475
Bonus	216	650	218	640
EPF (superannuation)	16,773	50,482	39,232	115,009
Socso (workplace accident and injury cover)	1,045	3,145	2,489	7,295
Staff house rental	1,694	5,100	4,639	13,600
Staff salaries	168,210	506,279	374,198	1,096,963
Staff training	658	1,981	3,070	9,000
Staff uniforms	987	2,970	2,085	6,113
Staff welfare	9,854	29,659	18,445	54,070
Total employee expenses	217,282	653,974	511,057	1,499,165

The table above sets out a summary of amalgamated employee expenses for HY 16 and FY 15.

Staff members are employed either by Solidgro or Geopremium. Color Ocean Energy does not employ staff.

Staff costs of AU\$217,000 (RM654,000) and AU\$511,000 (RM1.5 million) for HY 16 and FY 15, respectively, were disclosed as employee expenses by Solidgro. On a standalone basis, Geopremium disclosed total staff costs of AU\$240,000 (RM722,000) and AU\$622,000 (RM1.8 million) for HY 16 and FY 15, respectively.

Excluding directors' fees/remuneration, Solidgro employed 11 and 13 staff members for HY 16 and FY 15, whilst Geopremium employed 28 and 41 staff members, respectively.

Solidgro's total employee expenses are not significantly lower than Geopremium's despite the differences in overall staff numbers due primarily to the following:

- Solidgro employs a number of SOL Group's senior management employees, including the business development manager, technical coordinator, technical consultant, three service engineers and the accountant; and
- Geopremium employs the majority of the SOL Group's technical and operational staff, including senior roles comprising the operations manager, operations supervisor, the QHSE manager and a number of service engineers, as well as other operational personnel. The reduction in staff members from 41 for FY 15 to 28 in HY 16 was due primarily to the reduction in more junior positions and in line with the overall decrease in revenue.

Technical and operational staff are mobilised by the SOL Group as needed by external customers. Head office employees including the finance, human resources, administrative and business development functions are shared by the business as a whole.

The amalgamated expenses included management fees in relation to employee expenses charged by Geopremium to Color Ocean Energy of circa AU\$300,000 (RM600,000) and AU\$67,000 (RM200,000) in HY 16 and FY 15, respectively. All head office and other senior management employee costs have been recognised by Solidgro.

Total amalgamated employee expenses disclosed by the SOL Group as set out above comprised employee costs attributable to the operations of Solidgro and Color Ocean Energy, with inter-company balances and transactions between the entities eliminated on amalgamation.

Solidgro's associated interest in Geopremium (net of Geopremium's total income and expense items) is disclosed in the share of profit/(loss) of associate as set out in the amalgamated Statement of Profit or Loss and Other Comprehensive Income.

4.5 Historical Amalgamated Pro Forma Statement of Profit or Loss and Other Comprehensive Income

Set out below is the historical amalgamated Pro Forma Statement of Profit or Loss and Other Comprehensive Income of the SOL Group for the half-year ended 30 June 2016 and the historical amalgamated Pro Forma Statement of Profit or Loss and Other Comprehensive Income of the SOL Group for the years ended 31 December 2015 and 31 December 2014.

The amalgamated Pro Forma Statement of Profit or Loss and Other Comprehensive Income has been prepared to illustrate the results of the SOL Group for the half-year ended 30 June 2016 and the years ended 31 December 2015 and 31 December 2014, assuming the completion of the transactions summarised in Note 3 in Section 4.8, and taking into account the adjustments as set out below.

	Audited Amalgamated Half-year ended 30-Jun-16 AU\$	Audited Amalgamated Year ended 31-Dec-15 AU\$	Audited Amalgamated Year ended 31-Dec-14 AU\$
Revenue	1,024,718	3,123,689	4,805,097
Cost of sales (excluding depreciation and interest)	(407,591)	(1,358,161)	(1,340,613)
Gross profit	617,127	1,765,528	3,464,484
Other income	514,765	282,198	337,713
Expenses			
Employee expenses	(217,282)	(511,057)	(630,815)
Directors' fees and remuneration	(207,823)	(270,806)	(96,133)
Management fees	(67,351)	(189,853)	(110,907)
Insurance expenses	(58,954)	(90,426)	(112,276)
Travelling expenses	(69,175)	(146,308)	(235,214)
Upkeep expenses	(16,312)	(33,030)	(77,649)
Professional fees	(6,858)	(53,555)	(2,701)
Depreciation	(424,749)	(936,639)	(867,691)
Others	(153,885)	(180,462)	(233,524)
(Loss)/profit from operations	(90,497)	(364,410)	1,435,287
Finance costs	(37,485)	(88,327)	(59,502)
Share of profit/(loss) of associate	18,290	(41,725)	53,228
Loss before tax	(109,692)	(494,462)	1,429,013
Taxation	3,405	309,982	(313,830)
Net (loss)/profit for the financial period/year, representing the total comprehensive (loss)/profit for the financial period/year	(106,287)	(184,480)	1,115,183

The Amalgamated Pro Forma Statement of Profit or Loss and Other Comprehensive Income has been prepared based on the audited financial statements of Solidgro, Geopremium and Color Ocean Energy for the half-year ended 30 June 2016 and the audited financial statements of Solidgro, Geopremium and Color Ocean Energy for the years ended 31 December 2015 and 31 December 2014.

The adjustments recognised in the Amalgamated Pro Forma Statement of Profit or Loss and Other Comprehensive Income comprise the increase in Solidgro's share of profit or loss in its associate company, Geopremium, from 30% to 49%.

The Amalgamated Pro Forma Statement of Profit or Loss and Other Comprehensive Income of the SOL Group should be read in conjunction with the Notes to the financial information set out in Section 4.8.

4.6 Historical Amalgamated Statement of Cash Flows

Set out below is the historical amalgamated Audited Statement of Cash Flows of the SOL Group for the half-year ended 30 June 2016 and the historical amalgamated Audited Statement of Cash Flows of the SOL Group for the years ended 31 December 2015 and 31 December 2014.

	Audited Amalgamated Half-year ended 30-Jun-16 AU\$	Audited Amalgamated Year ended 31-Dec-15 AU\$	Audited Amalgamated Year ended 31-Dec-14 AU\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Sales to customers	1,280,563	3,380,952	6,401,015
Payments to suppliers and employees	(1,974,333)	(3,231,667)	(4,088,904)
Income tax refunded/(paid)	89,118	(156,954)	(268,309)
Interest received	-	92	5,098
Interest paid	(38,246)	(69,007)	(63,977)
Net cash generated from operating activities	(642,898)	(76,584)	1,984,922
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of plant and equipment	-	(65,523)	(1,696,732)
Proceeds from disposal of plant and equipment	713,363	6,822	248
Net cash generated/(used) in investing activities	713,363	(58,701)	(1,696,484)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of finance lease payables	(98,704)	(182,923)	(266,309)
Drawdown of finance leases	-	-	292,620
Repayment of bank borrowings	(14,473)	(39,143)	(85,643)
Drawdown of bank borrowings	-	-	230,995
Increase in fixed deposit pledged with licensed bank	-	-	125,825
Dividends paid	-	-	(67,764)
Net cash used in financing activities	(113,177)	(222,066)	229,724
Net increase/(decrease) in cash and cash equivalents	(42,712)	(357,351)	518,163
Cash and cash equivalents at the beginning of the year	23,851	285,097	(504,405)
Effect of foreign exchange	(52,595)	96,105	271,339
Cash and cash equivalents at the end of the period/year	(71,456)	23,851	285,097
Comprising:			
Fixed deposits with licensed banks	167,196	159,510	174,423
Cash and bank balances	92,928	15,118	110,674
Bank overdraft	(331,580)	(150,777)	-
Cash and cash equivalents at the end of the period/year	(71,456)	23,851	285,097

The historical amalgamated Audited Statements of Cash Flows have been extracted from the audited financial statements of Solidgro and Color Ocean Energy for the year ended 30 June 2016 and the audited financial statements of Solidgro and Color Ocean Energy for the years ended 31 December 2015 and 31 December 2014.

The amalgamated historical Statements of Cash Flows disclosed by the SOL Group as set out above comprised the cash flows of Solidgro and Color Ocean Energy, with inter-company balances and transactions between the entities eliminated on amalgamation.

In accordance with equity accounting principles, Geopremium's historical statement of cash flows has no impact on the historical amalgamated statement of cash flows as set out above.

The historical Statements of Cash Flows for Color Ocean Energy have first been translated (to RM from US\$) as follows:

- cash at the end of each financial year or period has been translated to RM from US\$ using the relevant spot rates as follows:
 - 30 June 2016 – US\$1 : RM4.0315
 - 31 December 2015 – US\$1 : RM4.2935; and
 - 31 December 2014 – US\$1 : RM3.4965;
- cash at the beginning of each financial year or period has been translated to RM from US\$ using the relevant spot rates as follows:
 - 31 December 2015 – US\$1 : RM4.2935;
 - 31 December 2014 – US\$1 : RM3.4965; and
 - 31 December 2013 – US\$1 : RM3.2815;
- cash flows for each reporting period and year have been translated to RM from US\$ using average exchange rates as follows:
 - half-year ended 30 June 2016 – US\$1 : RM4.0986;
 - year ended 31 December 2015 – US\$1 : RM3.9064; and
 - year ended 31 December 2014 – US\$1 : RM3.2733.

Thereafter, the historical amalgamated Audited Statement of Cash Flows have been translated as follows:

- cash at the end of each financial year or period has been translated to \$AU from RM using the relevant spot rates as follows:
 - 30 June 2016 – AU\$1 : RM2.9905
 - 31 December 2015 – AU\$1 : RM3.1346; and
 - 31 December 2014 – AU\$1 : RM2.8666;
- cash at the beginning of each financial year or period has been translated to AU\$ from RM using the relevant spot rates as follows:
 - 31 December 2015 – AU\$1 : RM3.1346;
 - 31 December 2014 – AU\$1 : RM2.8666; and

- 31 December 2013 – AU\$1 : RM2.9363;
- cash flows for each reporting period and year have been translated to AU\$ from RM using average exchange rates as follows:
 - half-year ended 30 June 2016 – AU\$1 : RM3.0098;
 - year ended 31 December 2015 – AU\$1: RM2.9315; and
 - year ended 31 December 2014 – AU\$1: RM2.9514.

The historical amalgamated Audited Statement of Cash Flows should be read in conjunction with the Notes to the financial information set out in Section 4.8.

4.7 Consolidated Pro Forma Statement of Financial Position

The Consolidated Pro Forma Statement of Financial Position as at 30 June 2016, set out below, has been prepared to illustrate the effects of the acquisition of the SOL Group, and assumes completion of the pro forma transactions set out in Note 3 in Section 4.8 as if they had occurred on 30 June 2016.

		MHH	SOL Group Amalgamated As at 30-Jun-16	Pro Forma Transactions Minimum Raise	Unaudited Pro Forma Minimum Raise	Pro Forma Transactions Maximum Raise	Unaudited Pro Forma Maximum Raise
	Notes	AU\$	AU\$	AU\$	AU\$	AU\$	AU\$
ASSETS							
Current assets							
Cash and bank balances	4	291,000	92,928	2,380,424	2,764,352	3,305,424	3,689,352
Fixed deposit with a licensed bank	5	-	167,196	-	167,196	-	167,196
Trade and other receivables	6	-	1,278,104	-	1,278,104	-	1,278,104
Amounts owing by associate	7	-	102,062	-	102,062	-	102,062
Tax recoverable	8	-	177,098	-	177,098	-	177,098
Total current assets		<u>291,000</u>	<u>1,817,388</u>	<u>2,380,424</u>	<u>4,488,812</u>	<u>3,305,424</u>	<u>5,413,812</u>
Non-current assets							
Property, plant and equipment	9	-	3,988,303	-	3,988,303	-	3,988,303
Investment in associate	10	-	14,186	46,600	60,786	46,600	60,786
Total non-current assets		<u>-</u>	<u>4,002,489</u>	<u>46,600</u>	<u>4,049,089</u>	<u>46,600</u>	<u>4,049,089</u>
Total assets		<u>291,000</u>	<u>5,819,877</u>	<u>2,427,024</u>	<u>8,537,901</u>	<u>3,352,024</u>	<u>9,462,901</u>
LIABILITIES							
Current liabilities							
Convertible notes	11	290,000	-	(290,000)	-	(290,000)	-
Trade and other payables	12	-	723,809	-	723,809	-	723,809
Amounts owing to directors	13	-	114,371	-	114,371	-	114,371
Finance lease payables	14	-	98,830	-	98,830	-	98,830
Bank borrowings	15	-	354,946	-	354,946	-	354,946
Total current liabilities		<u>290,000</u>	<u>1,291,956</u>	<u>(290,000)</u>	<u>1,291,956</u>	<u>(290,000)</u>	<u>1,291,956</u>
Non-current liabilities							
Finance lease payables	14	-	13,302	-	13,302	-	13,302
Bank borrowings	15	-	837,812	-	837,812	-	837,812
Deferred tax liabilities	16	-	414,869	-	414,869	-	414,869
Total non-current liabilities		<u>-</u>	<u>1,265,983</u>	<u>-</u>	<u>1,265,983</u>	<u>-</u>	<u>1,265,983</u>
Total liabilities		<u>290,000</u>	<u>2,557,939</u>	<u>(290,000)</u>	<u>2,557,939</u>	<u>(290,000)</u>	<u>2,557,939</u>
NET ASSETS		<u>1,000</u>	<u>3,261,938</u>	<u>2,717,024</u>	<u>5,979,962</u>	<u>3,642,024</u>	<u>6,904,962</u>
EQUITY							
Share capital	17	1,000	703,527	2,340,839	3,045,366	3,265,839	3,970,366
Options reserve	18	-	-	353,661	353,661	353,661	353,661
Pro forma foreign exchange reserve		-	5,703	-	5,703	-	5,703
Retained earnings	19	-	2,552,708	22,524	2,575,232	22,524	2,575,232
NET ASSETS		<u>1,000</u>	<u>3,261,938</u>	<u>2,717,024</u>	<u>5,979,962</u>	<u>3,642,024</u>	<u>6,904,962</u>

The Consolidated Pro Forma Statement of Financial Position represents the unaudited Statement of Financial Position of the Company as at 30 June 2016, adjusted for the pro forma transactions outlined in Note 3 in Section 4.8 relating to the issue of Shares pursuant to this Prospectus and other transactions.

The historical unaudited Statement of Financial Position of the Company at 30 June 2016 has been extracted from the unaudited financial statements of the Company as if the Company had been incorporated at 30 June 2016, and had conducted its seed capital raising and issued the Convertible Notes to the Noteholders at 30 June 2016.

The Company was incorporated in Victoria, Australia on 9 August 2016, primarily for the purpose of becoming a listing vehicle and holding company for the business operated by the SOL Group companies. The Company has no trading history.

The amalgamated Audited Statement of Financial Position of the SOL Group at 30 June 2016 has been extracted from the audited financial statements of Solidgro, Geopremium and Color Ocean Energy for the half-year ended 30 June 2016.

The Audited Statement of Financial Position of Color Ocean Energy has first been translated from US\$ to RM using the spot rate at 30 June 2016 of US\$1 : RM4.0315

Thereafter, the amalgamated Statement of Financial Position of the SOL Group has been translated to AU\$ from RM using the spot rate at 30 June 2016 of AU\$1 : RM2.9905.

The Consolidated Pro Forma Statement of Financial Position should be read in conjunction with the notes to the financial information.

4.8 Notes to the financial information

1. Basis of Preparation

(a) Statement of compliance

The Notes to the financial information assume the completion of the Restructure and the acquisition of the SOL Group by the Company as if they had occurred on 30 June 2016 and, as such, reflects the basis of preparation and accounting policies of the Group.

The financial statements of the Group have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards.

The financial statements of the Group have been prepared under the historical cost convention, unless otherwise indicated in the significant accounting policies below.

(b) Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Judgements

There are no significant areas of critical judgement in applying accounting policies that have significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are set out below:

Useful lives of property, plant and equipment

The Group regularly reviews the estimated useful lives of property, plant and equipment based on factors such as business plans and strategies, the expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depreciation and decrease the value of property, plant and equipment.

The Group currently has 15 mud cooler units as follows:

- 3 units were acquired in 2007;
- 4 units were acquired in 2008;
- 8 units were assembled by the SOL Group with 1, 2 and 5 units assembled in 2010, 2011 and 2013, respectively.

The Group currently has one remaining set of hydraulic hammer piling equipment that was acquired in 2007. The Group's depreciation policies for items of plant and equipment are set out in Note 2(e)(ii) below.

Further details on the useful life and expected future maintenance and refurbishment costs are set out in Section 2.5. The carrying values of property, plant and equipment are set out in further detail in Note 9. The carrying value of equipment and accessories of AU\$2.7 million comprises the carrying values in relation to the mud cooler units and the hammer piling equipment.

Income taxes

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

2. Significant Accounting Policies

The Group applied the significant accounting policies set out below, consistently throughout all periods presented in the financial statements unless otherwise stated.

(a) Investment in Associate

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

On the acquisition of an investment in an associate, any excess of the cost of investment over the Company's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included

in the carrying amount of the investment. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Company's share of the associate's profit or loss for the period in which the investment is acquired.

An associate is equity accounted for from the date on which the investee becomes an associate. Under the equity method, on initial recognition the investment in an associate is recognised at cost, and the carrying amount is increased or decreased to recognise the Company's share of profit or loss and other comprehensive income of the associate after the date of acquisition. When the Company's share of losses in an associate equals or exceeds its interest in the associate, the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

Profits or losses resulting from upstream and downstream transactions between the Company and its associate are recognised in the Company's consolidated financial statements only to the extent of unrelated investors' interests in the associate. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the assets transferred.

The financial statements of the associates are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.

After application of the equity method, the Company applies MFRS 139 to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with MFRS 136 *Impairment of Assets* as a single assets, by comparing its recoverable amount (higher of value-in-use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

Upon loss of significant influence over the associate, the Company measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

In the Company's separate financial statements, investments in associates are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 2(k) to the financial statements on impairment of non-financial assets.

The Company's interest in Geopremium has been accounted for using equity accounting principles.

(b) Principles of amalgamation

The amalgamated financial statements of the SOL Group incorporate the assets, liabilities and results of entities included within the amalgamated group as at the end of the reporting period.

In preparing the amalgamated financial statements, all inter-company balances and transactions between entities in the amalgamated group have been eliminated on amalgamation.

The amalgamation comprises the following entities:

Amalgamated Entities

Solidgro Energy Sdn Bhd
Color Ocean Energy Limited

(c) Principles of consolidation

(i) Subsidiaries

Subsidiaries are all those entities over which the Company has the power to govern the financial and operating policies so as to obtain benefits from the entity's activities generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date that control ceases. The financial performance of those activities is included only for the period of the year that they were controlled.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Company.

Intercompany transactions, balances and unrealised gains on transactions between consolidated entity companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company.

(ii) Business Combinations

The acquisition of a 100% equity interest in Solidgro, Color Ocean Energy and COE (Aus) by the Company does not constitute a business combination as outlined in AASB 3 *Business Combinations* (AASB 3) as the Standard does not apply to a business combination of entities under common control. A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory.

The Company was incorporated primarily for the purpose of becoming a listing vehicle and holding company for the business operated by the SOL Group companies. The Company's shares are currently held by the Vendors and the Company has no trading history. Upon completion of the Public Offer, the Vendors will hold between 67% and 73% of the Shares on issue.

Accordingly, the acquisition of the SOL Group is a common control transaction and is in effect, a restructure of the SOL Group. There is no specific guidance on the accounting treatment of common control transactions. In accordance with generally accepted practice, the acquisition of the SOL Group has been accounted for using book value accounting whereby the assets and liabilities of the SOL Group are recognised at their previous carrying amounts. No adjustments were made to reflect fair values and no new assets and liabilities of the SOL Group were recognised at the date of the acquisition.

(d) Foreign currency translations and balances

Transactions in foreign currency are recorded in the functional currency using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are included in profit or loss.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the reporting period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. Exchange differences arising from such non-monetary items are also recognised in other comprehensive income.

(e) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The policy of recognition and measurement of impairment losses is in accordance with Note 2(k).

(i) Recognition of measurement

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour.

For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred. When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

Depreciation

Depreciation is recognised in the profit or loss on a straight line basis to write off the cost of each asset to its residual value over its estimated useful life. Freehold land is not depreciated. Leased assets are depreciated over the shorter of the lease term and their useful lives.

Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:

Building and warehouse buildings	2%
Furniture and fittings	20%
Office renovation	25%
Motor vehicles	20%
Computers	20%
Accounting software	20%

Equipment and accessories	10%-20%
Office equipment	10%

The residual value, useful lives and depreciation method are reviewed at each reporting period end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the property, plant and equipment.

(f) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, even if that right is not explicitly specific in an arrangement.

(i) Finance leases

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the profit or loss. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment.

(ii) Operating leases

Leases, where the Group does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interests held under operating leases, the leased assets are not recognised on the statement of financial position. A property interest held under an operating lease, which is held to earn rental income or for capital appreciation (or both), is classified as investment property and measured using a fair value model.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid land lease payments.

(g) Financial assets

Financial assets are recognised on the statements of financial position when, and only when, a member of the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately in profit or loss.

The Group classifies its financial assets depending on the purpose for which it was acquired at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those maturing later than 12 months after the end of the reporting period, which are classified as non-current assets.

After initial recognition, financial assets categorised as loans and receivables are measured at amortised cost using the effective interest method, less impairment losses. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e. the date that the Group commits to purchase or sell the asset.

A financial asset is derecognised when the contractual rights to receive cash flows from the financial asset has expired or has been transferred and the company has transferred substantially all risks and rewards of ownership. On derecognition of a financial asset, the difference between the carrying amount and the sum of consideration received and any cumulative gains or loss that had been recognised in equity is recognised in profit or loss.

(h) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definition of financial liabilities.

Financial liabilities are recognised on the statements of financial position when, and only when, a member of the Group becomes a party to the contractual provisions of the financial instrument.

The Group classifies its financial liabilities at initial recognition, into other financial liabilities measured at amortised cost.

The Group's other financial liabilities comprise trade and other payables, amounts owing to directors and loans and borrowings.

Trade and other payables and amounts owing to directors are recognised initially at fair value plus directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and are subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Gains and losses on financial liabilities measured at amortised cost are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or

modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(i) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdrafts and highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(k) Impairment of assets

(i) Non-financial assets

The carrying amounts of non-financial assets (except for deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value-in-use and its fair value less costs of disposal. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset.

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for the asset in prior periods. Such reversal is recognised in the profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

(ii) Financial assets

All financial assets (other than those categorised as fair value through profit or loss and investments in subsidiary companies) are assessed at each reporting date to determine whether

there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset.

Financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the receivable and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with defaults on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of impairment loss is recognised in the profit or loss. Receivables together with the associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised in profit or loss, the impairment loss is reversed, to the extent that the carrying amount of the asset does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of reversal is recognised in profit or loss.

(l) Share capital

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are equity instruments. Ordinary shares are recorded at the nominal value of the shares issued. Ordinary shares are classified as equity.

Dividend distribution to the Company's shareholders is recognised as a liability in the period they are approved by the Board of Directors except for the final dividend which is subject to approval by the Company's shareholders.

(m) Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each end of the reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related

provision. The relating expense relating to any provision is presented in the statements of profit or loss and other comprehensive income net of any reimbursement.

(n) Employee benefits

(i) Short term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the period in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences (such as paid annual leave) are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences (such as sick and medical leave) are recognised when the absences occur.

The expected cost of accumulating compensated absences is measured as an additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

(ii) Defined contribution plan

As required by law, companies in Malaysia contribute to the state pension scheme, the Employee Provident Fund ("EPF"). Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Group has no further payment obligations.

(o) Revenue

(i) Rental income

Rental income is accounted for on a straight-line basis over the relevant lease term. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(ii) Rendering of services

Revenue from services rendered is recognised in the profit or loss based on the value of services performed and invoiced to customers during the period.

(iii) Contract drilling services

Revenue from contract drilling services is recognised as services and performed based on contracted day rates and the number of operating days during the period. Reimbursable revenue is recognised reimbursements from customers for re-billable costs and expenses as revenue and related direct costs as operating expenses.

(iv) Mobilisation fees

Mobilisation fees incurred to mobilise a rig from one geographic market to another are deferred and recognised on a straight-line basis over the term of such contract, excluding any option periods.

(p) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. Assets that necessarily take a substantial period of time to get ready

for their intended use or sale, are capitalised as part of the cost of those assets. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(q) Income tax

Tax expense in profit or loss comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method for all temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3. Pro Forma Adjustments

The Consolidated Pro Forma Statement of Financial Position as at 30 June 2016 has been prepared by adjusting the Consolidated Statement of Financial Position as at that date to reflect the financial effects of the following transactions as if they had occurred at 30 June 2016.

- i) At 30 June 2016, Geopremium disclosed net assets of AU\$124,054 (RM370,984). A 49% interest in Geopremium has therefore been assessed at AU\$60,786 (RM181,782). Under the terms of the Restructure Deed, Solidgro will initially transfer its interest in Geopremium to the Vendors and the Vendors will acquire a further 95,000 shares in Geopremium (representing an additional 19% interest) for AU\$24,076 (RM72,000). At 30 June 2016, Solidgro disclosed an investment in an associate of AU\$14,186 (RM42,424).

An increase in investment in an associate of AU\$46,600 (RM139,358) has therefore been recognised, representing the increase in value of Solidgro's 49% interest in Geopremium to AU\$60,786. Solidgro's investment in Geopremium has been translated from RM to AU\$ using the spot rate at 30 June 2016 of AU\$1 : RM2.9905.

- ii) The issue of 2,000,000 Shares with an issue price of AU\$0.01 per Share for total consideration of AU\$20,000 to the Vendors, under the terms of the Restructure Deed.
- iii) The issue of the Consideration Shares, being 47,692,308 Shares with a deemed issue price of AU\$0.065 per Share to the Vendors, totalling deemed consideration of AU\$3,100,000, as consideration for the acquisition of the SOL Group.
- iv) The Public Offer issue of 15,000,000 (minimum subscription) to 20,000,000 (maximum subscription) Shares at an issue price of AU\$0.20 per Share, to raise a minimum of AU\$3,000,000 and a maximum of AU\$4,000,000 before expenses of the capital raising. The pro forma adjustments assume that the Public Offer is fully subscribed. All Shares issued pursuant to the Prospectus will be issued as fully paid.
- v) Cash costs of undertaking the Public Offer (including the IPO Success Fee, Management Fee and Selling Fee under the Sanston Mandate) totalling AU\$615,500 (minimum subscription) to AU\$690,500 (maximum subscription). Costs to be paid under the Sanston Mandate of AU\$330,000 (minimum subscription) to AU\$400,000 (maximum subscription) will be paid from the funds raised under the Public Offer as set out in Section 10.6, and the remaining listing costs of AU\$285,500 (minimum subscription) to AU\$290,500 (maximum subscription) are to be funded primarily through the AU\$290,000 raised from the issue of the Convertible Notes.
- vi) The conversion of Convertible Notes with a face value of AU\$290,000 (AU\$0.075 per Note), into 3,866,666 Shares under the Noteholder Offer.
- vii) The allotment of 8,000,000 Options exercisable at AU\$0.30 per Share within 3 years after the date of issue to Sanston.

4. Cash and bank balances

	As at 30-Jun-16 AU\$	Unaudited Pro Forma Minimum AU\$	Unaudited Pro Forma Maximum AU\$
Cash and bank balances	291,000	2,764,352	3,689,352
Cash at 30 June 2016		291,000	291,000
<i>Adjustments arising in the preparation of the Pro Forma Statement of Financial Position are summarised as follows:</i>			
Cash acquired in SOL Group acquisition		92,928	92,928
Investment in a further 19% interest in Geopremium (note 3(i))		(24,076)	(24,076)
2,000,000 Shares issued under the Restructure Deed for total consideration of AU\$20,000 (note 3(ii))		20,000	20,000
Proceeds from the issue of 15,000,000/20,000,000 Shares in relation to the Public Offer pursuant to the Prospectus (note 3(iv))		3,000,000	4,000,000
Costs of undertaking the Public Offer (note 3(v))		(615,500)	(690,500)
		2,473,352	3,398,352
Pro Forma balance		2,764,352	3,689,352

5. Fixed deposit with a licensed bank

	As at 30-Jun-16 AU\$	Unaudited Pro Forma Minimum AU\$	Unaudited Pro Forma Maximum AU\$
Fixed deposit	-	167,196	167,196
Fixed deposit at 30 June 2016		-	-
<i>Adjustments arising in the preparation of the Pro Forma Statement of Financial Position are summarised as follows:</i>			
Fixed deposit with licensed bank acquired in SOL Group acquisition		167,196	167,196
		167,196	167,196
Pro Forma balance		167,196	167,196

The fixed deposit with a licensed bank has been pledged to Solidgro's banker as security for the banking facilities of the SOL Group

6. Trade and other receivables

	As at 30-Jun-16 AU\$	Unaudited Pro Forma Minimum AU\$	Unaudited Pro Forma Maximum AU\$
Trade and other receivables	-	1,278,104	1,278,104
Trade and other receivables at 30 June 2016		-	-
<i>Adjustments arising in the preparation of the Pro Forma Statement of Financial Position are summarised as follows:</i>			
Trade and other receivables acquired in SOL Group acquisition		1,278,104	1,278,104
		1,278,104	1,278,104
Pro Forma balance		1,278,104	1,278,104
Trade and other receivables in the unaudited pro forma comprises:			
Trade receivables		966,925	966,925
Other receivables, deposits and prepayments		311,179	311,179
Pro Forma balance		1,278,104	1,278,104

7. Amounts owing by associate

	As at 30-Jun-16 AU\$	Unaudited Pro Forma Minimum AU\$	Unaudited Pro Forma Maximum AU\$
Amounts owing by associate	-	102,062	102,062
Amounts owing by associate at 30 June 2016		-	-
<i>Adjustments arising in the preparation of the Pro Forma Statement of Financial Position are summarised as follows:</i>			
Amounts owing by associate acquired in SOL Group acquisition		102,062	102,062
		102,062	102,062
Pro Forma balance		102,062	102,062
Amounts owing by associate in the unaudited pro forma comprises:			
Trade amounts due from Geopremium		7,595	7,595
Non-trade amounts due from Geopremium		94,467	94,467
Pro Forma balance		102,062	102,062

Amounts owing by associate comprised amounts due to Solidgro from Geopremium. Trade amounts refer to related party sales made by Solidgro to Geopremium.

8. Tax recoverable

	As at 30-Jun-16 AU\$	Unaudited Pro Forma Minimum AU\$	Unaudited Pro Forma Maximum AU\$
Tax recoverable	-	177,098	177,098
Tax recoverable at 30 June 2016		-	-
<i>Adjustments arising in the preparation of the Pro Forma Statement of Financial Position are summarised as follows:</i>			
Tax recoverable acquired in SOL Group acquisition		177,098	177,098
		177,098	177,098
Pro Forma balance		177,098	177,098

9. Property, plant and equipment

	As at 30-Jun-16 AU\$	Unaudited Pro Forma Minimum AU\$	Unaudited Pro Forma Maximum AU\$
Property, plant and equipment	-	3,988,303	3,988,303
Property, plant and equipment at 30 June 2016		-	-
<i>Adjustments arising in the preparation of the Pro Forma Statement of Financial Position are summarised as follows:</i>			
Property, plant and equipment acquired in SOL Group acquisition		3,988,303	3,988,303
		3,988,303	3,988,303
Pro Forma balance		3,988,303	3,988,303
The carrying value of property, plant and equipment in the unaudited pro forma comprises:			
Properties		1,130,853	1,130,853
Furniture & fittings		5,313	5,313
Office renovation		61,299	61,299
Motor vehicles		41,064	41,064
Computer		6,378	6,378
Accounting software		2,871	2,871
Equipment and accessories		2,725,812	2,725,812
Office equipment		14,713	14,713
Pro Forma balance		3,988,303	3,988,303

10. Investment in associate

	As at 30-Jun-16 AU\$	Unaudited Pro Forma Minimum AU\$	Unaudited Pro Forma Maximum AU\$
Investment in associate	-	60,786	60,786
Investment in associate at 30 June 2016		-	-
<i>Adjustments arising in the preparation of the Pro Forma Statement of Financial Position are summarised as follows:</i>			
Investment in associate disclosed by Solidgro at 30 June 2016		14,186	14,186
Increase in fair value of 49% interest (note 3(i))		46,600	46,600
		60,786	60,786
Pro Forma balance		60,786	60,786

The carrying value of the investment in Geopremium in the unaudited pro forma comprises:

Unquoted shares in Malaysia:

At cost at 30 June 2016	50,159	50,159
Share of post-acquisition reserve at 30 June 2016	(35,973)	(35,973)
Increase in fair value of 49% interest in Geopremium (note 3(i))	46,600	46,600

Pro Forma balance	60,786	60,786
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Details of the associate, which is incorporated in Malaysia, is as follows:

Name	Country of Incorporation	Equity holding Audited 30-Jun-16	Equity holding Pro Forma 30-Jun-16
Geopremium Sdn Bhd	Malaysia	30%	49%

11. Convertible notes

	As at 30-Jun-16 AU\$	Unaudited Pro Forma Minimum AU\$	Unaudited Pro Forma Maximum AU\$
Convertible Notes	290,000	-	-
Convertible Notes at 30 June 2016		290,000	290,000
<i>Adjustments arising in the preparation of the Pro Forma Statement of Financial Position are summarised as follows:</i>			
Conversion of Convertible Notes to equity under the Noteholder Offer (note 3(vi))		(290,000)	(290,000)
		(290,000)	(290,000)
Pro Forma balance		-	-

12. Trade and other payables

	As at 30-Jun-16 AU\$	Unaudited Pro Forma Minimum AU\$	Unaudited Pro Forma Maximum AU\$
Trade and other payables	-	723,809	723,809
Trade and other payables at 30 June 2015		-	-
<i>Adjustments arising in the preparation of the Pro Forma Statement of Financial Position are summarised as follows:</i>			
Trade and other payables acquired in SOL Group acquisition		723,809	723,809
		723,809	723,809
Pro Forma balance		723,809	723,809
Trade and other payables in the unaudited pro forma comprises:			
Trade payables		234,715	234,715
Other payables and accruals		489,094	489,094
Pro Forma balance		723,809	723,809

13. Amounts owing to directors

	As at 30-Jun-16 AU\$	Unaudited Pro Forma Minimum AU\$	Unaudited Pro Forma Maximum AU\$
Amounts owing to directors	-	114,371	114,371
Amounts owing to directors at 30 June 2016		-	-
<i>Adjustments arising in the preparation of the Pro Forma Statement of Financial Position are summarised as follows:</i>			
Amounts owing to directors acquired in SOL Group acquisition		114,371	114,371
		114,371	114,371
Pro Forma balance		114,371	114,371
Amounts owing to directors will be repaid or waived before completion of the Restructure.			

14. Finance lease payables

	As at 30-Jun-16 AU\$	Unaudited Pro Forma Minimum AU\$	Unaudited Pro Forma Maximum AU\$
Current portion			
Finance lease payables	-	98,830	98,830
Finance lease payables at 30 June 2016		-	-
<i>Adjustments arising in the preparation of the Pro Forma Statement of Financial Position are summarised as follows:</i>			
Finance lease payables acquired in SOL Group acquisition		98,830	98,830
		98,830	98,830
Pro Forma balance		98,830	98,830
Non-current portion			
Finance lease payables	-	13,302	13,302
Finance lease payables at 30 June 2016		-	-
<i>Adjustments arising in the preparation of the Pro Forma Statement of Financial Position are summarised as follows:</i>			
Finance lease payables acquired in SOL Group acquisition		13,302	13,302
		13,302	13,302
Pro Forma balance		13,302	13,302

15. Bank borrowings

	As at 30-Jun-16 AU\$	Unaudited Pro Forma Minimum AU\$	Unaudited Pro Forma Maximum AU\$
Current portion			
Bank borrowings	-	354,946	354,946
Bank borrowings at 30 June 2016		-	-
<i>Adjustments arising in the preparation of the Pro Forma Statement of Financial Position are summarised as follows:</i>			
Bank borrowings acquired in SOL Group acquisition		354,946	354,946
		354,946	354,946
Pro Forma balance		354,946	354,946
Current bank borrowings in the unaudited pro forma comprises:			
Bank overdraft		331,580	331,580
Current portion of term loans		23,366	23,366
Pro Forma balance		354,946	354,946
Non-current portion			
Bank borrowings	-	837,812	837,812
Bank borrowings at 30 June 2016		-	-
<i>Adjustments arising in the preparation of the Pro Forma Statement of Financial Position are summarised as follows:</i>			
Bank borrowings acquired in SOL Group acquisition		837,812	837,812
		837,812	837,812
Pro Forma balance		837,812	837,812
Non-current bank borrowings in the unaudited pro forma comprises:			
Non-current portion of term loans		837,812	837,812
Pro Forma balance		837,812	837,812

The bank overdraft facility is secured against Solidgro's fixed deposit of AU\$167,000 (RM500,000) (note 5), and jointly and severally guaranteed by all the Solidgro Directors.

The term loans are secured against the properties owned by the SOL Group.

16. Deferred tax liabilities

	As at 30-Jun-16 AU\$	Unaudited Pro Forma Minimum AU\$	Unaudited Pro Forma Maximum AU\$
Deferred tax liabilities	-	414,869	414,869
Deferred tax liabilities at 30 June 2016		-	-
<i>Adjustments arising in the preparation of the Pro Forma Statement of Financial Position are summarised as follows:</i>			
Deferred tax liabilities acquired in SOL Group acquisition		414,869	414,869
		414,869	414,869
Pro Forma balance		414,869	414,869

Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to set off current tax assets against current tax liabilities and deferred tax relates to income taxes levied by the same taxation authority on the same taxable entity. The amounts of deferred tax liabilities, after appropriate offsetting, are included in the balance sheet.

17. Share capital

	Minimum Number of ordinary shares	AU\$	Maximum Number of ordinary shares	AU\$
Issued share capital at 30 June 2016	100,000	1,000	100,000	1,000
Total issued share capital at 30 June 2016	100,000	1,000	100,000	1,000
<i>Adjustments arising in the preparation of the Pro Forma Statement of Financial Position are summarised as follows:</i>				
2,000,000 Shares issued under the Restructure Deed for total consideration of AU\$20,000 (note 3(ii))	2,000,000	20,000	2,000,000	20,000
Issue of Consideration Shares to Vendors (note 3(iii))	47,692,308	3,100,000	47,692,308	3,100,000
Elimination of investment	-	(3,100,000)	-	(3,100,000)
Consolidation of SOL Group share capital	-	703,527	-	703,527
Fully paid ordinary shares issued in relation to the Public Offer at AU\$0.20 per share pursuant to the Prospectus (note 3(iv))	15,000,000	3,000,000	20,000,000	4,000,000
Costs of undertaking the Public Offer (note 3(v))	-	(615,500)	-	(690,500)
Shares issued under the Noteholder Offer (note 3(vi))	3,866,666	290,000	3,866,666	290,000
Fair Value of 8,000,000 Options issued to Sanston under the Sanston Mandate (note 3(vii))	-	(353,661)	-	(353,661)
Pro Forma Balance	68,658,974	3,045,366	73,658,974	3,970,366

18. Options reserve

	As at 30-Jun-16 AU\$	Unaudited Pro Forma Minimum AU\$	Unaudited Pro Forma Maximum AU\$
Options reserve	-	353,661	353,661
Options reserve at 30 June 2016	-	-	-
<i>Adjustments arising in the preparation of the Pro Forma Statement of Financial Position are summarised as follows:</i>			
Fair Value of 8,000,000 Options issued to Sanston under the Sanston Mandate (note 3(vii))		353,661	353,661
		353,661	353,661
Pro Forma Balance		353,661	353,661

Details of options to be issued are set out in Section 9.4 of the Prospectus

* Fair values at grant date are determined using a binomial option pricing model that takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, expected early exercise and the risk-free interest rate for the term of the option.

The model inputs for options included in the pro forma adjustments were:

Exercise Price	AU\$0.30
Expiry Date	3 years from grant date
Share Price at Grant Date	AU\$0.20
Expected Dividend Yield Rate	0.0%
Risk-free Interest Rate	1.64%
Volatility	50%

19. Retained earnings

	As at 30-Jun-16 AU\$	Unaudited Pro Forma Minimum AU\$	Unaudited Pro Forma Maximum AU\$
Retained earnings	-	2,575,232	2,575,232
Retained earnings at 30 June 2016		-	-
<i>Adjustments arising in the preparation of the Pro Forma Statement of Financial Position are summarised as follows:</i>			
Consolidation of retained earnings of the SOL Group		2,552,708	2,552,708
Gain on investment in a further 19% interest in Geopremium (note 3(i))		22,524	22,524
		2,575,232	2,575,232
Pro Forma Balance		2,575,232	2,575,232

20. Related Party Disclosure

- (a) The Directors of the Company at the Prospectus Date are:
- Frank Licciardello (Non-Executive Chairman)
 - Khen Peng Wee (Executive Director)
 - Han Bee Tung (Executive Director)
 - Manogran Arumugam (Executive Director)
 - Craig Sanford (Non-Executive Director)
- (b) Directors' holdings of shares, directors' remuneration and other directors' interests are set out in Section 7 of this Prospectus.
- (c) There have been no related party transactions other than the directors' transactions set out in Sections 7 and those relating to material contracts set out in Section 9 of this Prospectus.

5. Investigating Accountant's Report



2 December 2016

The Directors
Majestic Horizon Holdings Limited
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Dear Directors

Investigating Accountant's Report

Independent Limited Assurance Report on the Historical and Pro Forma Historical Amalgamated Financial Information of Majestic Horizon Holdings Limited

We have been engaged to report on the historical amalgamated financial information and pro forma historical amalgamated financial information of Majestic Horizon Holdings Limited ("MHH" or "the Company") as at 30 June 2016 for inclusion in MHH's replacement prospectus to be lodged with the Australian Securities and Investments Commission ("ASIC") and dated on or around 2 December 2016 ("the Replacement Prospectus") and relating to the proposed initial public offering of the Company.

The pro forma historical amalgamated financial information of the Company includes the following pro forma adjustments:

- an increase in investment in associate of \$46,600 (RM139,358), representing the increase in value of Solidgro's 49% interest in Geopremium to \$60,786. Solidgro's investment in Geopremium has been translated from RM to \$ using the spot rate at 30 June 2016 of \$1 : RM2.9905;
- the issue of 2,000,000 Shares with an issue price of \$0.01 per Share for total consideration of \$20,000 to the Vendors, under the terms of the Restructure Deed;
- the issue of the Consideration Shares, being 47,692,308 Shares with a deemed issue price of \$0.065 per Share to the Vendors, totalling deemed consideration of \$3,100,000, as consideration for the acquisition of the SOL Group;
- the Public Offer issue of 15,000,000 (minimum subscription) to 20,000,000 (maximum subscription) Shares at an issue price of \$0.20 per Share, to raise a minimum of \$3,000,000 and a maximum of \$4,000,000 before expenses of the capital raising. The pro forma adjustments assume that the Public Offer is fully subscribed. All Shares issued pursuant to the Replacement Prospectus will be issued as fully paid;
- cash costs of undertaking the Public Offer, as well as costs in relation to the IPO Success Fee, Management Fee and Selling Fee under the Sanston Mandate, totalling \$615,500 (minimum subscription) to \$690,500 (maximum subscription). Costs to be paid under the Sanston Mandate of \$330,000 (minimum subscription) to \$400,000 (maximum subscription) will be paid from the funds raised under the Public Offer as set out in Section 10.6, whilst other listing costs of \$285,500 (minimum subscription) to \$290,500 (maximum subscription) are to be funded primarily through the \$290,000 raised from the issue of the Convertible Notes;

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

RSM Corporate Australia Pty Ltd is beneficially owned by the Directors of RSM Australia Pty Ltd. RSM Australia Pty Ltd is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Corporate Australia Pty Ltd ABN 82 050 508 024 Australian Financial Services Licence No. 255847

- the conversion of Convertible Notes with a face value of \$290,000 (\$0.075 per Note), into 3,866,666 Shares under the Noteholder Offer; and
- the allotment of 8,000,000 Options exercisable at \$0.30 per Share within 3 years after the date of issue to Sanston.

Expressions and terms defined in the Replacement Prospectus have the same meaning in this report.

The nature of this report is such that it can only be issued by an entity which holds an Australian Financial Services Licence (AFSL) under the *Corporations Act 2001*. RSM Corporate Australia Pty Ltd holds the appropriate AFSL under the *Corporations Act 2001*.

Scope

Historical Financial Information

You have requested RSM Corporate Australia Pty Ltd to review the following historical financial information of MHH and the SOL Group included in the Replacement Prospectus:

- the amalgamated Audited Statement of Profit or Loss and Other Comprehensive Income of the SOL Group for the half-year ended 30 June 2016;
- the amalgamated Audited Statement of Profit or Loss and Other Comprehensive Income of the SOL Group for the years ended 31 December 2015 and 31 December 2014;
- the amalgamated Audited Statement of Cash Flows of the SOL Group for the half-year ended 30 June 2016;
- the amalgamated Audited Statement of Cash Flows of the SOL Group for the years ended 31 December 2015 and 31 December 2014;
- the unaudited Statement of Financial Position of the Company as if the Company had been incorporated as at 30 June 2016, and had conducted its seed capital raising and issued the Convertible Notes to the Noteholders at 30 June 2016; and
- the amalgamated Audited Statement of Financial Position of the SOL Group as at 30 June 2016.

The Company was incorporated in Victoria, Australia on 9 August 2016, primarily for the purpose of becoming a listing vehicle and holding company for the business operated by the SOL Group companies. The Company has no trading history.

On incorporation, 100,000 Shares were issued at \$0.01 per Share. The Shares are held by the Vendors. In August 2016, the Company conducted a seed capital raising and issued 3,866,666 Convertible Notes to the Noteholders with a face value of \$0.075 per Convertible Note. No other Securities have been issued since incorporation.

The Historical Financial Information of the SOL Group has been prepared in accordance with the stated basis of preparation, being Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Historical Financial Information of the SOL Group for the half-year ended 30 June 2016, and the years ended 31 December 2015 and 31 December 2014, has been extracted from each of Solidgro, Color Ocean Energy and Geopremium's financial statements for each financial period and year, which were audited by UHY Chartered Accountants (Malaysia) in accordance with approved Standards on Auditing in Malaysia, and on which an unqualified audit opinion was issued for each financial period and year.

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

Pro Forma Historical Financial Information

You have requested RSM Corporate Australia Pty Ltd to review the following pro forma historical financial information of MHH and the SOL Group included in the Replacement Prospectus:

- the Amalgamated Pro Forma Statement of Profit or Loss and Other Comprehensive Income of the SOL Group for the half-year ended 30 June 2016, and the years ended 31 December 2015 and 31 December 2014; and
- the Consolidated Pro Forma Statement of Financial Position at 30 June 2016.

The Pro Forma Historical Financial Information has been derived from the historical financial information of MHH and the SOL Group, after adjusting for the effects of pro forma adjustments described in Section 4 of the Replacement Prospectus.

MHH has no operating history. The stated basis of preparation is the recognition and measurement principles in accordance with Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS"), applied to the historical financial information and the transactions to which the pro forma adjustments relate, as described in Section 4 of the Replacement Prospectus, as if those transactions had occurred as at the date of the historical financial information. Due to its nature, the pro-forma historical financial information does not represent the Company's actual or prospective financial performance, cash flows and financial position.

Directors' responsibility

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

Our responsibility

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

We made such enquiries, primarily of persons responsible for financial and accounting matters, and performed such procedures as we, in our professional judgment, considered reasonable in the circumstances including:

- a consistency check of the application of the stated basis of preparation, to the historical and pro forma historical financial information;
- a review of the MHH and the SOL Group's work papers, accounting records and other documents;
- enquiry of directors, management personnel and advisors;
- consideration of the pro forma adjustments described in Note 3 in Section 4.8 of the financial information; and
- the performance of analytical procedures applied to the historical and pro forma historical financial information.

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

Conclusions

Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the historical financial information, as described in Section 4 of the Replacement Prospectus, and comprising:

- the amalgamated Audited Statement of Profit or Loss and Other Comprehensive Income of the SOL Group for the half-year ended 30 June 2016;
- the amalgamated Audited Statement of Profit or Loss and Other Comprehensive Income of the SOL Group for the years ended 31 December 2015 and 31 December 2014;
- the amalgamated Audited Statement of Cash Flows of the SOL Group for the half-year ended 30 June 2016;
- the amalgamated Audited Statement of Cash Flows of the SOL Group for the years ended 31 December 2015 and 31 December 2014;
- the unaudited Statement of Financial Position of the Company as at 30 June 2016; and
- the amalgamated Audited Statement of Financial Position of the SOL Group as at 30 June 2016

are not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in the financial information.

Pro Forma Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the pro forma historical financial information, as described in Section 4 of the Replacement Prospectus, and comprising:

- the Amalgamated Pro Forma Statement of Profit or Loss and Other Comprehensive Income of the SOL Group for the half-year ended 30 June 2016, and the years ended 31 December 2015 and 31 December 2014; and
- the Consolidated Pro Forma Statement of Financial Position at 30 June 2016

are not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in the financial information.

Restriction on Use

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

Responsibility

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

Declaration of Interest

RSM Corporate Australia Pty Ltd does not have any interest in the outcome of this transaction other than the preparation of this assurance report for which normal professional fees will be received.

Yours faithfully

RSM CORPORATE AUSTRALIA PTY LTD

A handwritten signature in blue ink, appearing to read "Glyn Yates".

Glyn Yates
Director

6. Key Risks

6.1 Introduction

There are a number of risks, some specific to the Group and some of a general nature, which may both individually or in combination materially and adversely affect the future operating and financial performance of the Company, its investment returns and the value of the Shares. Many of these risks are outside the control of the Company.

There can be no guarantee that the Company will achieve its objectives or that any forward-looking statements or forecasts will eventuate. This Section describes the areas which the Company believes are the major risks associated with an investment in the Company.

This is not an exhaustive list and should be considered in conjunction with other information disclosed in this Prospectus. You should have regard to your own investment objectives and financial circumstances, and seek professional guidance from your stockbroker, solicitor, accountant or other independent professional adviser before deciding whether to invest.

If any of the risks associated with the Group materialise, then the business, results of operations, financial condition and prospects of the Group could be materially and adversely affected, which could result in the loss of all or part of your investment.

Before deciding whether to invest in the Company's Shares, prospective investors should carefully consider the risk factors described below, together with all other information contained in this Prospectus. If any of these risks and uncertainties, together with the possible additional risks and uncertainties of which the Directors are currently unaware or which they consider not to be material in relation to the Group's business, actually occur, then the Group's business, financial position, the amount of work able to be performed with the funds raised from the Public Offer or operating results could be materially and adversely affected.

In addition, potential investors should be aware that the value of the Company's Shares on the ASX might rise and fall depending on a range of factors that affect the market price of Shares. These include local, regional and global economic conditions and sentiment towards equity markets in general. The Shares issued under this Prospectus carry no guarantee with respect to profitability, payment of dividends, return of capital or the price at which they may trade on the ASX.

6.2 Specific risks relating to the Group

6.2.1 Limited historical or consolidated data

The Company on its own has limited operating and financial history and the Restructure has not yet been completed, which may make it difficult for investors to assess the Company's past performance or performance as a consolidated group. There can be no assurance that the Group will achieve profitability in the future.

6.2.2 Completion risk

Completion of the Restructure is conditional on the satisfaction of a number of conditions precedent. The conditions precedent under the Restructure Deed are:

- the Company successfully raising a minimum of \$3,000,000 under the Public Offer;
- the Company receiving conditional approval from the ASX for the Listing Application;

- the passing of the Shareholders Resolutions and the Company complying with regulatory requirements in order for the Restructure to be implemented in accordance with applicable law; and
- the Company obtaining any necessary consents and approvals from third parties.

There is a risk that the Group may not be able to meet all of the conditions precedent under the Restructure Deed. In the event that these conditions precedent are not satisfied or waived in accordance with requirements of the Restructure Deed, then the Company will not proceed with the Offers and will refund all Application Moneys received under the Public Offer.

6.2.3 Risks associated with capital structure

The Vendors will hold approximately 73% of the Shares in the event that \$3 million is raised under the Public Offer (reducing to approximately 67% if \$4 million is raised under the Public Offer).

The Vendors' interests as controlling Shareholders of the Company may differ from the interests of minority Shareholders. In these circumstances, the Vendors may cause the Company's affairs to be conducted in a way that favours the Vendors' interests over minority Shareholders (where not prevented by law or the Listing Rules from doing so). The Vendors (as the majority Shareholders) are likely to be in a position to cast a majority of votes at a general meeting of the Company, which will enable the Vendors to influence the appointment of Directors and determine the Company's strategic direction.

The Vendors' interests in the Company are likely to significantly reduce the chance of a takeover bid being made for the Company and therefore the opportunity of realising a takeover premium for the Shares.

6.2.4 Loss making business

As disclosed in the financial statements set out in Section 4, the SOL Group incurred a loss and had net cash outflows from operating activities for the financial year ended 31 December 2015 and the half year ended 30 June 2016. The revenue of the SOL Group during this period declined in line with the overall decline in global oil prices. The ability of the Group to continue operating as a going concern will be largely dependent on the Company's ability to raise funds and conditions in the global oil and gas production sector improving.

6.2.5 Reliance on key customers

The SOL Group is heavily reliant on 3 key customers, each of whom act as the SOL Group's agent for oil companies such as PTT Exploration and Production, Coastal Energy, Idemitsu, PetroVietnam, Rosneft and UMW Offshore.

In addition, the SOL Group generally operates under short term (and, in some cases, short form) contractual arrangements (the termination of which can significantly affect the revenue generated by the business). The terms of these contracts also do not provide the SOL Group with the benefit of any minimum quantities of products and services required to be purchased by customers.

6.2.6 Operating and insurance risks

Solidgro builds the mud coolers that are used to service the customers of the SOL Group. The hammer piling equipment used by the SOL Group companies is purchased from a third-party manufacturer. The SOL Group companies do not sell mud coolers or hammer piling equipment to customers, rather they lease the equipment and provide staff to operate and maintain the equipment while it is located at the relevant customer's drilling site. Under contracts with customers, the SOL Group is often required to provide warranties and indemnities for the benefit of the relevant customer and will have potential exposure to liability for matters such as financial loss, property damage, death, personal injury and environmental contamination resulting from the use of the SOL

Group's equipment and the services provided by the SOL Group (and failures associated with the equipment and services).

Solidgro and Geopremium have some insurance policies in place to reduce their exposure to operating risks. The table below summarises the insurance policies that Solidgro and Geopremium currently have in place:

Insured entity	Insurance provider	Type of coverage	Sum insured
Solidgro and Geopremium	Berjaya Sompo Insurance Berhad	<p>An "all risks" policy insuring eight of the mud cooler units owned by Solidgro.</p> <p>The geographical coverage of the insurance includes onshore areas of Malaysia and specific offshore areas of Malaysia, Thailand, Vietnam, Australia, India and ASEAN countries.</p>	<p>RM2,725,000 (being approximately AU\$825,000).</p> <p>Includes specific sub-limits ranging between RM250,000 and RM975,000 for each of the insured mud cooler units.</p>
<p>Solidgro and Geopremium</p> <p>Policy also names the following customers as insured parties: Petronas Carigali, JX Nippon Oil & Gas Exploration (Malaysia) Ltd, Hess E & P Malaysia B.V, Sapurakencana Energy Peninsular Malaysia Inc and Sapurakencana Energy Sarawak Malaysia Inc</p>	Berjaya Sompo Insurance Berhad	<p>Employer's liability policy covering all Solidgro and Geopremium employees and directors.</p> <p>The geographical coverage of the insurance is worldwide (excluding the United States and Canada).</p>	<p>RM3,500,000 (being approximately AU\$1,050,000) in aggregate for any one accident for the period of insurance.</p>
<p>Geopremium</p> <p>Policy also names Petronas Carigali as an insured</p>	Berjaya Sompo Insurance Berhad	<p>A "general liability" policy covering the mud cooler equipment and services provided to Petronas Carigali under the contract referred to in Section 9.11.</p>	<p>RM4,000,000 (being approximately AU\$1,200,000) in aggregate for any one accident/period.</p>
<p>Geopremium</p> <p>Policy also names Petronas Carigali as an insured</p>	Berjaya Sompo Insurance Berhad	<p>A "general liability" policy covering the services (i.e. the rental of cargo handling</p>	<p>RM4,000,000 (being approximately AU\$1,200,000) in</p>

		equipment) provided to Petronas Carigali under the contract referred to in Section 9.10.	aggregate for any one accident/period.
Geopremium Policy also names Hess Exploration and Production Malaysia B.V.	Berjaya Sampo Insurance Berhad	A “general liability” policy covering the provision of cargo carrying units rental and services for north Malay basin drilling within Malaysia to Hess Exploration and Production Malaysia.	RM1,600,000 (being approximately AU\$480,000) in aggregate for any one accident/period.

However, providing services on drilling sites has inherent risks and these policies may not be enough to cover all potential claims. In particular, the Board considers that investors should be made aware of the following key risks relating to insurance:

- The insurance that the SOL Group currently has in place is unlikely to be sufficient if a member of the SOL Group is found to be liable for a significant incident that causes damage to the property of a customer. The plant and equipment of the SOL Group’s customers will often have a value that is substantially more than the maximum insured amounts under each of the above policies.
- There is a risk that the SOL Group’s products and services could cause or contribute to environmental issues (such as an oil spill or fire). Coverage for environmental pollution and contamination is specifically excluded from the coverage of Geopremium’s “general liability” insurance policies referred to above and the SOL Group has no insurance coverage for potential environmental issues.
- Each insurance policy entered into by the SOL Group (currently or in the future) will also be subject to other exceptions and/or exclusions in relation to the types of incidents and scenarios that will be covered by the relevant policy. It may not be possible (or economical) to insure against all potential risks.
- Color Ocean Energy does not currently have any insurance coverage.

The Board intends to investigate possible new insurance policies for the Group (including Color Ocean Energy) in the near future.

6.2.7 Geopremium control risk and Petronas licence

Under the terms of the licence issued to Geopremium by Petronas, the Company is prevented from holding more than a 49% shareholding in Geopremium. The interests of the Company may differ from the interests of the other Geopremium shareholders (who will collectively have control of Geopremium). One of the remaining shareholders of Geopremium will be Annie Dao Apoi (who is the wife of Manogran P. Arumugam – being one of the Vendors).

In these circumstances, there is a risk that the Company will not be able to control the conduct of Geopremium (or ensure that Geopremium acts in a manner that is in the best interests of the Company), which in turn could have an impact on the Group’s revenue associated with products and services provided to customers in Malaysia (given that Geopremium is responsible for providing those products and services as a “Petronas vendor”).

There is also the risk associated with the Petronas licence expiring and not being renewed (the licence is currently due to expire on 16 May 2018) or otherwise terminating, which would significantly impact on the ability of the Group to carry on its business in Malaysia.

6.2.8 Litigation

The Group may be the subject of complaints or litigation by customers, suppliers, governmental agencies or other third parties. Such matters may have an adverse effect on the Group's reputation, divert its financial and management resources from other uses, or have a material adverse effect on the Group's future financial performance or position.

6.2.9 Volatility of oil and gas prices

The demand for the products and services offered by the Group may decrease if the financial stability and prospects of customers reduce. The majority of the Group's customers operate in the oil and gas sector, and their value and profitability is largely determined by oil and gas prices. Oil and gas prices have decreased substantially in recent years.

Prices for oil and gas are subject to fluctuations and are affected by numerous factors beyond the control of the Group. These factors include global consumer demand, political and economic conditions, actions of the Organization of the Petroleum Exporting Countries (OPEC), government regulations and the availability of alternative and competing fuel sources.

6.2.10 Competitive position may deteriorate

The Group's competitive position may deteriorate as a result of factors including actions by existing competitors, the entry of new competitors, a failure by the Group to position itself successfully to meet changing market conditions, customer demands and technology. Any deterioration in the Group's competitive position may have an adverse effect on the Group's future financial performance and position.

6.2.11 Foreign exchange risks

The functional currency of Solidgro and Geopremium is Malaysian ringgit and the functional currency of Color Ocean Energy is US dollars. Accordingly, the depreciation and/or appreciation of the Malaysian and/or US currency relative to the Australian currency could result in a translation loss on consolidation which is taken directly to Shareholder equity. Any depreciation of these currencies relative to the Australian currency may also result in lower than anticipated revenue, profits and earnings. The Company will be affected on an ongoing basis by the foreign exchange risk associated with relative movements in the Australian dollar, Malaysian ringgit and the US dollar, and will have to monitor this risk on an ongoing basis.

6.2.12 Workplace health and safety

The Group currently employs around 40 staff members in Malaysia. If an employee is injured in the course of their employment, then the Group may be liable for penalties or damages. This risk has the potential to harm the reputation and future financial performance and position of the Group.

6.2.13 The Group may suffer reputational damage

The reputation of the Group could be adversely impacted by a number of factors, including failure to provide customers with the quality of service they expect, product liability claims, disputes or litigation with third parties such as customers, landlords, employees or suppliers, or adverse media coverage. A significant decline in the reputation of the Group could have an adverse effect on the Group's financial performance and position.

6.2.14 Interest rates may increase

As a borrower of money, the Group is exposed to increases in interest rates which would increase the cost of servicing the Group's debt. Increases in interest rates may also affect the level of customer demand. The Group does not currently hedge against increases in interest rates. Accordingly, an increase in interest rates may have an adverse effect on the Group's future financial performance and position.

6.2.15 Interruptions to operations may occur

The Group's operations may be exposed to short, medium or long-term interruptions arising from events including industrial disputes, electricity and gas interruptions, work stoppages, acts of terrorism, fires, floods, earthquakes, and other natural disasters.

Such disasters and events may lead to widespread destruction of property and could significantly impact the Group's financial performance and position.

6.2.16 Industrial action may occur

There is a risk that employees of the Group or employees of the Group's contractors could take industrial action. This could disrupt the Group's operations and/or result in claims by those employees that could increase the Group's operating expenses.

Sustained industrial action by employees would reduce the Group's sales revenue and damage the reputation of the Group. Any material reduction in sales revenue, increase in operating expenses or damage to the Group's reputation as a result of industrial action may have an adverse effect on the Group's future financial performance and position.

6.2.17 The Group may be exposed to risks related to insurance

As noted in Section 6.2.6, the Group's insurance coverage may also be inadequate to cover losses it sustains. In the event of an uninsured loss or a loss in excess of the Group's insured limits, the Group could suffer damage to its reputation and/or lose future sales revenues. Any material loss not covered by insurance could adversely affect the Group's business, financial condition and results of operations.

6.2.18 Intellectual property

The SOL Group does not have any patents (or other intellectual property protection) in relation to the design of the mud cooler units that it builds and leases to customers. Customers may purchase mud coolers with similar specifications from competitors of the SOL Group (which could have an adverse effect on the Group's future financial performance).

6.3 General risks of an investment in the Offer

6.3.1 General investment risk

The price at which the Shares may be quoted from time to time on the ASX could increase or decrease due to a number of factors, including:

- general economic conditions, including business investment, interest rates, exchange rates, inflation and taxation;
- changes to government policy, legislation or regulation;

- variations in the Australian and overseas markets for listed stocks;
- the nature of the markets in which the Group operates;
- general operational and business risks; and
- acts of terrorism or the outbreak or escalation of military conflicts.

It is the nature of equity markets that a company's share price is subject to wide fluctuations, which may not reflect the underlying value of the company.

6.3.2 Future capital needs

There is no guarantee that acceptable resources or funds will be found in the future. The lack of capital could have a material adverse impact on the Group and its prospects. It is anticipated that the funds raised under the Public Offer will only satisfy the short term working capital needs of the Group, and that further capital will be required in the medium term.

6.3.3 General tax risks

A change to the current taxation regime in Australia, Malaysia or the British Virgin Islands may affect the Group and the Shareholders. The Company will have subsidiaries incorporated in Malaysia, the British Virgin Islands and Australia, and is subject to the taxation laws that apply to transactions with foreign entities and the interaction of tax laws and allocation of taxes between Australia, the British Virgin Islands and Malaysia.

6.3.4 Geopolitical risks

The Company will be subject to the risks associated with operating in Malaysia and other countries in South-East Asia. Such risks can include economic, social or political instability or change, hyperinflation, currency non-convertibility and instability and changes of law affecting foreign ownership, government participation, taxation, working conditions, exchange control, repatriation of income or return of capital, environmental protection, and labour relations.

6.3.5 Government

Changes in legislation and government policy in Malaysia, the British Virgin Islands, Australia and internationally (including taxation and monetary policies and corporation laws) could materially affect the operating results of the Group.

6.3.6 Application of and changes to accounting policies

Accounting standards and policies may change in the future especially in relation to the application of the International Financial Reporting Standards. Such changes may have an adverse impact on future reported financial results.

6.3.7 Risk of Shareholder dilution

In the future, the Company may elect to issue additional Securities to fund the operations of the Group. While the Company will be subject to the constraints of the Listing Rules regarding the percentage of its capital it is able to issue within a 12-month period (other than where exceptions apply), Shareholders may be diluted as a result of the allotment of additional Securities in the future.

6.3.8 No guarantee in respect of investment

The above list of risk factors should not be taken as an exhaustive list of the risks faced by the Group or by investors in the Company. The above factors, and others not specifically referred to above, may materially affect the financial performance and position of the Group and the value of the Shares following the Offers. The Shares issued under the Offers carry no guarantee in respect of profitability, dividends, return of capital or the price at which they may trade on the ASX. Furthermore, there is no guarantee that the Shares will remain continuously quoted on the ASX, which could impact the ability of prospective Shareholders to sell their Shares.

Potential investors should consult their professional adviser before deciding whether to apply for Shares under any of the Offers.

7. Key People, Interests and Benefits

7.1 Key people

7.1.1 Board of Directors

As at the Prospectus Date, the Board comprises:

- Frank Licciardello (Non-Executive Chairman);
- Khen Peng Wee (Managing Director & CEO);
- Han Bee Tung (Finance Director);
- Manogran P. Arumugam (Executive Director and COO); and
- Craig Sanford (Non-Executive Director).

Brief summaries of the profiles of each of the Directors are set out below:

Francesco (Frank) Licciardello



Non-Executive Chairman

Frank Licciardello has extensive experience in general business management and the corporate finance sector. He also serves as the Chairman of Voltage IP Limited (ASX: VIP), Faster Enterprises Limited (ASX: FE8) and WestStar Industrial Limited (ASX: WSI) and is a Director of Elk Orthobiologics Limited. He is currently an Executive Director and Co-owner of Sanston, a boutique corporate advisory and investment banking firm based in Melbourne, and several other private entities. Previously, Frank was Group CEO and Managing Director of Sirius Corporation Ltd from 2006 to 2011 and has held many CFO positions for public and private companies globally within the last 18 years. He graduated with a Bachelor of Business – Major in Accounting, Minor in Law from Victoria University of Technology. He is a Member of the Australian Institute of Company Directors and Australian Society of Certified Practising Accountants.

Frank Licciardello does not hold any Securities issued by the Company. However, following completion of the Offers, Sanston will be issued 8,000,000 Options. The Board considers that Frank will not be an independent director because of his association with Sanston.

Khen Peng Wee



Managing Director and Chief Executive Officer

Khen Peng Wee is currently the Managing Director of the SOL Group companies.

In 1992 he joined Kejuruteraan Samudra Timur as an operations manager, where he headed the operations department. Kejuruteraan Samudra Timur was listed on Bursa Securities (formerly known as the Kuala Lumpur Stock Exchange) in 2003. He was promoted to the role of Executive Director in 2004 and was in charge of operations. Khen Peng Wee left Kejuruteraan Samudra Timur in 2006 and co-founded the SOL Group.

In total, he has over 38 years of experience in the oil and gas industry, where his area of expertise is upstream drilling. As the Managing Director and CEO of the SOL Group, he has been a key driving force in the SOL Group's development and growth to date and he has led the overall strategic direction and technical advancement of the SOL Group. Khen Peng Wee is currently a director of Color Ocean Energy, Solidgro, Geopremium, BR Energy Sdn Bhd, Antawan Holdings Sdn Bhd and Starx Energy Technologies Sdn Bhd.

He graduated with an O Level from Dungun English Secondary School in 1972.

Manogran P. Arumugam



Chief Operations Officer and Director

Manogran P. Arumugam is currently the COO of the SOL Group companies.

Manogran P. Arumugam began his career in 1978 with Western Offshore Drilling Company, where he was employed in various drilling operations positions. In 1980, he left Western Offshore Drilling Company and joined Ocean Drilling & Exploration Company, where he was also employed in various drilling operations positions. He subsequently joined Gissco Sdn Bhd as a consultant in 1981 and was promoted to Sales and Marketing Manager in 1982, where his responsibilities were to build the company to be a major oilfield equipment and services company. In 1985, he joined Delcom Services Sdn Bhd as a Branch Manager and was responsible for its East Malaysia and Brunei operations. He was promoted to Marketing Manager in 1987 and subsequently, Vice President in 1995. In 1998, he left Delcom Services and joined Tenaris Inc as a General Manager of Sales Asia Pacific. In 2004, he joined UMW Oil and Gas as General Manager of their Drilling division. Subsequently, in 2005, he joined Kejuruteraan Samudra Timur as General Manager of Marketing and Sales, where he was in charge of drilling rig services, tubular running services and oil field fishing equipment and services.

Manogran P. Arumugam left Kejuruteraan Samudra Timur in March 2006 and co-founded the SOL Group in the same year. He has over 36 years of oil and gas industry experience, primarily in the areas of oilfield drilling and exploration. As a director of the SOL Group companies, he oversees the

operations of the SOL Group, particularly with respect to marketing, sales and deployment of equipment and personnel at customer sites.

Manogran is currently a director of Color Ocean Energy and Solidgro.

He graduated with a SPM (Malaysian certificate of education) from Seri Sentosa High School in 1977.

Han Bee Tung



Finance Director

Han Bee Tung is the SOL Group's finance director and was appointed as a director in 2006.

In 1996, she joined Kejuruteraan Samudra Timur as a Senior Accounts and Administrative Executive, responsible for finance, administration and human resources. In 2002, she was promoted to Administrative Manager, where she led the administration and human resources department.

Han Bee Tung left Kejuruteraan Samudra Timur in 2006 and co-founded the SOL Group. She has over 25 years of accounting and administrative experience, and a total of 19 years in the oil and gas industry. As the SOL Group's finance director, she oversees all finance, accounting and administrative functions of the SOL Group.

Han Bee is currently a director of Color Ocean Energy, Solidgro, BR Energy Sdn Bhd and Antawan Holdings Sdn Bhd. She graduated with a London Chamber of Commerce and Industry Higher Diploma in Accounting.

Craig Sanford



Non-Executive Director

Craig Sanford is a practising corporate lawyer with over 23 years of legal, corporate and commercial experience. He was previously a lawyer with the commercial law firm Middletons (now known as K&L Gates) for 19 years (with 10 years as a partner).

He is a non-executive director of Voltage IP Limited (ASX: VIP), the managing director of Sierra Legal Pty Ltd (a national legal firm in Australia specialising in corporate and commercial law), an executive director of Hawksburn Capital & Advisory Pty Ltd (a corporate advisory firm with AFSL no. 343749), a non-executive director of Simoco Australasia Pty Ltd (a manufacturer, supplier and integrator of public mobile radio communications equipment and systems) and a director of Innoveren Pty Ltd (a company which works with early-stage businesses in their strategy, marketing, growth and development).

Craig holds a Bachelor of Laws and Bachelor of Science from Monash University. He does not hold any Securities issued by the Company.

The Board considers that Craig will not be an independent director because of his association with Sierra Legal (being a material provider of professional services to the Company).

7.1.2 Senior Management

The key senior management of the Group following the Restructure will be:

Lee Mitchell **Company Secretary**

Lee Mitchell is the Company Secretary for the Company.

Lee is a director of Convergence Legal, a boutique commercial law firm based in Melbourne, Victoria. He is a qualified solicitor with over 20 years' experience practising principally in corporate law, advising on corporate and securities regulation, capital raisings, formulation and implementation of mergers and acquisitions, corporate governance and ASX compliance matters.

Datin Norlia Shukri **Managing Director, Geopremium**

Datin Norlia is the Managing Director for Geopremium. She was appointed to the board of that company in 2010 and became the Managing Director in 2012.

Datin Norlia began her career as a dealer with Kwong Yik Bank in 1980. She subsequently joined Bank Utama as a Treasury Manager in 1984 until 1990. She was a broker at Foreign Exchange from 1994 to 1996, and a sales manager at Applied Business from 1997 to 2007.

She graduated with a Bachelor of Arts (Hons) in History from University Malaya in 1979.

Chan Fui Phe (Mike) **Senior Technical Supervisor and Technical Coordinator**

Mike is the SOL Group's senior technical supervisor and technical coordinator and is responsible for mud cooler technical advice and client coordination.

Mike began his career as a motorman with Tioman Drilling (M) in 1978. He was a seismic surveyor at Western Geophysical of America from 1981 to 1983, a senior technician at Weatherford (M) Sdn Bhd from 1983 to 1990 and a senior technician at Frank's Casing from 1991 to 1998. In 1998, he joined McConnell Dowel doing night electrical maintenance and then became a technical coordinator at Kejuruteraan Samudra Timur Bhd in 2004. He joined Solidgro as a technical coordinator in 2008.

Mike graduated with a Diploma in Electronics from Federal Institution of Technology Petaling Jaya, Malaysia in 1994.

Kheng Hwa Wee (Condo) **Technical Consultant**

Condo is SOL Group's technical consultant and is responsible for all technical matters relating to conductor piling services.

Condo began his career as a Mud Logger with Core Laboratories (M) Sdn Bhd in 1978. He was a mud logger (logging unit crew chief) at Baroid (M) Sdn Bhd from 1983 to 1984, and a service technician at Weatherford (M) Sdn Bhd from 1985 to 1995. In 1995, he joined Kejuruteraan Samudra Timur Bhd as a technical manager (TRS and hammer service department), and became a hammer engineer in 2000. He joined Color Ocean Energy in 2007 as a director in the hammer / mud cooling service areas. In 2014, he became Solidgro's main technical consultant for conductor piling services.

Condo graduated with a Diploma in Building Construction from the Technical Institute of Kuantan, Malaysia in 1977.

Poh Chuan Leow (Leonard) Accountant

Leonard is the SOL Group's accountant and is responsible for the group's financial matters.

Leonard began his career as an audit semi senior and a tax semi senior with SH Tan & Partner / TL Yew Management in 1995. He was an accountant with G&W Industries (M) Sdn Bhd from 1998 to 2002, and the head of accounts/taxation at OBM Consultancy Sdn Bhd from 2002 to 2005. In 2005, he joined Appco Sdn Bhd as an accountant. In the same year, he left Appco Sdn Bhd and became a freelance management consultant for three years. He then became a staff accountant at Global Home Company from 2008 to 2010, and was an accountant and human resources manager at ASG Security Sdn Bhd from 2010 to 2012. He joined Solidgro Energy as an accountant in 2012.

Leonard graduated with a Diploma in Accounting from the London Chamber of Commerce and Industry Examination Boards, United Kingdom, in 1995. Leonard also holds a Professional Degree in Accounting and Finance from the Association of Internal Accountants, United Kingdom and a Masters of Business Administration from the University of Ballarat, Australia.

Yee Ping Chan (Bryan) Business Development Manager

Bryan is the SOL Group's business development manager and is responsible for the Group's business development, sales and marketing.

Bryan began his career as a sales engineer with Sam McCoy Engineering Sdn Bhd in 1996. He was a sales engineer at Hexagon Distributors Sdn Bhd from 1998 to 2000, a sales engineer at MEIS Systems Sdn Bhd from 2000 to 2008, a senior sales engineer at ALSTOM Services Sdn Bhd from 2008 to 2010, a sales manager at Tenaga Tuib Sdn Bhd from 2010 to 2012 and a business development manager at Oilfields Supply Centre Sdn Bhd from 2012 to 2014. He joined the SOL Group as a business development manager in 2014.

Bryan graduated with a Certificate in Technology (Mechanical Engineering) from Tunku Abdul Rahman College, Malaysia in 1996.

Dillon Baret Anak Redit Service Operations Manager

Dillon is the SOL Group's service operations manager and is responsible for the overall operations of the Group's services.

Dillon began his career as a site engineer with MME Gamuda JV in 2009. He joined Solidgro as a service engineer in the same year. In 2013, he was promoted to the role of service operations manager for Geopremium.

Dillon graduated with a Bachelor of Engineering (Honours) in Civil Engineering from Universiti Sains Malaysia in 2009.

Kok Chun Teng (Teng) Base/Service Manager

Teng is the SOL Group's base / service manager and is responsible for the group's technical and maintenance services.

Teng began his career as a technical coordinator with Kejuruteraan Samudra Timur Bhd in 1993, where he worked for 14 years until 2007. He joined Solidgro as a base/service manager in 2007.

He graduated with a Sijil Pelajaran Malaysia (SPM) from SMK Sultan Ismail, Chukai, Malaysia.

V Rot is the SOL Group's quality, health, safety & environment (**QHSE**) manager and is responsible for the Group's QHSE matters.

V Rot began his career as an IQC supervisor with Omni Electronics (M) Sdn Bhd in 2001. He was a QA engineer at Meiban Plastics Sdn Bhd from 2002 to 2005, and a QA/QC engineer at Portescap Danaher Motion (M) Sdn Bhd from 2005 to 2008. In 2008, he joined Kejuruteraan Samudra Timur Bhd and worked there until joining Geopremium in 2009. He was promoted to QHSE Manager in 2013.

V Rot graduated with a Bachelor's Degree of Engineering in Electrical / Electronic Engineering from the University of Technology Skudai, Johor, Malaysia. He was certified as a safety officer by Malaysia's National Institute of Occupational Health and Safety in 2013.

7.2 Remuneration of Directors

7.2.1 Directors' remuneration

Under the Constitution, the Directors decide the total amount paid to each Non-Executive Director as remuneration for their services as a Director. However, the total amount of fees paid to all Non-Executive Directors for their services must not exceed in aggregate in any financial year the amount fixed by the Shareholders in general meeting.

Before the end of the Offer Period, the Company will be seeking approval from Shareholders to fix this amount to \$300,000 per annum.

The Company has entered into directorial services agreements with each of the current Non-Executive Directors. These agreements commence on the listing of the Company on the ASX. Accordingly, no remuneration was paid to any Non-Executive Director in the period from the Company's incorporation on 9 August 2016 to the Prospectus Date.

7.2.2 Directorial services agreements

The Company has entered into directorial services agreements with each of the current Non-Executive Directors (**Directorial Services Agreements**).

Frank Licciardello (as Non-executive Chairman) will receive a salary of \$36,000 per year (plus any statutory superannuation requirement). Craig Sanford's services as a Non-Executive Director will be provided through an engagement with an associated company. Fees of \$26,280 per year (plus any applicable GST) will be payable by the Company for the services provided by Craig Sanford as a Non-Executive Director. In addition, the Company will reimburse the relevant Non-Executive Director for all reasonable travel, accommodation and other expenses that they may incur in connection with the performance of their duties as a Director.

The Directorial Services Agreements will terminate when the relevant Non-Executive Director ceases to be a Director in accordance with the Constitution, such as where the Director:

- resigns;
- is removed from office in a general meeting;
- is absent from 3 consecutive Directors' meetings without special leave of absence;
- becomes mentally incapable; or

- automatically retires as provided for in the Constitution.

If a Non-Executive Director is terminated for any reason before the first anniversary of the Company being admitted to the Official List, the relevant Director will be entitled to a payment equivalent to 3 months' worth of salary/fees (plus any applicable superannuation or GST). After the first anniversary of the Company being admitted to the Official List, this termination payment will increase to 6 months' worth of salary/fees (plus any applicable superannuation or GST).

The Company has also entered into agreements (in substantially the same form) with each of the Executive Directors. However, under those agreements, the relevant Executive Director is not entitled to any remuneration or termination benefits (it being acknowledged that all remuneration entitlements for the Executive Directors are covered by the executive services agreements referred to in Section 7.2.3).

Shareholder approval has not been sought in relation to any financial benefit to a Director under these Directorial Services Agreements because the Directors consider that the Directorial Services Agreements are on arm's length terms (or terms less favourable than arm's length terms).

7.2.3 Executive services agreements

Khen Peng Wee, Manogran P. Arumugam and Han Bee Tung have each entered into executive services agreements with Solidgro. Each of the executive services agreements are in substantially the same form.

The following annual salaries have been agreed with effect from the Company being admitted to the Official List:

- Khen Peng Wee - RM552,000
- Manogran P. Arumugam – RM444,000
- Han Been Tung – RM444,000

The executive services agreement with Khen Peng Wee can be terminated by Solidgro or Khen Peng Wee by giving 6 months' notice (or payment of 6 months' salary in lieu of notice). Each of the other executive services agreements can be terminated by Solidgro or the relevant employee by giving 3 months' notice (or payment of 3 months' salary in lieu of notice). However, in each case, the relevant Executive Director may be terminated immediately for matters relating to misconduct, default, bankruptcy, mental incapacity and the commission of offences.

Shareholder approval will be sought as part of the Shareholder Resolutions in relation to the financial benefits to Directors under these executive services agreements. However, even without that approval, the Directors consider that the financial benefits to be provided under the executive services agreements constitute reasonable remuneration for the purposes of section 211 of the Corporations Act.

7.2.4 Services agreement for secretarial services

The company secretarial services provided by Lee Mitchell are supplied under the terms of a retainer letter between the Company and Convergence Legal (a law firm associated with Lee Mitchell). Under this arrangement, company secretarial services are charged to the Company at a rate of \$2,000 per month (plus GST) based on an average monthly time commitment of 7 hours.

7.2.5 Deeds of access and indemnity

The Company has entered into Deeds of Access and Indemnity with each Directors and the Company Secretary. The terms of each deed requires the Company to:

- indemnify the relevant officer against certain liabilities incurred as an officer of the Company or any subsidiary of the Company;
- use its best efforts to maintain Directors and Officers insurance for the benefit of the relevant officer in relation to acts and omissions of the relevant officer in their capacity as an officer of the Company and its subsidiaries; and
- give access to the relevant officer to documents for the purpose of any claims where the officer is a party as a result of being an officer of the Company or any of its subsidiaries.

Shareholder approval has not been sought in relation to any financial benefit to a Director under these Deeds of Access and Indemnity because the Directors consider that the provision of this financial benefit is permitted without shareholder approval under section 212 of the Corporations Act.

7.2.6 Directors' interests

Directors are not required under the Constitution to hold any Shares. The interests of the current and proposed Directors in Securities issued by the Company (following completion of the Offers and the Restructure) are expected to be as set out below:

Director	Securities
Frank Licciardello – Current Director	8,000,000 Options to be issued to Sanston ⁷
Craig Sanford – Current Director	Nil
Khen Peng Wee – Current Director	22,406,539 Shares
Han Bee Tung – Current Director	19,916,923 Shares
Manogran P. Arumugam – Current Director	7,468,846 Shares

Directors or their related parties may subscribe for further Shares under the Public Offer. Directors may hold their interests in Securities shown above directly or through holdings by companies or trusts.

Frank Licciardello is a director of Sanston. The terms of the Sanston Mandate (and the consideration payable to Sanston for its work in connection with the Restructure and the Offers as corporate advisor to the Group) are described further in Section 9.3. Subject to obtaining the necessary approvals from Shareholders, 8,000,000 Options are to be issued to Sanston as part of its consideration for the services provided under the Sanston Mandate.

In addition to the 7,468,846 Shares to be held by Manogran P. Arumugam following the Restructure, Annie Dao Apoi (the wife of Manogran P. Arumugam) will hold 31% of the shares issued by Geopremium.

7.3 Major Shareholders

During the 12 month period before the Prospectus Date, all of the Company's voting securities were owned by the Vendors.

Following completion of the Restructure and the Offers, it is anticipated that the Vendors will together hold, between approximately 67% and 73% of the Shares (depending on the amount raised under the Public Offer).

⁷ The Options to be issued to have the terms described in Section 9.4

7.4 Top 20 Shareholders

The Company will announce to the ASX details of its top 20 Shareholders following completion of the Offers and before the Shares commence trading on the ASX.

8. Corporate Governance

8.1 Overview

The Company has adopted a Corporate Governance Register containing a number of charters and policies aimed at creating an appropriate system of control and accountability for the administration of corporate governance. The Board is committed to administering the charters, policies and procedures with openness and integrity.

To the extent they are applicable to the Company, the Board has adopted the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations 3rd Edition (**ASX Principles and Recommendations**).

In light of the Company's current size and nature, the Board considers that the current Board is a cost effective and practical method of directing and managing the Company (and will not be forming any additional Board committees). As the Company's activities develop in size and scope, the size of the Board and the implementation of additional corporate governance policies and structures will be reviewed.

The Company's main corporate charters, policies and practices as at the Prospectus Date are outlined below and the Company's full Corporate Governance Register is available in the corporate governance information section of the Company's website (www.majestichh.com.au).

8.2 Corporate Governance Charters

The Board has adopted a Board Charter to formally recognise its responsibilities, functions, powers and authority. The Board Charter also defines other matters that are important for effective corporate governance, including:

- the roles and responsibilities of the Board;
- the intentions of the Board regarding its composition;
- the role and responsibilities of the chairperson;
- the establishment of committees of the Board;
- processes for Board meetings;
- the roles and responsibilities of the chief executive officer/managing director and the company secretary; and
- materiality thresholds regarding when matters must be brought to the direct attention of the chairperson.

The Board has also adopted the following additional Charters:

- Audit and Risk Committee Charter;
- Remuneration Committee Charter; and
- Nomination Committee Charter.

As noted above, the Board does not consider its current size or structure (or the operations of the Company) to be of a sufficient magnitude to establish a separate Audit and Risk Committee, Remuneration Committee or Nomination Committee. The Board will carry out the duties of those committees and intends to comply with the terms of the charters contained in the Corporate Governance Register that relate to those committees (as if the

Board constituted the relevant committee contemplated by those charters and one of the non-executive Directors was the chairperson of each of the relevant committees).

8.3 Code of Conduct

The Board recognises the need to observe high standards of corporate practice and business conduct. Accordingly, the Board has adopted a formal Code of Conduct, which sets out the way the Company intends to conduct its business. The Code of Conduct outlines the framework for ensuring that the Company's decision making process and actions are undertaken in an ethical and accountable manner. In particular, the Code of Conduct sets out the Company's expectations relating to:

- personal and professional behaviour;
- conflicts of interest;
- corrupt conduct;
- protecting the Group's intellectual property;
- security of information;
- use of the Group's resources;
- public and media communications;
- discrimination and harassment; and
- occupational health and safety.

All Company Directors, senior executives and employees are required to comply with the Code of Conduct.

8.4 Continuous Disclosure Policy

Subject to the exceptions contained in the Listing Rules, the Company will be required to disclose to the ASX any information concerning the Company which a reasonable person would expect to have a material effect on the price or value of the Shares.

The Company is committed to observing its disclosure obligations under the Listing Rules and the Corporations Act. The Company has adopted a Continuous Disclosure Policy which establishes procedures which are aimed at ensuring that Directors and management are aware of and fulfil their obligations in relation to the timely disclosure of material price-sensitive information.

The Continuous Disclosure Policy sets out principles relating to disclosure of material information, including that the Company:

- to reduce the risk of the emergence of a false market in the Shares, will seek to make regular announcements regarding projects and important milestones (even when that information may not strictly be required under the Company's continuous disclosure obligations);
- will not provide the press, analysts or shareholders with any price sensitive information that has not already been disclosed to the ASX;
- will not generally respond to market rumours and speculation, except when required by law or requested to do so by the ASX; and

- will only allow the chairman, the chief executive officer and the company secretary to make public statements on behalf of the Company.

8.5 Diversity Policy

The Board has adopted a diversity policy which provides a framework for the Company to achieve, amongst other things, a diverse and skilled workforce, a workplace culture characterised by inclusive practices and behaviours for the benefit of all staff, improved employment and career development opportunities for women and a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives.

8.6 Shareholder Communications Policy

The Board's aim is to ensure that Shareholders are provided with sufficient information to assess the performance of the Company and that they are informed of all major developments affecting the state of affairs of the Company relevant to Shareholders in accordance with all applicable laws. The Company has a communications strategy which aims to promote effective communication with Shareholders and encourage effective participation at general meetings.

Information will be communicated to Shareholders through the lodgement of all relevant financial and other information with the ASX and publishing information on the Company's website. In particular, the Company's website will contain links to relevant analyst and media briefings (which, where practicable are intended to be webcast or recorded) and copies of the Company's corporate governance policies. All relevant announcements made to the ASX and any other relevant information will be posted on the Company's website promptly following their release to the ASX.

8.7 Securities Trading Policy

The Board has adopted a Securities Trading Policy that sets out the guidelines on the sale and purchase of securities in the Company by its key management personnel (including Directors), certain accounting officers and any employees and contractors who have access to the Company's financial results (**Restricted Persons**). The Securities Trading Policy explains the types of conduct in relation to dealings in Shares that are prohibited under the Corporations Act.

Under the terms of the policy, buying or selling Shares generally is not permitted at any time by any person who possesses inside information or where short-term or speculative trading is involved. The policy also generally provides that notification to the Company is required before any dealing takes place.

Key management personnel and other managers designated by the Board must not deal in Shares during 'black-out periods', which include the following:

- from 15 December each year until 24 hours after the day on which the full year financial results for the Company have been released to the ASX;
- from 15 June each year until 24 hours after the day on which the interim financial results in respect of the previous 6 month period are released to the ASX; and
- the period from 15 December, 15 March, 15 June and 15 September each calendar year until the beginning of trading on the first trading day after the day on which any required quarterly reporting has been released to the ASX in respect of the preceding calendar quarter.

8.8 Other policies

In addition to the charters and policies discussed above, the Company has also adopted the following additional policies:

- Performance Evaluation Policy;
- Risk Management Policy; and
- Auditor Selection and Rotation Policy.

8.9 Departures from ASX Principles and Recommendations

Principle	Response
PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT	
Recommendation 1.1 A listed entity should disclose: <p>(a) the respective roles and responsibilities of its board and management; and</p> <p>(b) those matters expressly reserved to the board and those delegated to management.</p>	Complies. The Board has adopted a Board Charter which sets out the respective roles and responsibilities of the Board and senior management. The Board's responsibilities include: <ul style="list-style-type: none"> • the appointment of the chairperson, company secretary, chief executive officer, the senior management team and key staff members; • providing input into, review and final approval of the Group's direction, strategies, business objectives and targets; • reviewing, approving and monitoring significant business transactions; • monitoring the Group's financial performance by reviewing and approving budgets, assessing the Group's performance against budgets and monitoring the adequacy and integrity of financial and other reporting processes; • ensuring that adequate internal control systems are in place and complied with; and • ensuring corporate accountability to Shareholders. <p>The chief executive officer is responsible for running the affairs of the Group under the delegated authority of the Board and for implementing policies and strategies set by the Board.</p> <p>Khen Peng Wee, who is one of the Company's executive directors, will also act as the chief executive officer of the Group.</p> <p>The responsibilities of the company secretary include facilitating the Group's corporate governance process and ensuring that the Board processes and procedures run efficiently and effectively.</p>

Principle	Response
	Other managers employed or engaged by the Company will be required to support the chief executive officer to implement the running of the general operations of the Group. The Board Charter includes guidance on the materiality of matters that need to be brought to the direct attention of the chairperson.
Recommendation 1.2 A listed entity should: <ul style="list-style-type: none"> (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director. 	Complies. The Company has conducted background checks in relation to the Directors. These checks involved having the new Directors complete relevant questionnaires and statutory declarations in relation to their background and suitability to become Directors of the Company and insolvency searches. As at the Prospectus Date, the Company has also received police checks or certificates of good standing in respect of all of the Directors. It is the intention of the Company that detailed checks be carried out in relation to future Board candidates.
Recommendation 1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Complies. Employment contracts or service agreements have been entered into with all Directors and senior executives referred to in Section 7.1. Details of these arrangements have been summarised in Section 7.2 of this Prospectus.
Recommendation 1.4 The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	Complies. The Board Charter sets out the roles and responsibilities of the company secretary. The Board Charter specifies that the company secretary is accountable directly to the Board through the chairperson on all matters relating to the proper functioning of the Board.
Recommendation 1.5 A listed entity should: <ul style="list-style-type: none"> (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary of it; and 	Partially complies. The Board has adopted a Diversity Policy requiring the Board to set measurable objectives for achieving gender diversity and requiring annual assessment. A copy of the Diversity Policy is included in the Group's Corporate Governance Register and is available to members of the public through the Company's website.

Principle	Response
<p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:</p> <p>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p>	<p>However, the Group has not yet made any determination on the appropriate measurable objectives that the Group will target or reported on any of those objectives.</p> <p>The Company intends to implement processes to comply with Recommendation 1.5 in the future.</p>
<p>Recommendation 1.6</p> <p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>Partially complies.</p> <p>The Board has adopted a Performance Evaluation Policy which has been included in the Corporate Governance Register and disclosed on the Company's website. The policy requires the Board to undertake annual performance reviews of the Board, its committees and individual Board members. As at the Prospectus Date, no reviews have been undertaken. The Group intends to evaluate performance in accordance with the Performance Evaluation Policy in the future and disclose for each future reporting period whether an evaluation has been undertaken.</p>
<p>Recommendation 1.7</p> <p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>Partially complies.</p> <p>The Board has adopted a Performance Evaluation Policy which has been included in the Corporate Governance Register and disclosed on the Company's website. The policy requires the Board to undertake annual performance reviews of the chief executive officer and other senior managers. As at the Prospectus Date, no reviews have been undertaken. The Group intends to evaluate performance in accordance with the Performance Evaluation Policy in the future and disclose for each future reporting period whether an evaluation has been undertaken.</p>
PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE	
<p>Recommendation 2.1</p> <p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director,</p>	<p>Does not currently comply.</p> <p>The Board has not and is unlikely to establish a separate Nomination Committee in the near future.</p> <p>Given the proposed size and composition of the Board, the Board believes that there would be no efficiencies gained by establishing a separate</p>

Principle	Response
<p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	<p>Nomination Committee. Accordingly, the Board will perform the role of the Nomination Committee. Items that would usually be required to be discussed by a nomination committee will be discussed and deliberated by the Board.</p> <p>To assist the Board in fulfilling its functions, the Board has adopted a Nominations Committee Charter which describes the role, functions and responsibilities of the Board when it convenes as the Nomination Committee.</p>
<p>Recommendation 2.2</p> <p>A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	<p>Does not currently comply.</p> <p>The Board members together will have a broad range of experience, expertise, skills, qualifications and contacts relevant to the Group and its business.</p> <p>The Company has adopted a Nomination Committee Charter that requires the Board (when it convenes as the Nomination Committee) to formulate a Board skills matrix, setting out the mix of skills and diversity that the Board is looking to achieve in its membership.</p> <p>The Board intends to develop this skill matrix as the operations of the Group progress and develop.</p>
<p>Recommendation 2.3</p> <p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 of the Principles and Recommendations but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director.</p>	<p>Complies.</p> <p>As at the Prospectus Date, there are no independent directors of the Company.</p> <p>Khen Peng Wee, Han Bee Tung, Manogran P. Arumugam, Frank Licciardello and Craig Sanford will not be independent directors. Each of Khen Peng Wee, Han Bee Tung and Manogran P. Arumugam will be substantial holders of Shares. Frank Licciardello is a director and shareholder of Sanston and Craig Sanford is a director of Sierra Legal Pty Ltd (both being providers of material professional services to the Company).</p>
<p>Recommendation 2.4</p> <p>A majority of the board of a listed entity should be independent directors.</p>	<p>Does not currently comply.</p> <p>As described above, there are not expected to be any independent directors after completion of the Offers and the Restructure.</p>

Principle	Response
Recommendation 2.5 The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	Does not currently comply. As noted above, Frank Licciardello is not considered to be an independent director. Frank Licciardello is expected to remain as the chairperson of the Board and is not the Company's chief executive officer.
Recommendation 2.6 A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	Complies. The processes for the induction, training and professional development of Board members is contained in the Nomination Committee Charter adopted by the Board.
PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY	
Recommendation 3.1 A listed entity should: <ul style="list-style-type: none"> (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it. 	Complies. The Company has adopted the Code of Conduct described in section 8.3 of this Prospectus. The Code of Conduct is included in the Company's Corporate Governance Register and is available on the Company's website.
PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING	
Recommendation 4.1 The board of a listed entity should: <ul style="list-style-type: none"> (a) have an audit committee which: <ul style="list-style-type: none"> (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: <ul style="list-style-type: none"> (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner. 	Does not currently comply. The Board has not and is unlikely to establish a separate Audit Committee in the near future. Given the proposed size and composition of the Board, the Board believes that there would be no efficiencies gained by establishing a separate Audit Committee. Accordingly, the items that would usually be required to be discussed by an Audit Committee will be discussed and deliberated by the Board. To assist the Board in fulfilling its functions, the Board has adopted an Audit and Risk Committee Charter which describes the role, functions and responsibilities of the Board when it convenes as the Audit and Risk Committee. The Company has established procedures for the selection, appointment and rotation of its external auditor. The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises (as recommended by the Audit and Risk Committee, if created in the future). Candidates for the position of external auditor will be assessed based on their skill, knowledge, independence and value for money.

Principle	Response
	The Company's policies require its external auditors to be rotated and replaced in accordance with the Corporations Act.
Recommendation 4.2 The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	Complies. The approach suggested by Recommendation 4.2 is consistent with the terms of the Audit and Risk Committee Charter included in the Group's Corporate Governance Register.
Recommendation 4.3 A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	Complies. The Company's Shareholder Communication Policy requires that the Company's auditor be requested to attend the AGM and Shareholders will be entitled to ask questions of the Company's auditor.
PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE	
Recommendation 5.1 A listed entity should: <ul style="list-style-type: none"> (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it. 	Complies. The Company has adopted the Continuous Disclosure Policy summarised in Section 8.4. This policy is contained in the Group's Corporate Governance Register and is available to members of the public through the Company's website.
PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS	
Recommendation 6.1 A listed entity should provide information about itself and its governance to investors via its website.	Complies. The Group's Corporate Governance Register is available to members of the public through the Company's website. The Company also intends to post other information regarding its governance on its website (including ASX announcements).
Recommendation 6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Complies. The Company has adopted the Shareholder Communications Policy described in Section 8.6. The Company's communications strategy aims to promote effective communication with Shareholders and encourage effective participation at general meetings.

Principle	Response
Recommendation 6.3 A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Complies. The Company has adopted the Shareholder Communications Policy described in Section 8.6. This policy is contained in the Group's Corporate Governance Register and is available to members of the public through the Company's website.
Recommendation 6.4 A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Does not currently comply, but intends to comply in the future. It is intended that Shareholders will be given the opportunity to receive communications from the Company electronically.
PRINCIPLE 7 – RECOGNISE AND MANAGE RISK	
Recommendation 7.1 The board of a listed entity should: <ol style="list-style-type: none"> have a committee or committees to oversee risk, each of which: <ol style="list-style-type: none"> has at least three members, a majority of whom are independent directors; and is chaired by an independent director, and disclose: <ol style="list-style-type: none"> the charter of the committee; the members of the committee; and as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework. 	Does not currently comply. The Board has not and is unlikely to establish a separate Risk Committee in the near future. Given the proposed size and composition of the Board, the Board believes that there would be no efficiencies gained by establishing a separate Risk Committee. Accordingly, the items that would usually be required to be discussed by a Risk Committee will be discussed and deliberated by the Board. To assist the Board in fulfilling its functions, the Board has adopted an Audit and Risk Committee Charter which describes the role, functions and responsibilities of the Board when it convenes as the Audit and Risk Committee.
Recommendation 7.2 The board or a committee of the board should: <ol style="list-style-type: none"> review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and disclose, in relation to each reporting period, whether such a review has taken place. 	Complies. The Company has adopted a Risk Management Policy. The arrangements to be put in place by the Board to monitor risk management include: <ul style="list-style-type: none"> monthly reporting by senior management to the Board in respect of operations and the financial position and performance of the Group; preparation of quarterly rolling forecasts by senior management for the Board; and the development of a risk register which provides a framework for systematically understanding, identifying and analysing the types of business risks to the Group and

Principle	Response
	<p>forming an action plan in respect of those risks.</p> <p>The Risk Management Policy requires that the Company's risk management system be reviewed annually to ensure that it continues to be sound.</p>
<p>Recommendation 7.3</p> <p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	<p>Does not currently comply.</p> <p>The Board will perform the role of Audit and Risk Committee. When the Board convenes as the Audit and Risk Committee it will carry out those functions which are delegated to it in the Company's Audit and Risk Committee Charter, which include reviewing the Company's internal audit procedures and accounting control systems.</p> <p>Due to the nature and size of the Company's proposed operations, the expense of an independent internal auditor is not considered to be appropriate.</p>
<p>Recommendation 7.4</p> <p>A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	<p>Complies.</p> <p>The Company has considered its economic, environmental and social sustainability risks by way of internal review and has concluded that it is not subject to material economic, environmental and social sustainability risks. The Board intends to re-assess this position after completion of the Offers.</p>
PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY	
<p>Recommendation 8.1</p> <p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <ol style="list-style-type: none"> (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p>Does not currently comply.</p> <p>The Board has not and is unlikely to establish a separate Remuneration Committee in the near future.</p> <p>Given the proposed size and composition of the Board, the Board believes that there would be no efficiencies gained by establishing a separate Remuneration Committee. Accordingly, the Board will perform the role of the Remuneration Committee.</p> <p>Items that would usually be required to be discussed by a remuneration committee will be discussed and deliberated by the Board.</p> <p>To assist the Board in fulfilling its functions, the Board has adopted a Remuneration Committee Charter which describes the role, functions and responsibilities of the Board when it convenes as the Remuneration Committee.</p>

Principle	Response
<p>Recommendation 8.2</p> <p>A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	<p>Complies.</p> <p>Details of remuneration, including the Company's policy on remuneration, will be contained in the Remuneration Report which forms part of the Annual Report.</p> <p>The Board has not established a Remuneration Committee or Nominations Committee. Therefore, the Board will be responsible for determining and reviewing compensation arrangements for the Directors and executive officers. The Board will assess the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant market conditions (with the overall objective of encouraging the retention of an experienced and high quality Board and executive team).</p>
<p>Recommendation 8.3</p> <p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>Complies.</p> <p>The Company does not currently have any equity-based remuneration schemes. Nevertheless, the Company's Securities Trading Policy includes prohibitions on Directors, employees and others from entering any transaction designed to limit the economic risk of holding any unvested shares, options or performance rights issued by the Company.</p>

9. Material Contracts

9.1 Restructure Deed

General

The Company entered into the Restructure Deed with the SOL Group companies and the Vendors to acquire all of the issued share capital of Solidgro, Color Ocean Energy and COE (Aus), and 49% of the issued share capital of Geopremium. In consideration for the Restructure, the Company has agreed to issue a total of 47,692,308 Shares (**Consideration Shares**) to the Vendors.

Restructure Steps

The Restructure will involve the following steps (**Restructure Steps**):

- the transfer of certain shares in the Company, Solidgro, Color Ocean Energy and COE (Aus) from each of the Khen Peng Wee and Manogran P. Arumugam to Han Bee Tung, in consideration for Han Bee Tung waiving certain personal loans owing to her by Khen Peng Wee and Manogran P. Arumugam – this will result in the total issued share capital in each of the Company, Solidgro, Color Ocean Energy and COE (Aus) being held in the following proportions: Han Bee Tung – 40%, Khen Peng Wee – 45% and Manogran P. Arumugam – 15%;
- the Vendors must apply for and the Company must issue to the Vendors a total of 2,000,000 Shares (in the same proportions referred to in the immediately preceding point) with an issue price of \$0.01 per Share in consideration for which the Vendors must pay to the Company a total amount of \$20,000;
- Annie Dao Apoi (being a shareholder in Geopremium) must transfer 95,000 fully paid ordinary shares in Geopremium to the Vendors in consideration for the payment of RM72,000 in aggregate, and Solidgro must transfer all 150,000 of the fully paid ordinary shares it holds in Geopremium to the Vendors in consideration for the payment of RM 113,684 in aggregate – this will result in the Vendors holding 49% of the total issued share capital of Geopremium;
- each of the Vendors must transfer to the Company any shares that they hold in each of the companies in the SOL Group (including Geopremium) in consideration for the Company issuing a total of 47,692,308 Shares with a deemed issue price of \$0.065 per Share to the Vendors (however no cash consideration will be payable by the Vendors for this issue of Shares); and
- the Vendors and each company in the SOL Group must procure that the directors of each company in the SOL Group will be as follows:

Company	Names of directors
Solidgro	Khen Peng Wee, Han Bee Tung and Manogran P. Arumugam
Color Ocean Energy	Khen Peng Wee, Han Bee Tung and Manogran P. Arumugam
Geopremium	Khen Peng Wee, Norlia Binti Shukri and Annie Dau Apoi

COE (Aus)	Khen Peng Wee, Han Bee Tung, Manogran P. Arumugam and Frank Licciardello
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Conditions Precedent

Completion of the Restructure is subject to a number of conditions precedent. These conditions include:

- the Company successfully raising a minimum of \$3,000,000 under the Public Offer;
- the Company receiving conditional approval from the ASX for the Listing Application;
- the passing of the Shareholders Resolutions and the Company complying with regulatory requirements in order for the Restructure to be implemented in accordance with the Corporations Act and other applicable law;
- all loans from each of the Vendors and any of their respective associated entities to any member of the SOL Group (totalling approximately \$114,000 as at the date of the Restructure Deed) being repaid in full or waived; and
- the Company obtaining any necessary consents and approvals from third parties.

Related party issues

Given that each of the Vendors is a Director, the allotment of the Consideration Shares to the Vendors may constitute the giving of a financial benefit to related parties under Chapter 2E of the Corporations Act. Accordingly, shareholder approval will be sought before the end of the Offer Period under section 208 of the Corporations Act for the giving of those financial benefits by way of the Shareholder Resolutions.

9.2 Convertible Note Agreements

These agreements are relevant to the Noteholder Offer.

In August 2016, the Company entered into Convertible Note Agreements with Kaing Hooou Tan, Lee Keong Wong and Asenna Wealth Solutions Pty Ltd, with Kaing Hooou Tan, Lee Keong Wong and Asenna Wealth Solutions Pty Ltd being the only eligible Applicants under the Noteholder Offer. The total subscription amounts received by the Company under these agreements was \$290,000, with the subscription amounts received from each of Kaing Hooou Tan and Lee Keong Wong being \$85,000 and the subscription amount received from Asenna Wealth Solutions Pty Ltd being \$120,000.

Kaing Hooou Tan, Lee Keong Wong and Asenna Wealth Solutions Pty Ltd are not related parties of the Company. They are investors known to Sanston from previous dealings and were introduced to the Company as potential early stage investors.

Other key terms of the Convertible Note Agreements include:

Number of Convertible Notes issued

Each of Kaing Hooou Tan and Lee Keong Wong have subscribed for 1,133,333 Convertible Notes, and Asenna Wealth Solutions Pty Ltd has subscribed for 1,600,000 Convertible Notes.

A total of 3,866,666 Convertible Notes have been issued by the Company.

Face value

Each Convertible Note has a face value of \$0.075 per note (plus any additional amount that reflects capitalised interest).

Interest rate

Interest is payable by the Company on each of the Convertible Notes at a rate of 8% per annum, accruing daily and payable on the last business day of each month (except where the Company elects for interest to be capitalised, in which case the relevant interest will instead be added to the face value of the Convertible Notes).

Conversion

The Convertible Notes will also automatically convert into Shares if the Company receives conditional approval from the ASX for the Listing Application.

On conversion, the Company will issue to the relevant Noteholder (or an appropriate nominee) that number of Shares equal to the number of Convertible Notes being converted multiplied by the face value at the time of conversion, and then divided by \$0.075 per note. It is expected that approximately 1,133,333 Shares will be issued to Kaing Hoo Tan, 1,133,333 Shares will be issued to Lee Keong Wong and 1,600,000 Shares will be issued to Asenna Wealth Solutions Pty Ltd (with a small number of additional Shares resulting from the conversion of accrued interest).

The face value and conversion price of the Convertible Notes will result in Shares being issued to the Noteholders at a substantial discount to the Offer Price on conversion of the Convertible Notes. The face value and discounted conversion price was agreed with the Noteholders to encourage them to invest in the Company at an early stage (and reflects the substantial risk taken by the Noteholders by investing in the Company before due diligence on the SOL Group had been finalised or the terms of the Restructure had been agreed, and without any certainty in relation to whether the Restructure and/or a future listing of the Company on the ASX would proceed).

The Noteholder Offer has been included in this Prospectus to ensure that the Shares to be issued on conversion of the Convertible Notes are issued with the disclosure required under Chapter 6D of the Corporations Act.

Repayment or redemption

If Convertible Notes are not converted into Shares, the Company must redeem those Convertible Notes on the earlier of the date that is 12 months after the date of the relevant Convertible Note Agreement or the date that is 10 business days after the relevant investor gives the Company an event of default notice.

9.3 Sanston Mandate

Sanston has been appointed as the corporate adviser to the Company. Sanston is a company controlled by Frank Licciardello.

A summary of the key provisions contained within the Sanston Mandate are set out below.

Payment and consideration

The Company has agreed to pay to Sanston the following:

- Corporate Advisory Fee - monthly retainer fee of \$15,000 plus GST;

- IPO Success Fee - comprising a cash fee of \$165,000 plus GST (less any amount paid as part of the Corporate Advisory Fee) and the issue of 8,000,000 Options (with an exercise price of \$0.30 per Option exercisable at any time within 36 months after the Options are issued);
- Management Fee - a management fee of 2% plus GST of the funds raised under the Public Offer (irrespective of whether funds were raised from investors introduced by Sanston or not); and
- Selling Fee - selling fee of 5% plus GST of the gross amount raised under the Public Offer from investors introduced by Sanston or any of its related entities or employees.

In addition to the fees described above, the Company has agreed to reimburse Sanston for certain agreed costs and expenses incurred by Sanston in relation to the Offers.

Option terms

It has been agreed that the Options to be issued as part of the IPO Success Fee will be issued on the terms set out in Section 9.4.

Termination events

Sanston may terminate its obligations under the Sanston Mandate by notice to the Company if in Sanston's sole and absolute opinion any of the following events occur before the allotment of Shares under the Public Offer or such other time specified below:

- the Australian equity capital market conditions and/or ASX trading conditions are such that they are not conducive to the successful completion of the Sanston Mandate, or other events beyond the control of Sanston are so material and adverse as to make it impracticable or inadvisable to proceed with the new equity issue on the terms and in the manner contemplated in the Sanston Mandate;
- there is a material adverse effect (including any adverse change in the assets, liabilities, financial position or prospects of the Company as disclosed publicly and/or to Sanston), other than in relation to costs incurred by the Company in relation to the Offers;
- there is a false or misleading statement or a material omission in the material or information supplied by the Company to Sanston or included in the material presented to Sanston;
- any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the United States of America or the international financial markets, or any material adverse change occurs in national or international political, financial or economic conditions, in each case the effect of which is that it is impracticable to market the new issue or enforce any contract to issue and allot the new shares or that the success of the new issue is likely to be adversely affected;
- there is introduced, or there is a public announcement of a proposal to introduce, into the parliament of Australia or any State of Australia a new law, or the Reserve Bank of Australia or any Federal or State authority of Australia adopts or announces a proposal to adopt a new policy (other than a law or policy which has been announced before the date of the Sanston Mandate), which does or is likely to prohibit or regulate financial institutions or credit providers, capital issues or stock markets;
- the ASX gives formal or informal notice that the Shares will not be admitted to trading on the Official List;
- default by the Company of any term of the Sanston Mandate;

- any of the warranties or representations by the Company in the Sanston Mandate are or become materially untrue;
- a Director or proposed director of the Company is charged with an indictable offence or is disqualified from managing a corporation under the Corporations Act;
- ASIC issues, or threatens to issue, a proceeding, hearing or investigation in relation to the Offers; or
- any government agency (including ASIC) commences or announces its intention to commence any public action, hearing or investigation against the Company or any of its Directors in their capacity as a director of the Company.

If the Sanston Mandate is terminated by Sanston for cause or by the Company for any reason, then the Company has agreed to pay to Sanston a termination fee of \$75,000 plus GST, together with reimbursement of any costs and expenses already incurred.

Undertakings and other terms

The Company has given an undertaking that, during the 12 month period after the closing date of the Public Offer, it will not offer, sell or market, contract to sell, otherwise dispose of, directly or indirectly, any Shares or any Securities that are otherwise convertible into Shares without the prior written consent of Sanston.

Indemnity

Except where any losses are directly and solely resulting from the wilful default, fraud or gross negligence of the indemnified parties, the Company has agreed to indemnify Sanston, its associates, related companies, directors, agents and staff against any loss arising directly or indirectly from or in relation to the Offers, the Sanston Mandate (including a breach of the Sanston Mandate), any advertising, publicity, statements and reports in relation to the Offers made by or with the agreement of the Company, this Prospectus or any document accompanying this Prospectus, any material non-compliance by the Company, its officers or employees with any applicable law, regulation or rule in relation to the Offers, and any review or investigation by ASIC, the ASX or any other governmental authority or agency.

Future capital raising

The Company has agreed to offer Sanston the lead role in any further equity capital raising that is undertaken in connection with the Company within 12 months of completion of the Offers, subject to competitive terms in respect of pricing, fees and timing relative to market practices at the time.

Related party issues

Sanston is a company controlled by Frank Licciardello who is a Director. Sanston is therefore a related party of the Company, and the fees payable and Options that may be issued to Sanston under the Sanston Mandate with the Company would constitute the giving of a financial benefit to a related party of the Company under Chapter 2E of the Corporations Act. Accordingly, shareholder approval will be sought before the end of the Offer Period under section 208 of the Corporations Act for the giving of the financial benefits by way of the Shareholder Resolutions.

9.4 Option terms

It has been agreed with Sanston that the Options that may be issued to Sanston under the Sanston Mandate will have the following key terms.

Exercise price

Each Option will be exercisable by the holder for an exercise price of \$0.30 per option.

Expiry

The Options will expire if they have not been exercised on or before the date that is 3 years after the date on which they are issued.

Conditions

The issuance of any Shares on conversion of the Options will be conditional on the Company obtaining any necessary shareholder approvals for the purposes of the Corporations Act and the Listing Rules.

Listing and transfer

The Options will be unlisted Securities and the Company does not have any obligation to apply for the Options to become tradeable on the ASX.

Bonus issues

If the Company makes a bonus issue of Shares (**Bonus Issue**) before some or all of the Options have been exercised, then the number of Shares to be issued on exercising those Options will be increased by the number of additional Shares to which the holder would have been entitled had the Options held by the holder at the record time for the Bonus Issue been exercised before the record time for the Bonus Issue.

Adjustments for rights issue

If the Company makes a pro rata issue of Shares (other than a Bonus Issue) to Shareholders, then the exercise price of each unexercised Option will be reduced according to the following formula:

$$O - \frac{E[P - (S + D)]}{N + 1}$$

New exercise price =

- O = the old exercise price of the Option;
- E = the number of underlying Shares to which 1 Option is exercisable;
- P = the average market price per Share (weighted by reference to the volume) of the underlying Shares during the 5 trading days ending on the day before the ex-rights date or ex-entitlements date;
- S = the subscription price of a Share under the pro rata issue;
- D = any dividend per Share due but not yet paid on the existing Shares (except those to be issued under the pro rata issue); and
- N = the number of Shares with rights or entitlements that must be held to receive a right to one new Share under the pro rata issue.

9.5 Sierra Legal retainer

Sierra Legal has been engaged to advise the Company in relation to the Restructure and the Offers under the terms of a retainer letter dated 31 July 2016. Under the retainer letter, Sierra Legal agreed to carry-out an agreed scope

of work relating to the Restructure and the Offers for a capped fee amount of \$70,000 (plus GST and disbursements).

Sierra Legal is a company controlled by Craig Sanford who is a Director. Sierra Legal is therefore a related party of the Company, and the fees payable to Sierra Legal under the Sierra Legal retainer with the Company would constitute the giving of a financial benefit to a related party of the Company under Chapter 2E of the Corporations Act. However, the Directors consider that the Sierra Legal Retainer is on arm's length terms (or terms less favourable than arm's length terms) which is one of the exceptions to the prohibition against the giving of financial benefits to related parties in Chapter 2E of the Corporations Act.

9.6 Petronas licence

This licence was issued to Geopremium by Petronas on 17 May 2015 for 3 years. It is a licence to supply products/services to exploration and oil/gas companies in Malaysia.

General Conditions

The general conditions of the licence include the following:

- the licence is not transferable to any other company or party;
- the licence will be revoked if Geopremium is found to be in the process of liquidation, winding-up or dissolution;
- Geopremium must inform Petronas of any changes relating to Geopremium's status including in relation to equity ownership, changes to its board of directors and management staff within fourteen (14) days, and any failure to do so can result in revocation of the licence;
- Geopremium must not appoint another company as principal, agent, sub-contractor or otherwise to provide any services or supply any facility, fittings or equipment on its behalf without the prior written consent of Petronas;
- Geopremium must allow Petronas representatives to carry out inspections, site visits, and review/copy the company's documents, as well as interview employees and related parties of the company;
- the licence is only valid for services and the supply of products listed in the approved licensed categories listed below;
- Geopremium may be penalised if, in Petronas' opinion, one or more of the following applies to Geopremium:
 - it has failed to execute an award/job until completion;
 - it has failed to perform a contractual obligation or any obligation required by law towards partners, principals, agents, sub-contractors and others;
 - it has received a garnishee order or is facing a bankruptcy action;
 - it cannot be traced to its last address;
 - it sub-contracts work to another entity without Petronas' written permission;
 - it rejects any contract or tender awarded to it;

- it enters into or accepts a contract or tender during a license suspension period;
- it provides false, inaccurate or misleading information;
- it does not follow a tender's regulations and ethics including sending poison-pen letters, engaging in bribery or lobbying; and
- engaging in any inappropriate activities under the licence;
- Geopremium must not, either itself or through its employees, directors, agents or employees:
 - use Petronas' logo or the word "Petronas" or use any mark, logo or words which is the same or similar to the trademarks owned or used by Petronas or its subsidiaries in any form; and
 - carry-out any act or in any way, either directly or indirectly, imply that it is a partner or has a connection/relationship with Petronas and/or its subsidiaries, except that Geopremium is permitted to make reference to the fact that it is licensed by Petronas and include details of its licence number; and
- the licence may be revoked, suspended or blacklisted at any time if any of these general conditions and any other conditions set out in the "Petronas License and Registration General Guidelines" are not fulfilled.

Approved Licence Categories

The approved licence categories for the Petronas licence are:

- PM1070000 – mechanical lifting and rigging equipment and accessories (dealer) - minimum Bumiputra requirement - 51%
- SL2040200 – leasing and rental of container boxes (self operated) – minimum Bumiputra requirement - 51%
- SM5020700 – mechanical engineering, repairs and maintenance of rotating equipment, movables, agitators, mixers and extruders (self operated agent) – minimum Bumiputra requirement - 51%
- SP2400000 – production/drilling/workover and associated services in relation to the provision of drilling mud cooler equipment (self operated agent) – minimum Bumiputra requirement - 30% (51% for agent)
- SS1010000 – special categories maintenance and materials preservation services (self operated) – minimum Bumiputra requirement - 51%

Bumiputra is a term used to describe Malaysian citizens with Malay or indigenous heritage. A minimum Bumiputra requirement of 51% means that Geopremium must ensure that at least 51% of its shareholders, directors and management are Bumiputra.

9.7 Asia Pacific Drilling Engineering representation agreement

This agreement was entered into between Color Ocean Energy and Asia Pacific Drilling Engineering Co Ltd (a company incorporated in Thailand) on 1 October 2011.

Under this agreement, Color Ocean Energy appointed Asia Pacific Drilling Engineering Co. Ltd. as its exclusive representative in Thailand to solicit orders for Color Ocean Energy's mud cooler products/services and conductor installation services (and any other products that the parties may agree on from time to time) in Thailand.

Asia Pacific Drilling Engineering Co Ltd is entitled to receive a commission based on the type of products or services it rents or sells in Thailand. These commission rates range from US\$25 per day up to US\$250 per day or 15% of the total value of a contract.

Asia Pacific Drilling Engineering Co. Ltd. has no authority to accept orders on its own and all orders are subject to acceptance in the manner prescribed by Color Ocean Energy from time to time.

This agreement is governed by the laws of Malaysia and Thailand.

The agreement does not have any specific expiry date or termination provisions.

9.8 PetroVietnam Drilling Investment Services memorandum of understanding

This memorandum of understanding (**MOU**) was entered into between Color Ocean Energy and PetroVietnam Drilling Investment Services Company (a subsidiary of PetroVietnam Drilling & Well Services Corporation) on 1 March 2011.

Under this MOU, the parties have agreed to co-operate in relation to participation in tender/quotation processes for the provision of mud cooling equipment and services for high temperature high pressure drilling campaigns off the coast of Vietnam.

Petrovietnam Drilling Investment Services Company is to act as the contracting party in all bids and contracts for the provision of the relevant services to potential clients. Color Ocean Energy is to provide (under a sub-contractor arrangement) all the services and perform the obligations of any contracts to be entered into between PetroVietnam Drilling Investment Services Company and potential clients.

Color Ocean Energy has agreed to provide equipment rental at rates of US\$1,150 per day, equipment mobilisation/demobilisation for US\$5,000 as a lump sum under search contract, personnel at rates ranging from US\$780 per person per day to US\$1,500 per person per trip and replacement of certain equipment parts at specified rates.

Color Ocean Energy has also agreed to provide certain materials and consumables that may be required during the installation process at cost plus 10%, and to carry out a rig survey prior to installation at no additional cost.

Color Ocean Energy has warranted that:

- the services it provides will be performed in a professional manner, in accordance with good and sound industry practice and in compliance with applicable specifications, codes and standards; and
- the mud coolers will not fail in a manner that will cause operational downtime or require part replacements, and will be able to reduce mud temperatures by at least 30 degrees Fahrenheit, provided certain conditions are met.

The agreement does not have any specific expiry date or termination provisions.

9.9 OEG Asia Pacific Pte Ltd agreement

This agreement was entered into between Geopremium and OEG Asia Pacific Pte Ltd (a company incorporated in Singapore) on 17 February 2016, for the exclusive supply by OEG Asia Pacific to Geopremium of offshore containers, cabin products and related services (**OEG Products**) on a temporary basis to allow Geopremium to supply those OEG Products to Petronas under tender number CHO/2015/INVMML/1002.

Under this agreement, Geopremium is entitled to receive a commission at the rate of 7% of the gross rental revenue generated from the rental of the OEG Products, and a commission at the rate of 10% in the event that the OEG Products are damaged/replaced and Petronas is required to pay for those damaged/replaced Products.

Geopremium is responsible for:

- recruiting personnel;
- reporting and paying Malaysian taxes or other government fees (including indemnifying OEG Asia Pacific for any such costs other than in relation to withholding taxes from rental revenue and import duties applicable to the OEG Products); and
- invoicing Petronas and collecting monies from Petronas for the rental and related charges for the OEG Products;

OEG Asia Pacific transferred RM500,000 to Geopremium's account which is to be used solely for the performance bond required by Petronas in respect of its tender number CHO/2015/INVMML/1002. This amount of RM500,000 must be repaid to OEG Asia Pacific immediately and without any offset if this agreement expires or is terminated, or the bank guarantee is cancelled, but provided that Petronas releases Geopremium from its contractual performance obligations under the Petronas tender.

Title to all OEG Products remains with OEG Asia Pacific.

This agreement is governed by the laws of Singapore.

The agreement does not have any specific expiry date or termination provisions.

9.10 Petronas Carigali 2015 rental agreement

This agreement was entered into between Geopremium and Petronas Carigali Sdn Bhd, with an effective date of 21 December 2015, for the rental of cargo handling equipment by Geopremium to Petronas Carigali.

Under this agreement Geopremium is to rent cargo handling equipment (including ancillary equipment such as slings and shackles) and provide related services to Petronas Carigali (including mobilisation and demobilisation of equipment, loading and offloading equipment, providing storage space for the equipment and making dedicated personnel available to attend operations meetings).

The agreement commenced on 21 December 2015 for a 2-year term (i.e. until 20 December 2017), with an option allowing Petronas Carigali to extend the term of the agreement on the same terms and conditions for another year.

Geopremium must provide Petronas Carigali with a bank guarantee to the value of RM500,000 to guarantee the performance of Geopremium's obligations under the agreement and a parent company guarantee.

Geopremium is liable for and must indemnify Petronas Carigali in relation to claims/liabilities for taxes on any payments made to Geopremium under the agreement, taxes on any salaries/other benefits paid or given to Geopremium's employees or those of its subcontractors (if any) or any claims/liabilities in respect of any failure by Geopremium or its subcontractors (if any) to comply with any tax reporting or other requirements in respect of the agreement.

The agreement also contains other broad indemnities from Geopremium in favour of Petronas Carigali and various affiliated entities/persons, including in relation to personal injury or death of personnel, third party claims, damage/destruction to property/equipment, pollution and damage to oil wells.

Petronas Carigali may terminate the agreement for convenience at any time by giving Geopremium 30 days' prior written notice. Petronas Carigali may also terminate the agreement for cause, effective on a specified date, if Geopremium commits certain events of default (including insolvency events and failure to maintain a valid Petronas licence) and fails to rectify them within 7 days of being notified of the default, or because of a force majeure event.

This agreement is governed by the laws of Malaysia.

9.11 Petronas Carigali 2016 agreement

This agreement was entered into between Geopremium and Petronas Carigali Sdn Bhd on 29 March 2016.

Under this agreement, Geopremium is required to lease certain mud cooling equipment and provide associated personnel, services and technical support to Petronas Carigali.

The agreement commenced on 16 May 2016 for a 2-year term (i.e. until 15 May 2018), with an option allowing Petronas Carigali to extend the term of the agreement on the same terms and conditions for another year.

Geopremium must provide Petronas Carigali with a bank guarantee to the value of 5% of the contract price to guarantee the performance of Geopremium's obligations under the agreement and/or a parent company guarantee.

Geopremium is liable for and must indemnify Petronas Carigali in relation to claims/liabilities for taxes on any payments made to Geopremium under the agreement, taxes on any salaries/other benefits paid or given to Geopremium's employees or those of its subcontractors (if any) or any claims/liabilities in respect of any failure by Geopremium or its subcontractors (if any) to comply with any tax reporting or other requirements in respect of the agreement.

The agreement also contains other broad indemnities from Geopremium in favour of Petronas Carigali and various affiliated entities/persons including in relation to personal injury or death of personnel, third party claims, damage/destruction to property/equipment, pollution and damage to oil wells.

Petronas Carigali may terminate the agreement for convenience at any time by giving Geopremium 30 days' prior written notice. Petronas Carigali may also terminate the agreement for cause by giving Geopremium 30 days' written notice of termination, effective on a specified date, if Geopremium commits certain events of default (including insolvency events and failure to maintain a valid Petronas licence) and fails to rectify them within 7 days of being notified of the default, or because of a force majeure event.

This agreement is governed by the laws of Malaysia.

9.12 Sapurakencana Energy agreement for provision of mud cooler equipment & services

This agreement was entered into between Geopremium, Sapurakencana Energy Peninsula Malaysia Inc. and Sapurakencana Energy Sarawak Malaysia Inc. (companies incorporated in the Bahamas) (together **Sapurakencana**) on 26 September 2014. It relates to the leasing of mud cooler equipment and provision of associated services by Geopremium to Sapurakencana.

The original agreement had a 2 year term expiring in 2016. However, the term has now been extended to 28 August 2017.

The agreement is non-exclusive and Supurakencana has the right to appoint other contractors to provide the same or similar products and services.

Geopremium must provide a bank guarantee to the value of 10% of the total value of the agreement to guarantee its performance obligations under the agreement.

Geopremium is responsible for paying all taxes, stamping costs and other duties relating to the agreement and the works to be provided under it.

Geopremium must indemnify Sapurakencana and various of its affiliated entities/persons against all claims or liability for income tax and other taxes on any payments made to or earned by Geopremium, its personnel or any subcontractor under the agreement; any wages, salaries or other benefits paid to Geopremium's employees, personnel or subcontractors (if any); and any property or equipment of Geopremium or its subcontractors (if any).

The agreement also includes broad indemnities from Geopremium in favour of Sapurakencana, various affiliated entities/persons and Petronas, including in relation to injury, death of personnel, loss/damage to property/equipment, certain third party claims and pollution.

Sapurakencana may terminate the agreement for convenience at any time by written notice, with such termination to be effective on the date specified in the notice. Sapurakencana may also terminate the agreement for cause, due to a force majeure event, if Geopremium becomes the subject of various insolvency events or attempts to transfer or assign any of its rights/obligations under the agreement without Sapurakencana's prior written consent.

This agreement is governed by Malaysian law.

9.13 JX Nippon agreement for provision of mud cooler equipment

This agreement was entered into between Geopremium and JX Nippon Oil & Gas Exploration (Malaysia) Limited (a company incorporated in Japan) (**JXN**) on 10 March 2015, with an effective date of 22 January 2015. It relates to the leasing of mud cooler equipment and provision of associated services by Geopremium to JXN.

The agreement has a 3 year term and JXN has an option to extend the term for a further year.

JXN may require Geopremium to obtain a bank guarantee to the value of RM79,695 in favour of JXN to guarantee the due performance by Geopremium of its obligations under the agreement. Geopremium must also provide JXN with a parent company guarantee to guarantee the performance of Geopremium's obligations under the agreement.

Geopremium must indemnify JXN in respect of all claims or liability for income or other tax imposed by the Malaysian government or the government of any other country on Geopremium or JXN in connection with any payments to be made to Geopremium or any of its subcontractors or in respect of any of their property/equipment, any wages or other benefits payable to their personnel or for any failure make timely payment or comply with any reporting requirements in relation to any taxes or duties.

The agreement also includes broad indemnities from Geopremium in favour of JXN and certain affiliated entities/persons (including Petronas Carigali Sdn Bhd, which holds an interest in JXN), its other contractors and Petronas. These indemnities include an indemnity in respect of claims or liability resulting from personal injury or death of personnel or any third party, loss/damage to equipment/property, pollution and contamination from any radioactive tools used by Geopremium.

JXN may terminate the agreement for cause, effective on a specified date, if Geopremium fails to rectify certain breaches or failures within 7 days of being asked to do so, if Geopremium becomes the subject of certain specified

insolvency events or if Geopremium fails to deliver the equipment on the delivery date specified in the agreement. JXN may also terminate the agreement for convenience at any time by giving 14 days' prior written notice to Geopremium.

This agreement is governed by Malaysian law.

9.14 Hess Exploration agreement for mud cooling equipment and services

In November 2016, Geopremium received a new contract with Hess Exploration and Production Malaysia (**Hess**) relating to the leasing of mud cooling equipment and associated services by Geopremium to Hess for use in relation to the North Malay Basin Project.

The agreement has a 2 year term. However, Hess has an option to extend the term for an additional year.

Hess has the right to terminate the agreement for cause (including as a result of material breaches and insolvency events), but also has the right to terminate for convenience at any time and without any notice period.

The agreement includes broad indemnities from Geopremium in favour of Hess and certain affiliated entities/persons. These include indemnities in respect of claims or liability resulting from personal injury or death of personnel or any third party, loss/damage to equipment/property and pollution caused by Geopremium.

Hess will require Geopremium to obtain a bank guarantee to the value of RM377,160 in favour of Hess to guarantee the due performance by Geopremium of its obligations under the agreement. Geopremium must also provide Hess with a parent company guarantee.

The agreement is governed by the laws of England and Wales and is subject to (and conditional) on the agreement being approved by Petronas.

9.15 Halliburton Offshore Services agreement

This agreement was entered into between Solidgro and Halliburton Offshore, Inc (a company incorporated in India) on 19 April 2016, with an effective date of 11 March 2016, for the rental of mud cooler equipment and provision of related services/engineering personnel to Halliburton in India.

This agreement has a term of 2 years (unless terminated earlier) and may be renewed for up to a further 4 years by written agreement of the parties. There is no obligation on Halliburton to procure goods and services exclusively from Solidgro or at all, and there are no minimum purchase requirements.

The agreement is a master purchase agreement and affiliated entities of Halliburton may also make purchase orders under the agreement.

Solidgro must indemnify and hold harmless Halliburton, its officers, agents and employees in respect of any loss, liability, penalty, personal injury or death arising out of or in connection with Solidgro's performance under the agreement (except to the extent caused by Halliburton's negligence or wilful misconduct).

Halliburton may, by giving 30 days' written notice, cancel or terminate the agreement or any purchase order for convenience, without cause or for any reason whatsoever. Halliburton may also terminate the agreement immediately if Solidgro breaches or defaults under any term of the agreement and fails to remedy the default within 10 days of being required to do so, or if Solidgro suffers an insolvency event or there is evidence of financial/organisation instability relating to Solidgro. If Halliburton terminates the agreement for cause, Solidgro will be liable to reimburse Halliburton in respect of all costs (in excess of the applicable price under the agreement)

that may be incurred by Halliburton in order to complete Solidgro's obligations under the agreement or any purchase orders issued pursuant to the agreement.

The agreement is governed by the laws of India, excluding conflict of law rules and choice of law principles. The parties have agreed that the courts of Singapore will have jurisdiction for any judicial proceedings.

9.16 Geopremium Shareholders Agreement

This agreement was entered into between Annie Dau Apoi, Norlia Shukri, the Company and Geopremium on 7 October 2016. This agreement is intended to govern the relationship between Annie Dau Apoi, Norlia Shukri and the Company as shareholders of Geopremium following completion of the Restructure.

Under the agreement, the shareholders agree that they will hold shares in Geopremium in the following proportions: Annie Dau Apoi (31%), Norlia Shukri (20%) and the Company (49%).

Each shareholder is entitled to nominate 1 director to Geopremium's board and the shareholders must ensure that the majority of the Geopremium directors are Bumiputras in order to comply with the conditions of the Petronas Licence.

All board and shareholder resolutions in relation to matters relating to Geopremium (other than day-to-day operational matters) require unanimous approval from the directors or shareholders (as applicable).

If a shareholder wishes to transfer their legal or beneficial title to any shares in Geopremium, there are pre-emptive rights in favour of the other shareholders.

Each of Annie Dau Apoi and Norlia Shukri have undertaken to MHH that neither they nor any of their affiliates will solicit away any officer, manager or other personnel of Geopremium without the prior written consent of all shareholders. Annie Dau Apoi and Norlia Shukri have also undertaken to the Company that while they are shareholders in Geopremium and for 3 years after they cease to be shareholders, they will not (including in conjunction with others) solicit away any customer, prospective customer, agent, supplier or correspondent of Geopremium, nor carry on a business that is similar to or competitive to Geopremium's business.

The agreement will terminate on the written agreement of all shareholders or, in relation to a particular shareholder, when that shareholder ceases to hold any shares in Geopremium either due to a transfer of shares or certain specified events of default.

The agreement is governed by the laws of Malaysia.

9.17 Inter-Group agreements

Agreements have been entered into between members of the Group to recognise how costs and revenue are shared when services or equipment are provided to other members of the Group.

- Where Geopremium provides technical, administrative, consultancy and management support services in relation to mud cooling equipment that Solidgro provides to customers, Solidgro must pay Geopremium fees equal to 80% of the gross revenue received by Solidgro from its customers in relation to those services. Solidgro must also pay for all mobilisation and demobilisation costs incurred by Geopremium in the course of providing those services.
- Where Geopremium provides technical, administrative, consultancy and management support services in relation to mud cooling equipment that Color Ocean Energy provides to customers, Color Ocean Energy must pay Geopremium fees equal to 60% of the gross revenue received by Color Ocean Energy

from its customers in relation to those services. Color Ocean Energy must also pay for all mobilisation and demobilisation costs incurred by Geopremium in the course of providing those services.

- Where Solidgro provides oil drilling-related equipment (including mud cooling equipment) and certain technical, administrative, consultancy and management support services in relation to mud cooling equipment that Geopremium provides to customers, Geopremium must pay Solidgro fees equal to 80% of the gross revenue received by Geopremium from its customers in respect of those services and 90% of the gross revenue received by Geopremium from its customers for the rental of the relevant equipment. Geopremium must also pay for all mobilisation and demobilisation costs incurred by Solidgro in the course of providing those services and supplying the equipment.
- Where Solidgro provides oil drilling-related equipment (including mud cooling equipment) and certain technical, administrative, consultancy and management support services in relation to mud cooling equipment that Color Ocean Energy provides to customers, Color Ocean Energy must pay Solidgro fees equal to 70% of the gross revenue received by Color Ocean Energy from its customers in respect of those services and 40% of the gross revenue received by Color Ocean Energy from its customers for the rental of the relevant equipment. Color Ocean Energy must also pay for all mobilisation and demobilisation costs incurred by Solidgro in the course of providing those services and supplying the equipment.

These agreements are governed by the laws of Malaysia.

9.18 Finance facilities

Company finance facilities

The Company has not entered into any finance facilities other than the Convertible Note Agreements described in Section 9.2. Assuming that all Shares are issued under the Noteholder Offer, the Company will have no outstanding finance facilities in place following completion of the Restructure and the Offers.

SOL Group finance facilities

The main banking facilities used as part of the operations of the SOL Group are provided by Maybank Islamic Berhad, Malayan Banking Berhad, OCBC Bank (Malaysia) Berhad and Public Bank Berhad. The facilities include:

- a fixed loan to finance the purchase of the SOL Group's interest in its fabrication yard at Kemaman, Malaysia;
- a term loan to finance the purchase of the SOL Group's interest in its head office in Kuala Lumpur;
- a cash line for working capital; and
- multiple bank guarantee facilities.

These facilities are secured by security arrangements over the assets of Solidgro and joint and several personal guarantees from the Vendors.

Hire purchase facilities have also been provided for the benefit of SOL Group companies by Pac Lease Berhad in relation to heat exchangers used in the SOL Group mud cooling operations.

10. Details of the Offers

10.1 The Offers

The Offers consist of:

- the Public Offer which is open to the general public; and
- the Noteholder Offer which is made only to the Noteholders.

The Offers are conditional on the satisfaction of the Conditions of the Offers referred to in Section 10.4. If the Conditions of the Offers are not satisfied, then no Shares will be issued under any of the Offers and any Application Moneys received under the Public Offer will be returned to the Applicants.

The Company reserves the right to close some or all of the Offers before the Closing Date (or to extend the Closing Date in accordance with the Corporations Act).

10.2 Public Offer

This Prospectus invites members of the general public to apply for 15,000,000 to 20,000,000 new Shares at an Offer Price of \$0.20 per Share to raise a minimum of \$3 million and a maximum of \$4 million. The Public Offer requires a minimum subscription of 15,000,000 Shares (raising \$3 million).

In the event that the minimum amount of \$3 million is not raised within 3 months after the Prospectus Date, no Shares will be issued under the Public Offer and all Application Moneys will be repaid or otherwise dealt with in accordance with the requirements of the Corporations Act.

Applications under the Public Offer must be for a minimum amount of \$2,000 worth of Shares (10,000 Shares) and thereafter, in multiples of \$200 worth of Shares (1,000 Shares).

10.3 Noteholder Offer

Under this Prospectus, the Company offers the Noteholders an aggregate amount of approximately 3,866,666 new Shares.

The purpose of the Noteholder Offer is to convert all Convertible Notes issued by the Company into Shares under this Prospectus. A summary of the terms of the Convertible Note Agreements are contained in Section 9.2.

Only the Noteholders may accept the Noteholder Offer and a personalised Application Form for the Noteholder Offer will be issued to the Noteholders (together with a copy of this Prospectus).

10.4 Conditions of the Offers

The Offers under this Prospectus are conditional on the satisfaction of each of the following conditions within 3 months after the Prospectus Date:

- Shareholders approving the financial benefits given (or to be given) by the Company to related parties under the Related Party Contracts, to be sought at a meeting of Shareholders before the end of the Offer Period under Chapter 2E of the Corporations Act (**Shareholder Resolutions**).
- completion of the Restructure occurring;

- the Company receiving valid applications and subscription moneys (in cleared funds) for no less than \$3 million under the Public Offer; and
- the Company receiving conditional approval from the ASX for the Listing Application.

In the event that the Conditions of the Offers are not satisfied, then the Company will not proceed with the Offers and will repay all Application Moneys received under the Public Offer.

10.5 Purpose of the Offers

The Public Offer is being conducted to:

- fund the immediate working capital needs of the Company and the business of the SOL Group;
- assist the Company to meet the requirements of the ASX and satisfy Chapters 1 and 2 of the Listing Rules; and
- provide funds to pursue identified and potential growth opportunities.

On completion of the minimum capital raising of \$3 million under the Public Offer, the Board believes that the Company will have sufficient funds to achieve these objectives.

The Noteholder Offer is being conducted to reduce the Company's debts and to maximise the portion of the Public Offer proceeds that can be applied to the development and growth of the business of the SOL Group.

10.6 Use of funds

The Company intends to apply the funds raised from the Public Offer (together with existing cash reserves) during the 2-year period following completion of the Restructure as follows:

Purpose	Minimum subscription (\$3,000,000)	Percentage of total funds applied	Maximum subscription (\$4,000,000)	Percentage of total funds applied
Cash reserves of the Group ⁸	\$92,928	3%	\$92,928	2%
Funds raised under Public Offer	\$3,000,000	97%	\$4,000,000	98%
Total	\$3,092,928	100%	\$4,092,928	100%
Expenses of the Offers	\$330,000	11%	\$400,000	10%
ASX listing application fee	\$65,000	2%	\$70,000	2%
Purchase of new equipment	\$634,000	20%	\$1,501,333	37%
Acquisitions of new businesses	\$250,000	8%	\$275,000	7%
Sales and marketing activities	\$223,928	7%	\$256,595	6%
Working capital	\$1,590,000	51%	\$1,590,000	39%
Total funds applied	\$3,092,928	100%	\$4,092,928	100%

The estimates of expenditure set out in this Section 10.6 are based on budgets set by the Directors. The actual level and break-up of expenditure may change on an ongoing basis depending on results obtained.

If only the minimum amount is raised under the Public Offer (being \$3 million) then only 1 additional onshore mud cooler will be built (rather than 2), only purchase 2 new water filtration systems (rather than 4) and the reconditioned hammer piling equipment will not be purchased at all. In these circumstances, the Group's growth opportunities may be impacted by limiting the ability of the Group to take on new contracts and this may in turn impact revenue and associated profits.

As with any budget, intervening events and new circumstances have the potential to impact the ultimate way funds will be applied. The Board reserves the right to alter the way funds are applied in these circumstances. It is also possible that any future acquisitions by the Company may exceed the current or projected financial resources of the Company and it is expected that these acquisitions would be funded by additional lending facilities and/or equity issues (subject to Shareholder approvals as required).

⁸ As at 30 June 2016

10.7 Capital structure

Capital structure (undiluted)

Immediately following completion of the Restructure and the Offers, the number of Shares on issue is expected to be as set out in the table below:

	Assuming \$3 million raised under the Public Offer	Percentage of Shares on issue	Assuming \$4 million raised under the Public Offer	Percentage of Shares on issue
Existing Shares	100,000	0.15%	100,000	0.14%
Shares to be issued to the Vendors	49,692,308	72.38%	49,692,308	67.46%
Shares to be issued under this Prospectus				
Public Offer	15,000,000	21.85%	20,000,000	27.15%
Noteholder Offer ⁹	3,866,666	5.63%	3,866,666	5.25%
Shares following completion of Offers and Restructure	68,658,974	100%	73,658,974	100%

Subject to obtaining the necessary approvals from Shareholders during the Offer Period, 8,000,000 Options will also be issued to Sanston as part of its consideration under the Sanston Mandate.

The Company has issued a total of 3,866,666 Convertible Notes under the Convertible Note Agreements described in Section 9.2. It is expected that all Convertible Notes will be converted into Shares under the Noteholder Offer.

Details of the Company's Securities (other than Shares) are detailed in the table below

	Before completion of Offers and Restructure	After completion of Offers and Restructure
Options	Nil	8,000,000
Convertible Notes	3,866,666	Nil

⁹ The number of Shares to be issued under the Noteholder Offer may increase in the event that any interest payable to the Noteholders is capitalised in accordance with the terms of the Convertible Note Agreements.

Capital structure (fully diluted)

If the Options are issued after completion of the Restructure and the Offers (but before any other Securities have been issued), the number of Shares on issue would be as set out in the table below:

	Assuming \$3 million raised under the Public Offer	Percentage of Shares on issue	Assuming \$4 million raised under the Public Offer	Percentage of Shares on issue
Existing Shares	100,000	0.13%	100,000	0.12%
Shares to be issued to the Vendors	49,692,308	64.82%	49,692,308	60.85%
Shares to be issued under this Prospectus				
Public Offer	15,000,000	19.57%	20,000,000	24.49%
Noteholder Offer ¹⁰	3,866,666	5.04%	3,866,666	4.74%
Shares issued from Options being exercised by Sanston	8,000,000	10.44%	8,000,000	9.80%
Shares following completion of Offers and Restructure	76,658,974	100%	81,658,974	100%

10.8 How to apply for Shares under the Offers

To participate in the Public Offer, the Application Form for the Public Offer attached to or accompanying this Prospectus must be completed in accordance with the instructions accompanying the relevant Application Form and be accompanied by a cheque or bank cheque drawn and payable on an Australian bank. Any cheques must be made payable to “Majestic Horizon Holdings Limited - IPO Account” and should be crossed “Not Negotiable”. Applicants should ensure that cleared funds are available at the time the Application is lodged, as dishonoured cheques will result in the Application being rejected.

Alternatively, the Application Moneys can be transferred to the Company’s bank account (details of which are below):

Account name: Majestic Horizon Holdings Limited ACN 614 137 807
BSB: 033 165
Account number: 362 617
SWIFT: WPACAU2S
Branch: 409 St Kilda Road, Melbourne, Victoria 3004

Instructions for completing Application Forms relating to the Noteholder Offer are contained in the relevant Application Form.

Completed Application Forms and accompanying cheques (or a copy of the deposit advice) must be received by the Company before 5.00pm (AEDT) on the Closing Date at:

¹⁰ The number of Shares to be issued under the Noteholder Offer may increase in the event that any interest payable to the Noteholders is capitalised in accordance with the terms of the Convertible Note Agreements.

By delivery:

Majestic Horizon Holdings Limited
Level 17, 31 Queen Street
Melbourne VIC 3000

If you pay the Application Moneys into the Company's bank account, you should use the name of the Applicant (as specified in your Application Form as the transfer reference) and cleared funds must be received into the Company's bank account before 5.00pm (AEDT) on the Closing Date.

By submitting an Application, you are offering to subscribe for Shares in the amount specified in the Application Form on the terms and conditions set out in this Prospectus and the Application Form. An Application by an Applicant is irrevocable and may not be varied or withdrawn except as required by law.

The Company may choose to accept or reject some or all of the Applications in the Company's absolute discretion.

10.9 Allocation and allotment of Shares

Subject to the Conditions of the Offers being satisfied, the allotment of Shares to Applicants under the Offers will occur as soon as possible after the Closing Date, following which holding statements will be dispatched as required by the ASX. Applicants who sell the Shares before they receive their holding statement will do so at their own risk.

The Company has the right to allocate the Shares under the Offers. The Company may reject any Application or allocate any investor fewer Shares than applied for under the Offers. If an Application under the Public Offer is not accepted, or is accepted in part only, the relevant part of the Application Moneys will be refunded. Interest will not be paid on Application Moneys refunded.

10.10 Application Moneys to be held in trust

The Application Moneys will be held in a separate bank account on behalf of Applicants until the Shares are allotted. If the minimum subscription is not achieved within 3 months after the Prospectus Date, the Application Moneys will be refunded in full without interest (or otherwise dealt with in accordance with the Corporations Act), and no Shares will be allotted pursuant to this Prospectus unless permitted by the Corporations Act.

10.11 Brokerage commissions and stamp duty payable by Applicants

No brokerage, commission or stamp duty is payable by Applicants on an acquisition of Shares under the Public Offer or the Noteholder Offer.

10.12 Quotation of Shares

The Company submitted the Listing Application to the ASX within 7 days after the Original Prospectus Date.

If approval for the Listing Application is not granted by the ASX (and the Company's Shares are not admitted to the Official List) within 3 months after the Prospectus Date (or such other period varied by ASIC), then the Company will not allot or issue any Shares pursuant to the Offers and will repay all Application Moneys received under the Public Offer without any interest, as soon as practicable. Alternatively, the Company may seek to extend the Offer Period in accordance with section 724 of the Corporations Act.

The fact that the ASX may approve the Listing Application is not to be taken in any way as an indication of the merits of the Company or the Shares offered pursuant to this Prospectus.

10.13 CHESS

The Company will participate in the ASX's Clearing House Electronic Sub-register System (**CHESS**) and will comply with the Listing Rules and the ASX Settlement Operating Rules. CHESS is an electronic transfer and settlement system for transactions in securities quoted on the ASX under which transfers are effected in an electronic form.

When the Shares become approved financial products (as defined in the ASX Settlement Operating Rules), holdings will be registered in one of two registers, being an electronic CHESS sub-register or an electronic issuer sponsored sub-register.

For all successful Applicants, the Shares of a Shareholder who is a participant in CHESS or a Shareholder sponsored by a participant in CHESS will be registered on the CHESS sub-register. All other Shares will be registered on the issuer sponsored sub-register.

Following the allotment of Shares under the Offers, Shareholders will be sent a holding statement that sets out the number of Shares allotted to them under this Prospectus and provide details of a Shareholder's Holder Identification Number (for Shareholders who elect to hold Shares on the CHESS sub register) or the Securityholder Reference Number (for Shareholders who elect to hold their Shares on the issuer sponsored sub-register). Shareholders will subsequently receive statements showing any changes to their shareholding. Share certificates will not be issued.

10.14 Ranking

Shares issued pursuant to this Prospectus will rank equally in all respects with existing Shares. Full details of the rights attaching to the Shares are contained in the Company's Constitution, a summary of which is set out in Section 11.1. The Constitution is available for inspection, without a charge, during normal business hours at the Company's registered office.

10.15 Underwriting

The Offers under this Prospectus are not underwritten.

10.16 Broker commissions and handling fees

Sanston, the company appointed as the corporate adviser to the Company, will pay a commission at a negotiated rate with Sanston where a dealer has introduced an Applicant in accordance with any process agreed with Sanston. The commission will be paid by Sanston to the relevant dealer within 21 business days after allotment of the Shares on the presentation of a tax invoice to Sanston.

10.17 Restrictions on distribution

No action has been taken to register or qualify this Prospectus, the Shares or the Offers, or to permit a public offering of the Shares, in any jurisdiction outside Australia.

This Prospectus does not constitute an offer or invitation to apply for Shares in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or invitation.

This Prospectus may not be released or distributed in the United States or any other country where it would be a breach of law to do so. Each Applicant and each person on behalf of whom the Applicant is acting will be taken to have represented, warranted and agreed as follows:

- they understand that the Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered, sold or resold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and applicable securities laws of states or other jurisdictions in the United States;
- they are not in the United States and are not acting on behalf of a person in the United States;
- they have not sent and will not send this Prospectus or any other material relating to the Offers to any person in the United States; and
- they will not offer or sell the Shares in the United States or in any other jurisdiction outside Australia, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with all applicable laws in the jurisdiction in which the Shares are offered and sold.

11. Additional Information

11.1 Rights and liabilities attaching to Shares

The rights and liabilities attaching to ownership of the Shares arise from a combination of the Constitution, statute, the Listing Rules and general law.

A summary of the principal rights, liabilities and obligations attaching to the Shares and a description of other material provisions of the Constitution are set out below. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of Shareholders. The summary assumes that the Listing Application is approved by the ASX.

11.1.1 Voting at a general meeting

At a general meeting of the Company, every Shareholder present in person or by proxy, representative or attorney has 1 vote on a show of hands and, on a poll, 1 vote for each Share held. On a poll, partly paid shares confer a fraction of a vote in proportion to the amount paid up on the share.

11.1.2 Meetings of Shareholders

Each Shareholder is entitled to receive notice of, attend and vote at meetings of the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, the Corporations Act and the Listing Rules. At least 28 days' notice of a meeting must be given to Shareholders.

11.1.3 Dividends

Subject to the Constitution, the Corporations Act and the Listing Rules, the Board may:

- resolve to pay dividends to Shareholders;
- fix the amount of the dividend; and
- fix the time for determining entitlements to the dividend and the timing and method of payment.

The person entitled to a dividend on a Share is entitled to the entire dividend if the Share is fully paid or a proportionate amount if the Share is partly paid. A dividend may only be paid in accordance with the Corporations Act.

11.1.4 Transfer of Shares

Subject to the Constitution and the Corporations Act, Shares may be transferred by a proper transfer effected in accordance with the ASX Settlement Operating Rules or by a written instrument of transfer which complies with the Constitution or by any other method permitted by the Corporations Act, the Listing Rules or the ASX Settlement Operating Rules.

The Board may refuse to register a transfer of shares where permitted to do so under the Listing Rules. The Board must refuse to register a transfer of shares when required by the Corporations Act, the Listing Rules or the ASX Settlement Operating Rules.

11.1.5 Issue of further Shares

Subject to the Constitution, the Corporations Act, the Listing Rules and the ASX Settlement Operating Rules and any rights and restrictions attached to a class of shares, the Directors may decide to issue, or grant options in respect of, further shares on such terms and conditions (including preferential, deferred or special rights, privileges or conditions, or restrictions) as the Directors resolve.

11.1.6 Winding up

If the Company is wound up, then subject to the Constitution, the Corporations Act, the Listing Rules and the ASX Settlement Operating Rules and any special resolution or preferential rights or restrictions attached to a class of shares, each Shareholder has the right to participate in the repayment of paid up capital through the distribution of any surplus assets or profits of the Company.

11.1.7 Unmarketable parcels

Subject to the Corporations Act, Listing Rules and the ASX Settlement Operating Rules, the Company may sell the Shares of a Shareholder who holds less than a marketable parcel of shares.

11.1.8 Variation of class rights

At present, the Company's only class of shares on issue are ordinary shares. Subject to the Corporations Act and the terms of issue of a class of shares, the rights attaching to any class of shares may be varied or cancelled:

- with the consent in writing of the holders of three quarters of the issued shares included in that class; or
- by a special resolution passed at a separate meeting of the holders of those shares.

In either case, in accordance with the Corporations Act, the holders of not less than 10% of the votes in that class of shares, the rights of which have been varied or cancelled, may apply to a court of competent jurisdiction to exercise its discretion to set aside such a variation or cancellation.

11.1.9 Dividend reinvestment plan, dividend selection plan and bonus share plan

The Constitution authorises the Directors, on any terms and at their discretion, to establish a dividend reinvestment plan (under which any shareholder may elect that the dividends payable by the Company be reinvested by subscription for Securities), a dividend selection plan (whereby any shareholder may elect to receive a dividend paid in whole or in part out of a particular fund or reserve or out of profits derived from a particular source, or to forego any dividends and to receive instead some other entitlement, including Shares) and an employee incentive plan (whereby Securities of the Company may be provided for the benefit of employees or Directors).

11.1.10 Directors – number

The minimum number of Directors is 3 and the maximum is fixed by the Directors but may not be more than 7. Directors are elected at annual general meetings of the Company.

11.1.11 Directors – voting

Questions arising at a meeting of the Board will be decided by a majority of votes of the Directors present at the meeting and entitled to vote on the matter. In the case of an equality of vote on a resolution, the chairperson of the meeting has a casting vote.

11.1.12 Directors – remuneration

The Directors, other than the Executive Directors, will be paid by way of fees for services, the maximum aggregate sum as may be approved from time to time by the Company in general meeting. The Constitution also makes provision for the Company to pay all properly incurred expenses of Directors in attending meetings and carrying out their duties.

11.1.13 Powers and duties of Directors

The Directors may exercise all powers and do all things that are within the Company's power.

11.1.14 Indemnities

To the extent permitted by law, the Company indemnifies each officer of the Company or its related bodies corporate against any losses, liabilities, costs, charges and expenses incurred by the person acting in that capacity.

To the extent permitted by law, the Company may insure an officer of the Company or its related bodies corporate against a liability incurred by that person as an officer of that company, unless the liability arises out of conduct involving wilful breach of duty in relation to the Company or a contravention of sections 182 or 183 of the Corporations Act. To the extent permitted by law, the Company may also insure such an officer for costs and expenses incurred by that person in defending or resisting proceedings, whatever the outcome.

11.1.15 Capitalising profits

Subject to the Corporations Act, the Listing Rules, the ASX Settlement Operating Rules and any rights or restrictions attached to any shares or class of shares and any special resolution of the Company, the Directors may capitalise and distribute profits or other amounts available for distribution among those Shareholders who would be entitled to receive dividends and in the same proportions.

11.1.16 Alteration of share capital

Subject to the Corporations Act, the Listing Rules and the ASX Settlement Operating Rules, the Company may alter its share capital.

11.1.17 Preference shares

The Company may issue preference shares including preference shares which are liable to be redeemed or converted to ordinary shares.

11.1.18 Alteration of Constitution

The Constitution can only be amended by special resolution passed by at least three quarters of Shareholders present (whether in person or by proxy) and entitled to vote at a general meeting of the Company. The Company must give at least 28 days' written notice of a general meeting of the Company.

11.2 Interests of experts and advisers

11.2.1 No interest except as disclosed

Other than as set out below or elsewhere in this Prospectus, no expert, promoter, underwriter or any other person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus, nor any firm in which any of those persons is or was a partner nor any company with which any of those persons is or was associated, has now or at any time within 2 years before lodgement of this Prospectus with ASIC:

- any interest in the formation or promotion of the Company or in any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or in connection with any of the Offers; and
- been paid or received, or agreed to be paid or receive, any benefits for any services rendered in connection with the formation or promotion of the Company or any of the Offers.

11.2.2 Interests of advisers

The Company has engaged the following professional advisers in connection with the Offers who have consented to be named in this Prospectus:

Corporate Adviser

Sanston has acted as corporate adviser to the Company. The Company estimates that it will pay Sanston approximately \$375,000 (plus GST) for these services. During the 2 years preceding lodgement of this Prospectus with ASIC, Sanston received fees of approximately \$45,000 (plus GST) from the Company.

Australian legal adviser

Sierra Legal has acted as Australian legal adviser to the Company in relation to the Offers and the Restructure. The Company estimates that it will pay Sierra Legal approximately \$82,000 (plus GST) for these services. Further amounts may be paid to Sierra Legal in accordance with its normal, time-based charges. During the 2 years preceding lodgement of this Prospectus with ASIC, Sierra Legal received fees from the Company for legal services totalling \$75,000 (plus GST).

Malaysian legal adviser

Gary Teh & Ngiam has acted as the Malaysian legal adviser to the Company in relation to the Offers and the Restructure. The Company estimates that it will pay Gary Teh & Ngiam approximately \$13,000 (plus any applicable taxes) for these services. Further amounts may be paid to Gary Teh & Ngiam in accordance with its normal, time-based charges. During the 2 years preceding lodgement of this Prospectus with ASIC, Gary Teh & Ngiam received no fees from the Company for legal services.

Investigating Accountant

RSM has acted as Investigating Accountant and has prepared the Investigating Accountant's Report included in Section 5, and has performed work in relation to due diligence enquiries. The Company estimates that it will pay RSM (together with its affiliated entity, RSM Australia Pty Ltd) approximately \$21,000 (plus GST) for the services that they have provided to the Company in connection with the Offers. Further amounts may be paid to RSM in accordance with its normal, time-based charges. During the 2 years preceding lodgement of this Prospectus with

ASIC, RSM and its affiliated entity RSM Australia Pty Ltd received fees of approximately \$11,000 (plus GST) from the Company for advisory services.

Frost & Sullivan

Frost & Sullivan has been engaged by the Company to prepare the Independent Market Report included in section 3. The Company estimates that it will pay Frost & Sullivan approximately \$16,500 (plus GST) for these services.

These amounts and other expenses of the Offers will be paid by the Company out of available cash. Further information on the use of proceeds and payment of expenses of the Offer is set out in Section 10.6.

11.3 Consents and disclaimers of responsibility

Written consents to the issue of this Prospectus have been given and, at the time of lodgement of this Prospectus with ASIC, had not been withdrawn by the following parties:

- Sanston has given and, at the time of lodgement of this Prospectus with ASIC has not withdrawn, its consent to be named in this Prospectus as the corporate adviser to the Company in the form and context in which it is named. Sanston takes no responsibility for any part of this Prospectus other than any reference to its name.
- RSM has given, and at the time of lodgement of this Prospectus with ASIC has not withdrawn, its consent to be named in this Prospectus as the Investigating Accountant in the form and context in which it is named, and its consent to the inclusion of the Investigating Accountant's Report in the form and context in which it is included. RSM takes no responsibility for any part of this Prospectus other than the Investigating Accountant's Report.
- Sierra Legal has given, and at the time of lodgement of this Prospectus with ASIC has not withdrawn, its consent to be named in this Prospectus as the Company's Australian legal adviser in relation to the Offers in the form and context in which it is named. Sierra Legal takes no responsibility for any part of this Prospectus other than any reference to its name.
- Gary Teh & Ngiam has given, and at the time of lodgement of this Prospectus with ASIC has not withdrawn, its consent to be named in this Prospectus as the Company's Malaysian legal adviser in relation to the Offers in the form and context in which it is named. Gary Teh & Ngiam takes no responsibility for any part of this Prospectus other than any reference to its name.
- Automic has given, and at the time of lodgement of this Prospectus with ASIC has not withdrawn, its consent to be named in this Prospectus as the Company's share registry in the form and context in which it is named. Automic has not taken part in the preparation of any part of this Prospectus other than the recording of its name as share registry to the Company. Automic has not authorised or caused the issue of and expressly disclaims any responsibility for any part of this Prospectus.
- RSM Australia has given, and at the time of lodgement of this Prospectus with ASIC has not withdrawn, its consent to be named in this Prospectus as the Company's auditor in the form and context in which it is named. RSM Australia has not taken part in the preparation of any part of this Prospectus other than the recording of its name as the Company's auditor. RSM Australia has not authorised or caused the issue of and expressly disclaims any responsibility for any part of this Prospectus.
- UHY Chartered Accountants (Malaysia) has given, and at the time of lodgement of this Prospectus with ASIC has not withdrawn, its consent to be named in this Prospectus as the auditor of Solidgro, Geopremium and Color Ocean Energy in the form and context in which it is named. UHY Chartered

Accountants (Malaysia) has not taken part in the preparation of any part of this Prospectus other than the recording of its name as the auditor of Solidgro, Geopremium and Color Ocean Energy. UHY Chartered Accountants (Malaysia) has not authorised or caused the issue of and expressly disclaims any responsibility for any part of this Prospectus.

- Frost & Sullivan has given, and at the time of lodgement of this Prospectus with ASIC has not withdrawn, its consent to be named in this Prospectus as the Independent Market Expert and to the inclusion of its Independent Market Report in the form and context in which it is named and to the inclusion in this Prospectus of statements said to be based on statements made in the Independent Market Report. Frost & Sullivan takes no responsibility for any part of this Prospectus other than the Independent Market Report and the statements in this Prospectus that are stated to be based on the Independent Market Report.
- The members of the SOL Group and the Vendors have given, and have not withdrawn before the lodgement of this Prospectus with ASIC, their written consent to be named in this Prospectus in the form and context in which they are named. The members of the SOL Group take no responsibility for any part of this Prospectus other than any reference to their names. The Vendors are Directors of the Company and have the responsibility imposed on them by the Corporations Act.

11.4 Ownership restrictions

The sale and purchase of Shares in the Company is regulated by Australian laws that restrict the level of ownership or control by any one person (either alone or in combination with others). This Section contains a general description of these laws.

11.4.1 Corporations Act

The takeover provisions in Chapter 6 of the Corporations Act restrict acquisitions of shares in listed companies, and unlisted companies with more than 50 shareholders, if the acquirer's (or another party's) voting power would increase to above 20%, or would increase from a starting point that is above 20% and below 90%, unless certain exceptions apply.

The Corporations Act also imposes notification requirements on persons having voting power of 5% or more in the Company.

11.4.2 The Foreign Acquisitions and Takeovers Act

Under Australia's foreign investment review framework, which comprises the Foreign Acquisitions and Takeovers Act 1975 (Cth) and the Foreign Acquisitions and Takeovers Fees Imposition Act (2015) (Cth), their associated regulations, and Australia's Foreign Investment Policy, the Treasurer has the power to block foreign investment proposals or apply conditions to the way proposals are implemented to ensure that they are not contrary to the national interest.

In general, proposals by a single foreign person (and their associates) to acquire an interest of 20% or more in any business valued at more than \$252 million (or \$1,094 million for certain prescribed investors including China, United States and New Zealand investors) must be reported to Australia's Foreign Investment Review Board for examination by the Treasurer. This also applies to proposals by two or more foreign persons (and their associates) to acquire an interest of 40% or more. Foreign government investors require approval from the Treasurer before making any direct investments in Australia, regardless of the value. Further information on the Australian Government's foreign investment screening requirements is detailed in Australia's Foreign Investment Policy, available at www.firb.gov.au.

11.5 Litigation and claims

As at the Prospectus Date, so far as the Directors are aware, there is no current or threatened civil litigation, arbitration proceedings or administrative appeals, or criminal or governmental prosecutions of a material nature in which the Company or any of the SOL Group companies are directly or indirectly concerned and which is likely to have a material adverse impact on the business or financial position of the Group.

11.6 Taxation

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

It is the responsibility of all persons to satisfy themselves of the particular taxation treatment that applies to them in relation to the Offers, by consulting their own professional tax advisers. To the maximum extent permitted by law, the Company, its officers and each of their respective advisers accept no liability and responsibility with respect to the taxation consequences of subscribing for Securities under this Prospectus.

11.7 Governing law

This Prospectus and the contracts that arise from the acceptance of Applications are governed by the laws applicable in Victoria, Australia and each Applicant submits to the exclusive jurisdiction of the courts of Victoria, Australia.

11.8 Electronic prospectus

A copy of this Prospectus can be downloaded from the website located at <https://automic.com.au/ipo/majestic.htm>. If you are accessing the electronic version of this Prospectus for the purpose of making an investment in the Company under the Public Offer, you must be an Australian resident and must only access this Prospectus from within Australia.

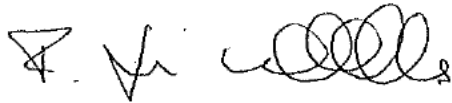
There is no facility for the Offers to be accepted electronically or by applying online. Securities will not be issued under the electronic version of this Prospectus. The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies a complete and unaltered version of this Prospectus. You may obtain a hard copy of this Prospectus free of charge by contacting the Company.

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

12. Directors' Authorisation

This Prospectus is authorised by each Director and each person listed in this Prospectus as a proposed Director. Each of those persons consent to the lodgement of this Prospectus with ASIC.

Signed by Frank Licciardello, a Director of the Company, pursuant to section 351 of the Corporations Act, for the purposes of lodgement of this Prospectus with ASIC.

A handwritten signature in black ink, appearing to read 'F. Licciardello', with a stylized flourish at the end.

Francesco (Frank) Licciardello
Director

13. Glossary

Term	Meaning
\$ or AU\$	Australian dollars.
AEDT	Australian Eastern Daylight Saving Time.
Applicant	A person who submits a valid Application pursuant to this Prospectus.
Application	A valid application for Shares made pursuant to an Application Form.
Application Form	An application form included in or accompanying this Prospectus (including the electronic version of this Prospectus).
Application Moneys	Moneys payable in connection with an Application under the Public Offer.
ASIC	Australian Securities and Investments Commission.
ASX	ASX Limited ACN 008 624 691 or the market for trading in Securities operated in Australia by that company (as the context requires).
ASX Settlement Operating Rules	The operating rules of ASX Settlement Pty Limited ABN 49 008 504 532 and, to the extent they are applicable, the operating rules of each of the ASX and ASX Clear Pty Limited ABN 48 001 314 503.
Automic	Automic Pty Ltd ACN 152 260 814.
Board	The board of directors of the Company from time to time.
Bumiputra	A term used to describe Malaysian citizens with Malay or indigenous heritage.
Closing Date	The last date for receipt of completed Application Forms which is 5.00pm (AEDT) on 20 January 2017 or such other date as the Directors determine.
COE (Aus)	Color Ocean Energy Pty Ltd ACN 614 880 929.
Color Ocean Energy	Color Ocean Energy Limited (incorporated in the British Virgin Islands with company number BVI 1028814).
Company	Majestic Horizon Holdings Limited ACN 614 137 807.
Conditions of the Offers	The conditions set out in Section 10.4
Consideration Shares	Has the meaning given in Section 9.1.
Constitution	The constitution of the Company from time to time.

Term	Meaning
Convertible Notes	The convertible notes issued by the Company to the Noteholders under the Convertible Note Agreements.
Convertible Note Agreements	The agreements described in Section 9.2.
Corporations Act	Corporations Act 2001 (Cth).
Directors	Each of the directors of the Company from time to time.
Expiry Date	20 November 2017, being 13 months after the Original Prospectus Date, after which no Shares will be issued under this Prospectus.
Exposure Period	Has the meaning given in the “Important information” Section of this Prospectus.
Financial Year or FY	The 12 months commencing on 1 January and ending on the following 31 December.
Frost & Sullivan	Frost & Sullivan Australia Pty Ltd ACN 096 869 108.
Gary Teh & Ngiam	The Malaysian legal practice with that name.
Geopremium	Geopremium Sdn Bhd (a company incorporated in Malaysia with company number 893158-T).
Group	The Company, and following completion of the Restructure, the Company and the SOL Group companies.
GST	Australian goods and services tax.
HPHT	High pressure high temperature.
Investigating Accountant	RSM.
Investigating Accountant’s Report	The report set out in Section 5.
Independent Market Expert	Frost & Sullivan.
Independent Market Report	The report set out in Section 3.
Listing Application	The Company’s application to the ASX relating to admission of the Company to the Official List and official quotation by the ASX of the Shares.
Listing Rules	The official listing rules of the ASX as amended or replaced from time to time.
Noteholders	Asenna Wealth Solutions Pty Ltd ACN 155 544 460, Kaing Hooou Tan and Lee Keong Wong.
Noteholder Offer	An offer to the Noteholders to subscribe for approximately 3,866,666 new Shares on conversion of the Convertible Notes issued under the Convertible Note Agreements.

Term	Meaning
Offers	The Public Offer and the Noteholder Offer.
Offer Period	The period from the Opening Date up to and including the Closing Date.
Offer Price	In relation to the Public Offer, \$0.20 per Share, payable on Application for the Shares.
Official List	The official list of the ASX.
Opening Date	The first date for receipt of completed Application Forms which is 9.00am (AEDT) on 8 December 2016, or such other date as the Directors determine.
Options	Options to be issued fully paid Shares.
Original Prospectus	The prospectus dated 21 November 2016 and lodged with ASIC on that date, and which this Prospectus replaces.
Original Prospectus Date	The date of the Original Prospectus, being 21 November 2016.
Petronas	Petroleum Nasional Berhad, being Malaysia's government owned, fully integrated oil and gas corporation and custodian for Malaysia's national oil and gas resources.
Petronas Licence	The licence described in Section 9.6.
Prospectus	This replacement prospectus dated 7 December 2016, including any supplementary prospectus.
Prospectus Date	The date of this Prospectus, being 7 December 2016.
Public Offer	An offer of a minimum of 15,000,000 Shares and a maximum of 20,000,000 Shares at \$0.20 per Share pursuant to this Prospectus.
Related Party Contracts	The contracts referred to in Sections 7.2.3 (Executive services agreements), 9.1 (Restructure Deed), 9.3 (Sanston Mandate) and 9.4 (Sanston Options).
Restructure	Pre-IPO restructure under the Restructure Deed as described in Section 9.1.
Restructure Deed	The restructure deed described in Section 9.1.
RM	Malaysian Ringgit.
RSM	RSM Corporate Australia Pty Ltd ACN 050 508 024.
RSM Australia	RSM Australia Partners ABN 36 965 185 036.
Sanston	Sanston Securities Australia Pty Ltd ACN 156 057 064.

Term	Meaning
Sanston Mandate	The letter of engagement between Sanston and the Company dated 1 August 2016 and with the key terms summarised in Section 9.3.
Securities	Has the same meaning in section 92 of the Corporations Act.
Share	A fully paid ordinary share in the capital of the Company.
Shareholder Resolutions	Has the meaning given in Section 10.4.
Share Registry	Automatic.
Shareholder	A holder of Shares.
Sierra Legal	Sierra Legal Pty Ltd ACN 140 725 060.
SOL Group	Solidgro, Color Ocean Energy, COE (Aus) and an associated interest in Geopremium.
Sierra Legal Retainer	The retainer letter between Sierra Legal and the Company dated 31 July 2016 and with the key terms summarised in Section 9.5.
Solidgro	Solidgro Energy Sdn Bhd (a company incorporated in Malaysia with company number 743937-H).
Vendors	Han Bee Tung, Khen Peng Wee and Manogran P. Arumugam (being shareholders of the SOL Group companies before completion of the Restructure).

14. Application Forms

INSTRUCTIONS FOR COMPLETION OF THIS APPLICATION FORM

This is an Application Form for Fully Paid Ordinary Shares ('Shares') in Majestic Horizon Holdings Ltd (ACN 614 137 807) (**Company**), made under the terms set out in the Prospectus dated 7 December 2016 (**Prospectus**) and lodged with ASIC on that date. The Prospectus is a replacement prospectus and replaces the prospectus dated 21 November 2016 and lodged with ASIC on that date.

The Prospectus contains important information relevant to your decision to invest and you should read the entire Prospectus before applying for Shares. If you are in doubt as to how to deal with this Application Form, please contact your accountant, lawyer, stockbroker or other professional adviser. To meet the requirements of the Corporations Act, this Application Form must not be distributed unless included in, or accompanied by, the Prospectus.

1 Shares applied for

Enter the number of Shares you wish to apply. Your application must be for a minimum of 10,000 Shares (A\$2,000). Applications for greater than 10,000 shares must be in multiples of 1,000 Shares (A\$200). Enter the amount of the Application Moneys. To calculate this amount, multiply the number of Shares applied for by the offer price which is A\$0.20.

2 Applicant name(s) and postal address

Note that ONLY legal entities can hold Shares. The application must be in the name of a natural person(s), company or other legal entity acceptable to the Company. At least one full given name and surname is required for each natural person. You should refer to the table for the correct forms of registrable title(s). Applicants using the wrong form of names may be rejected. Enter your postal address for all correspondence. Only one address can be recorded against a holding. With exception to annual reports, all communications to you from the Company will be mailed to the person(s) and address shown. Annual reports will be made available online when they are released. You can notify any change to your communication preferences by visiting the registry website – www.automic.com.au

Enter your contact details where we may reach you between the hours of 9:00am and 5:00pm should we need to speak to you about your application

3 CHESS Holders

If you are sponsored by a stockbroker or other participant and you wish to hold shares allotted to you under this Application on the CHESS subregister, enter your CHESS HIN. Otherwise leave the section blank and on allotment you will be sponsored by the Company and a "Securityholder Reference Number" (SRN) will be allocated to you.

4 TFN/ABN/Exemption

If you wish to have your Tax File Number, ABN or Exemption registered against your holding, please enter the details. Collection of TFN's is authorised by taxation laws but quotation is not compulsory and it will not affect your Application Form.

5 Payment Instructions

Unless received from their broker, Applicants under the Public Offer must lodge their Application Form and Application Moneys with Majestic Horizon Holdings Ltd by 5.00pm (AEDT) on the Closing Date.

To make payment via cheque: Cheques must be drawn on an Australian branch of a financial institutional in Australian currency, made payable to "Majestic Horizon Holdings Ltd - IPO Account" and crossed 'Not Negotiable'.

To make payment by EFT: Bank account details for EFT payments are supplied below. Please post your completed Application Form to Majestic Horizon Holdings Ltd at their mailing address supplied in the lodgement instructions below. If you pay the Application Moneys using EFT, you should use the name of the Applicant (as specified in your Application Form) as the transfer reference. Applicants should be aware of their financial institution's cut-off time. It is the Applicant's responsibility to ensure funds are submitted correctly by the Closing Date and time.

Account Name: Majestic Horizon Holdings Ltd - IPO Account
Bank: Westpac Banking Corporation Ltd
BSB: 033 165
Account Number: 362 617
SWIFT: WPACAU2S
Branch: 409 St Kilda Road, Melbourne, Victoria 3004, Australia

LODGEMENT INSTRUCTIONS

There is no maximum value of Shares that may be applied for under the Public Offer. The Company may determine a person to be eligible to participate in the Public Offer.

The Public Offer opens at 9.00am (AEDT) on 8 December 2016 and is expected to close at 5.00pm (AEDT) on 20 January 2017. The Company may elect to extend the Public Offer or any part of it, and may close the Public Offer at any earlier date and time, without further notice. Applicants are therefore encouraged to submit their Applications as early as possible.

Mail or deliver your completed Application Form with your cheque to the following address.

Mailing Address

Majestic Horizon Holdings Ltd
Level 17, 31 Queen Street
Melbourne, Victoria 3000
Australia

Hand Delivery

Majestic Horizon Holdings Ltd
Level 17, 31 Queen Street
Melbourne, Victoria 3000
Australia

Enquiries in respect of this Application Form should be addressed to Majestic Horizon Holdings Ltd on +61 9028 4480. Application Forms must be received no later than 5.00pm AEDT on 20 January 2017.

Privacy Clause: Automic Pty Ltd (ACN 152 260 814) trading as Automic Registry Services (Automic) advises that Chapter 2C of the *Corporations Act 2001* requires information about you as a securityholder (including your name, address and details of the securities you hold) to be included in the public register of the entity in which you hold securities. Primarily, your personal information is used in order to provide a service to you. We may also disclose the information that is related to the primary purpose and it is reasonable for you to expect the information to be disclosed. You have a right to access your personal information, subject to certain exceptions allowed by law and we ask that you provide your request for access in writing (for security reasons). Our privacy policy is available on our website – www.automic.com.au

ACN 614 137 807

PLEASE FOLLOW THE INSTRUCTIONS TO COMPLETE THIS APPLICATION FORM (SEE REVERSE) AND PRINT CLEARLY IN CAPITAL LETTERS USING BLACK OR BLUE PEN. THIS APPLICATION FORM MUST ONLY BE USED WHERE THE APPLICANT IS A NOTEHOLDER.

Number of Convertible Notes to be converted into Shares

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Name of Applicant 1

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Number/Street

[illegible][illegible]

State

Postcode

[illegible]

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[illegible]

Please advise your contact details between 9:00am AEDT and 5:00pm AEDT should we need to speak to you about your application.

Telephone Number

Contact Name (PRINT)

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Email Address

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Note: the name and address details in section 2 must match your registration details held at CHESS

[illegible]

Applicant 1

Applicant #2

Applicant #3

[illegible]

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If NOT an individual TFN/ABN, please note the type in the box
C = Company; P = Partnership; T = Trust; S = Super Fund

10

CORRECT FORMS OF REGISTRABLE TITLE

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Trusts	Mr John Richard Sample <Sample Family A/C>	John Sample Family Trust
Superannuation Funds	Mr John Sample & Mrs Anne Sample <Sample Family Super A/C>	John & Anne Superannuation Fund
Partnerships	Mr John Sample & Mr Richard Sample <Sample & Son A/C>	John Sample & Son
Clubs/Unincorporated Bodies	Mr John Sample < Food Help Club A/C>	Food Help Club
Deceased Estates	Mr John Sample <Estate Late Anne Sample A/C>	Anne Sample (Deceased)

INSTRUCTIONS FOR COMPLETION OF THIS APPLICATION FORM

This is an Application Form for Fully Paid Ordinary Shares ('Shares') in Majestic Horizon Holdings Ltd (ACN 614 137 807) (**Company**), made under the terms set out in the Prospectus dated 7 December 2016 (**Prospectus**) and lodged with ASIC on that date. The Prospectus is a replacement prospectus and replaces the prospectus dated 21 November 2016 and lodged with ASIC on that date.

The Prospectus contains important information relevant to your decision to invest and you should read the entire Prospectus before applying for Shares. If you are in doubt as to how to deal with this Application Form, please contact your accountant, lawyer, stockbroker or other professional adviser. To meet the requirements of the Corporations Act, this Application Form must not be distributed unless included in, or accompanied by, the Prospectus.

1 Shares applied for

Enter the number of Shares you wish to apply for. Insert the amount of Convertible Notes to be converted into Shares.

2 Applicant name(s) and postal address

Note that ONLY legal entities can hold Shares. The application must be in the name of a natural person(s), company or other legal entity acceptable to the Company. At least one full given name and surname is required for each natural person. You should refer to the table for the correct forms of registrable title(s). Applicants using the wrong form of names may be rejected. Enter your postal address for all correspondence. Only one address can be recorded against a holding. With exception to annual reports, all communications to you from the Company will be mailed to the person(s) and address shown. Annual reports will be made available online when they are released. You can notify any change to your communication preferences by visiting the registry website – www.automic.com.au

Enter your contact details where we may reach you between the hours of 9:00am and 5:00pm should we need to speak to you about your application

3 CHESS Holders

If you are sponsored by a stockbroker or other participant and you wish to hold shares allotted to you under this Application on the CHESS subregister, enter your CHESS HIN. Otherwise leave the section blank and on allotment you will be sponsored by the Company and a "Securityholder Reference Number" (SRN) will be allocated to you.

4 TFN/ABN/Exemption

If you wish to have your Tax File Number, ABN or Exemption registered against your holding, please enter the details. Collection of TFN's is authorised by taxation laws but quotation is not compulsory and it will not affect your Application Form.

LODGEMENT INSTRUCTIONS

Only the Noteholders are eligible to participate in the Noteholder Offer.

The Noteholder Offer opens at 9.00am (AEDT) on 8 December 2016 and is expected to close at 5.00pm (AEDT) on 20 January 2017. The Company may elect to extend the Noteholder Offer or any part of it, and may close the Noteholder Offer at any earlier date and time, without further notice. Applicants are therefore encouraged to submit their Applications as early as possible.

Mail or deliver your completed Application Form to the following address.

Mailing Address

Majestic Horizon Holdings Ltd
Level 17, 31 Queen Street
Melbourne, Victoria 3000
Australia

Hand Delivery

Majestic Horizon Holdings Ltd
Level 17, 31 Queen Street
Melbourne, Victoria 3000
Australia

Enquiries in respect of this Noteholder Offer Application Form should be addressed to Majestic Horizon Holdings Ltd on +61 3 9028 4480. Noteholder Offer Application Forms must be received no later than 5.00pm AEDT on 20 January 2017.

Privacy Clause: Automic Pty Ltd (ACN 152 260 814) trading as Automic Registry Services (Automic) advises that Chapter 2C of the *Corporations Act 2001* requires information about you as a securityholder (including your name, address and details of the securities you hold) to be included in the public register of the entity in which you hold securities. Primarily, your personal information is used in order to provide a service to you. We may also disclose the information that is related to the primary purpose and it is reasonable for you to expect the information to be disclosed. You have a right to access your personal information, subject to certain exceptions allowed by law and we ask that you provide your request for access in writing (for security reasons). Our privacy policy is available on our website – www.automic.com.au

Corporate directory

Company

Majestic Horizon Holdings Ltd ACN 614 137 807
Level 7, 564 St Kilda Road
Melbourne 3004
Victoria, Australia

Tel: +61 3 9028 4480
Email: info@majestichh.com.au
Website: www.majestichh.com.au

Corporate Adviser

Sanston Securities Australia Pty Ltd
Level 7, 564 St Kilda Road
Melbourne 3004
Victoria, Australia

Investigating Accountant

RSM Corporate Australia Pty Ltd
Level 21, 55 Collins Street
Melbourne 3000
Victoria, Australia

Share registry^{*}

Automic Pty Ltd
Level 3, 50 Holt Street
Surry Hills 2010
New South Wales, Australia

Current officers

Mr Frank Licciardello – Non-Executive Chairman
Mr Khen Peng Wee – Managing Director and Chief Executive Officer
Ms Han Bee Tung – Finance Director
Mr Manogran P. Arumugam – Executive Director and Chief Operations Officer
Mr Craig Sanford – Non-Executive Director
Mr Lee Mitchell – Company Secretary

Australian Legal Adviser

Sierra Legal Pty Ltd
Level 10, 446 Collins Street
Melbourne 3000
Victoria, Australia

Malaysian Legal Adviser

Gary Teh & Ngiam
Unit 1608, 16th floor, Block A
Damansara Intan, No. 1, Jalan SS 20/27
47400 Petaling Jaya, Selangor, Malaysia

Auditor^{*}

RSM Australia Partners
Level 21, 55 Collins Street
Melbourne 3000
Victoria, Australia

^{*} These entities were not involved in the preparation of this Prospectus



MAJESTIC HORIZON HOLDINGS

SUPPLEMENTARY PROSPECTUS MAJESTIC HORIZON HOLDINGS LTD ACN 614 137 807

Important information

This is a supplementary disclosure document (**Supplementary Prospectus**) dated 16 January 2017 and was lodged with ASIC on that date. The Supplementary Prospectus contains particulars of changes to (and supplements) the replacement prospectus lodged with ASIC on 7 December 2016 (**Replacement Prospectus**) by Majestic Horizon Holdings Ltd (**Company**).

This Supplementary Prospectus and the Replacement Prospectus are important documents that must be read in conjunction with each other. Investors should read both documents in full and are advised to consult with their professional advisers before deciding whether to apply for Shares under this Supplementary Prospectus.

This Supplementary Prospectus is a “refresh document” as defined in Section 724(3H) of the Corporations Act and has been lodged with ASIC in accordance with Section 724(3G) of the Corporations Act.

ASIC, the ASX and their respective officers take no responsibility for the content of this Supplementary Prospectus or the merits of the investment to which this Supplementary Prospectus relates.

Other than as set out in this Supplementary Prospectus, all details set out in the Replacement Prospectus remain unchanged. In the event of inconsistencies between the Supplementary Prospectus and the Replacement Prospectus, the Supplementary Prospectus prevails. The Company will send a copy of the Supplementary Prospectus to all Applicants that have applied for securities under the Replacement Prospectus as at the date of this Supplementary Prospectus.

Obtaining a copy of this Supplementary Prospectus

A paper copy of this Supplementary Prospectus and the Replacement Prospectus may be obtained free of charge from the Company by any person in Australia by calling +61 3 9028 4480 between 9.00am and 5.00pm (AEDT), Monday to Friday during the Offer Period.

An electronic copy of this Supplementary Prospectus (together with the Replacement Prospectus) are also available to Australian resident investors on the website, <https://automic.com.au/ipo/majestic.htm>. The distribution of this Supplementary Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Supplementary Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate applicable securities laws.

Applications may only be made using the relevant Application Form attached to a hard copy of this Supplementary Prospectus or on a printed copy of the electronic version downloaded in its entirety.

The Corporations Act prohibits any person from passing the Application Forms on to another person unless they are attached to, or accompanied by, this Supplementary Prospectus and the Replacement Prospectus in their paper copy form or the complete and unaltered electronic version of this Supplementary Prospectus (together with the Replacement Prospectus).

Defined terms and abbreviations

Terms defined in the Replacement Prospectus have the same meaning in this Supplementary Prospectus unless otherwise specifically stated.

1. Summary

1.1 Purpose of this Supplementary Prospectus

This Supplementary Prospectus contains details of new circumstances that have arisen since the lodgement of the Replacement Prospectus with ASIC.

This Supplementary Prospectus has been prepared for the purposes of:

- amending Sections 1.8 and 2.14 of the Replacement Prospectus in relation to the escrow that will be imposed on certain Shares by the ASX;
- amending Sections 1.4 and 6.2 of the Replacement Prospectus to reflect the changes in the risks associated with a larger number of Shares being subject to mandatory escrow by the ASX;
- "refreshing" the period for admission to quotation of Shares offered under the Replacement Prospectus so that the period will expire on the date which is 3 months after the date of this Supplementary Prospectus;
- "refreshing" the period for raising the minimum subscription under the Public Offer so that the period will expire on the date which is 4 months after the date of this Supplementary Prospectus; and
- providing an updated indicative timetable for the Offers.

1.2 Background

Under the Corporations Act, if an entity offers securities under a disclosure document (such as a prospectus) and the disclosure document states or implies that those securities are to be admitted to quotation on the ASX, and those securities are not then admitted to quotation on the ASX within 3 months after the date of the relevant disclosure document (**Quotation Condition**), then the allotment of those securities will be void and all subscription moneys received in relation to those securities must be returned to the relevant applicants. Alternatively, the applicants must be given a supplementary disclosure document and the opportunity to withdraw their application (see Section 2.1 below for further details).

Additionally, under the Corporations Act, if an entity offers securities under a disclosure document (such as a prospectus) and that disclosure document states that a minimum subscription amount must be raised before any securities will be issued (**Minimum Subscription Condition**), then the Minimum Subscription Condition must be satisfied within 4 months after the date of the disclosure document. If the Minimum Subscription Condition is not satisfied before the end of that 4 month period, any subscription moneys received in relation to the securities must be returned to the relevant applicants. Alternatively, the applicants must be given a supplementary disclosure document and the opportunity to withdraw their application (see Section 2.1 below for further details).

ASIC has varied the Corporations Act to allow companies to "refresh" the timing of the Minimum Subscription Condition and Quotation Condition under ASIC Corporations (Minimum Subscription and Quotation Conditions) Instrument 2016/70 (**LI 2016/70**), so that the respective 4 and 3 month periods re-commence from the date that a "refresh document" is lodged with ASIC, provided that the refresh document meets certain conditions (**Refresh Conditions**).

This Supplementary Prospectus addresses the relevant Refresh Conditions and it is the Company's intention that this will effectively "refresh" the 3 month period relating to the Quotation Condition and the 4 month period

relating to the Minimum Subscription Condition, such that the relevant time periods will re-commence from the date that this Supplementary Prospectus is lodged with ASIC.

This Supplementary Prospectus also contains some additional updates that have occurred since the lodgement date of the Replacement Prospectus.

2. Specific disclosures required in a “refresh document”

Set out below are the specific disclosures required to be included in a “refresh document” by LI 2016/70.

2.1 Withdrawal rights

Any Applicant who, before the date of this Supplementary Prospectus, has lodged an Application for Shares offered under the Public Offer or the Noteholder Offer, will be issued a copy of this Supplementary Prospectus and has the right to withdraw their Application and be repaid their Application Moneys (if any) without interest, provided that their request to withdraw their Application is received by the Company within 1 calendar month after the date of this Supplementary Prospectus (**Withdrawal Period**) (i.e. on or before 16 February 2017).

A request to withdraw an Application under the terms of this Section 2.1 of this Supplementary Prospectus should be in writing, signed by the Applicant and given to the Company using one of the same contact methods and details used for the Applications as set out in section 10.8 of the Replacement Prospectus.

If you are an Applicant and you do not wish to withdraw your Application, you do not need to take any action.

The Offers will remain open until after the end of the Withdrawal Period (i.e. until 17 February 2017).

2.2 Applications received

The Company advises that 32 Applications have been received as at the date of this Supplementary Prospectus, for a total of:

- 2,147,500 Shares under the Public Offer with a total value of \$429,500 banked as cleared funds; and
- zero Shares under the Noteholder Offer.

An additional \$171,700 in banked cleared funds have also been received, and the corresponding application forms are expected to follow shortly.

No Applications have been processed and no Shares have been issued under the Replacement Prospectus.

2.3 Minimum Subscription Condition

As at the date of this Supplementary Prospectus, the minimum subscription amount of \$3,000,000 or 15,000,000 Shares under the Public Offer (as detailed in the Replacement Prospectus) has not been achieved. This minimum subscription amount specified in the Replacement Prospectus remains unchanged. No Shares have been issued under the Replacement Prospectus.

Upon lodgement of this Supplementary Prospectus with ASIC (unless the Company lodges a further refresh document in the future), the Minimum Subscription Condition must be satisfied by no later than 16 May 2017 (being 4 months after the date of this Supplementary Prospectus).

2.4 Quotation Condition

The Company submitted its Listing Application to the ASX within 7 days after the date of the Original Prospectus.

As at the date of this Supplementary Prospectus, the Company's Shares have not yet been admitted to quotation on the ASX. However, the ASX has indicated to the Company in a draft letter dated 23 December 2016 (**Conditional Listing Letter**), that the Shares will be admitted to quotation subject to certain conditions being

satisfied (**Specific Quotation Conditions**). These Specific Quotation Conditions may be amended or updated when the ASX issues a final version of the Conditional Listing Letter to the Company. However, based on the draft Conditional Listing Letter, the Specific Quotation Conditions that have not been satisfied as at the date of this Supplementary Prospectus are as follows:

- the Company closing the Public Offer and issuing at least 15,000,000 Shares (and up to 20,000,000 Shares);
- completion of the issue of 3,866,666 Shares to the Noteholders under the Noteholder Offer (or such number dictated by the Convertible Note Agreements);
- providing confirmation in a form acceptable to the ASX that the Company has received the required cleared funds for all Shares to be issued to Applicants under the Replacement Prospectus;
- the ASX being satisfied that the Company has the appropriate spread of shareholders (in particular that the Company has at least 75% Australian-resident shareholders), and a minimum free float of at least 20%;
- providing the ASX with copies of all restriction agreements entered into by the Company together with an undertaking provided by the Share Registry in relation to restricted securities of the Company;
- providing the ASX with confirmation:
 - of the approval of the Shareholder Resolutions by the relevant Shareholders; and
 - that all loans to the SOL Group from the related party Vendors (totalling \$114,000 as at the date of the Restructure Deed) have been waived.
- the Company despatching a notice under ASX Settlement Operating Rule 8.9.1, despatching all holding statements and refunding any required Application Moneys;
- provision of the following in a form suitable for release to the market:
 - a distribution schedule of the Shareholders;
 - a statement setting out the names of the 20 largest Shareholders, including the number and percentage of Shares held by those Shareholders;
 - an updated pro-forma statement of financial position for the Company based on the actual amount of funds raised under the Public Offer;
 - a statement confirming the satisfaction of the conditions precedent to and completion of the Restructure, including the issue of 47,692,308 Shares to Khen Peng Wee, Han Bee Tung and Manogran P. Arumugam as consideration for the transfer by them of the issued share capital in Solidgro, Color Ocean Energy, COE (Aus) and 49% of the shares in Geopremium to the Company under the Restructure;
 - a statement confirming the satisfaction of the conditions precedent to and completion of the Convertible Note Agreements;
 - a statement confirming the satisfaction of the conditions precedent to and completion of the Sanston Mandate and the issue of 8,000,000 Options to Sanston; and
 - a statement setting out the number of securities subject to ASX restrictions and the restriction period applied to those securities.

Upon the lodgement of this Supplementary Prospectus with ASIC (unless the Company lodges a further refresh document in the future), the Quotation Condition must be satisfied by no later than 16 April 2017 (being 3 months after the date of this Supplementary Prospectus).

3. Other changes to the Replacement Prospectus

This Supplementary Prospectus also modifies and updates the Replacement Prospectus in respect of the following matters:

3.1 Replacement table of important dates

The table of important dates in the Key Offer Information section is deleted and replaced with the following new table.

Activity	Indicative Timetable
Lodgement of the Original Prospectus with ASIC	21 November 2016
Lodgement of the Replacement Prospectus with ASIC	7 December 2016
Opening Date for the Offers	8 December 2016
Lodgement of this Supplementary Prospectus with ASIC	16 January 2017
Closing Date for the Offers ¹	17 February 2017
Completion of the Restructure	Late February 2017
Completion of the Offers (Shares to be issued to successful Applicants)	Late February 2017
Dispatch of holding statements	Late February 2017
Expected date for Shares to commence trading on the ASX	Late February 2017

The anticipated date for commencement of trading of the Shares on the ASX as a result of the Listing Application is subject to ASX approval. The dates shown in the table above are indicative only and may vary. The Company reserves the right to vary the Closing Date for the Offers without prior notice, which may have a consequential effect on the other dates.

3.2 Restricted securities

The text in the section relating to “Will any Securities be escrowed?” in Section 1.8 of the Replacement Prospectus and in the section titled “Restricted Securities” in Section 2.14 of the Replacement Prospectus are deleted and replaced with the following:

The ASX has determined that 49,687,308 Shares held (or to be held) by the Vendors after the Restructure will be subject to escrow restrictions under the Listing Rules expiring 24 months after the commencement of quotation of the Company’s Shares on the ASX. A total of 2,416,666 Shares to be issued to the Noteholders will also be subject to escrow restrictions under the Listing Rules expiring 12 months after the date on which those Shares are issued. In addition, the 8,000,000 Options to be issued to Sanston (together with Shares issued as a result of the exercise of those Options) will also be subject to escrow restrictions under the Listing Rules expiring 24 months after the commencement of quotation of the Company’s Shares on the ASX.

¹ Unless the Offer Period is varied by the Company (including in circumstances where the Offers are closed early or extended)

3.3 Key risks

The following is added to the section titled “What are the key risks of investing in Shares in the Company?” in Section 1.4 of the Replacement Prospectus, after the sub-section titled “Risks associated with capital structure”:

Liquidity risk

The ASX has determined that 49,687,308 Shares held (or to be held) by the Vendors after the Restructure will be subject to escrow restrictions under the Listing Rules expiring 24 months after the commencement of quotation of the Company’s Shares on the ASX. A total of 2,416,666 Shares to be issued to the Noteholders will also be subject to escrow restrictions under the Listing Rules expiring 12 months after the date on which those Shares are issued. This means that between 70% and 76% of the Shares will be subject to mandatory escrow restrictions. With such a large portion of the Shares being restricted, this could reduce the liquidity associated with an investment in the Company.

After the section titled “Risks associated with capital structure” in Section 6.2.3 of the Replacement Prospectus, the following is inserted as the new Section 6.2.4 (and the numbering in the remainder of Section 6.2 is updated accordingly):

6.2.4 Liquidity risk

The ASX has determined that 49,687,308 Shares held (or to be held) by the Vendors after the Restructure will be subject to escrow restrictions under the Listing Rules expiring 24 months after the commencement of quotation of the Company’s Shares on the ASX. A total of 2,416,666 Shares to be issued to the Noteholders will also be subject to escrow restrictions under the Listing Rules expiring 12 months after the date on which those Shares are issued. This means that between 70% and 76% of the Shares will be subject to mandatory escrow restrictions. With such a large portion of the Shares being restricted, this could reduce the liquidity associated with an investment in the Company.

4. New applications

All Applications for Shares made on or after the date of this Supplementary Prospectus must be made pursuant to the Replacement Prospectus as supplemented by this Supplementary Prospectus and be made on the relevant Application Form attached to this Supplementary Prospectus. Applications must not be made on the Application Forms contained in the Replacement Prospectus.

5. Directors’ authorisation

This Supplementary Prospectus is authorised by each Director and each person listed in the Replacement Prospectus as a proposed Director. Each of those persons consent to the lodgement of this Supplementary Prospectus with ASIC.

Signed by Craig Sanford, a Director of the Company, pursuant to section 351 of the Corporations Act, for the purposes of lodgement of this Supplementary Prospectus with ASIC.



Craig Sanford
Director

ACN 614 137 807

PLEASE FOLLOW THE INSTRUCTIONS TO COMPLETE THIS APPLICATION FORM (SEE REVERSE) AND PRINT CLEARLY IN CAPITAL LETTERS USING BLACK OR BLUE PEN.

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Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Trusts	Mr John Richard Sample <Sample Family A/C>	John Sample Family Trust
Superannuation Funds	Mr John Sample & Mrs Anne Sample <Sample Family Super A/C>	John & Anne Superannuation Fund
Partnerships	Mr John Sample & Mr Richard Sample <Sample & Son A/C>	John Sample & Son
Clubs/Unincorporated Bodies	Mr John Sample < Food Help Club A/C>	Food Help Club
Deceased Estates	Mr John Sample <Estate Late Anne Sample A/C>	Anne Sample (Deceased)

INSTRUCTIONS FOR COMPLETION OF THIS APPLICATION FORM

This is an Application Form for Fully Paid Ordinary Shares (**Shares**) in Majestic Horizon Holdings Ltd (ACN 614 137 807) (**Company**), made under the terms set out in the Replacement Prospectus dated 7 December 2016, as supplemented by the supplementary prospectus dated 16 January 2017 and lodged with ASIC on that date (together the **Prospectus**).

The Prospectus contains important information relevant to your decision to invest and you should read the entire Prospectus before applying for Shares. If you are in doubt as to how to deal with this Application Form, please contact your accountant, lawyer, stockbroker or other professional adviser. To meet the requirements of the Corporations Act, this Application Form must not be distributed unless included in, or accompanied by, the Prospectus.

1 Shares applied for

Enter the number of Shares you wish to apply. Your application must be for a minimum of 10,000 Shares (A\$2,000). Applications for greater than 10,000 shares must be in multiples of 1,000 Shares (A\$200). Enter the amount of the Application Moneys. To calculate this amount, multiply the number of Shares applied for by the offer price which is A\$0.20.

2 Applicant name(s) and postal address

Note that ONLY legal entities can hold Shares. The application must be in the name of a natural person(s), company or other legal entity acceptable to the Company. At least one full given name and surname is required for each natural person. You should refer to the table for the correct forms of registrable title(s). Applicants using the wrong form of names may be rejected. Enter your postal address for all correspondence. Only one address can be recorded against a holding. With exception to annual reports, all communications to you from the Company will be mailed to the person(s) and address shown. Annual reports will be made available online when they are released. You can notify any change to your communication preferences by visiting the registry website – www.automic.com.au

Enter your contact details where we may reach you between the hours of 9:00am and 5:00pm should we need to speak to you about your application

3 CHESS Holders

If you are sponsored by a stockbroker or other participant and you wish to hold shares allotted to you under this Application on the CHESS subregister, enter your CHESS HIN. Otherwise leave the section blank and on allotment you will be sponsored by the Company and a "Securityholder Reference Number" (SRN) will be allocated to you.

4 TFN/ABN/Exemption

If you wish to have your Tax File Number, ABN or Exemption registered against your holding, please enter the details. Collection of TFN's is authorised by taxation laws but quotation is not compulsory and it will not affect your Application Form.

5 Payment Instructions

Unless received from their broker, Applicants under the Public Offer must lodge their Application Form and Application Moneys with Majestic Horizon Holdings Ltd by 5.00pm (AEDT) on the Closing Date.

To make payment via cheque: Cheques must be drawn on an Australian branch of a financial institution in Australian currency, made payable to "Majestic Horizon Holdings Ltd - IPO Account" and crossed 'Not Negotiable'.

To make payment by EFT: Bank account details for EFT payments are supplied below. Please post your completed Application Form to Majestic Horizon Holdings Ltd at their mailing address supplied in the lodgement instructions below. If you pay the Application Moneys using EFT, you should use the name of the Applicant (as specified in your Application Form) as the transfer reference. Applicants should be aware of their financial institution's cut-off time. It is the Applicant's responsibility to ensure funds are submitted correctly by the Closing Date and time.

Account Name: Majestic Horizon Holdings Ltd - IPO Account
Bank: Westpac Banking Corporation Ltd
BSB: 033 165
Account Number: 362 617
SWIFT: WPACAU2S
Branch: 409 St Kilda Road, Melbourne, Victoria 3004, Australia

LODGE MENT INSTRUCTIONS

There is no maximum value of Shares that may be applied for under the Public Offer. The Company may determine a person to be eligible to participate in the Public Offer.

The Public Offer opened at 9.00am (AEDT) on 8 December 2016 and is expected to close at 5.00pm (AEDT) on 17 February 2017. The Company may elect to extend the Public Offer or any part of it, and may close the Public Offer at any earlier date and time, without further notice. Applicants are therefore encouraged to submit their Applications as early as possible.

Mail or deliver your completed Application Form with your cheque to the following address.

Mailing Address

Majestic Horizon Holdings Ltd
Level 17, 31 Queen Street
Melbourne, Victoria 3000
Australia

Hand Delivery

Majestic Horizon Holdings Ltd
Level 17, 31 Queen Street
Melbourne, Victoria 3000
Australia

Enquiries in respect of this Application Form should be addressed to Majestic Horizon Holdings Ltd on +61 9028 4480. Application Forms must be received no later than 5.00pm AEDT on 17 February 2017.

Privacy Clause: Automic Pty Ltd (ACN 152 260 814) trading as Automic Registry Services (Automic) advises that Chapter 2C of the *Corporations Act 2001* requires information about you as a securityholder (including your name, address and details of the securities you hold) to be included in the public register of the entity in which you hold securities. Primarily, your personal information is used in order to provide a service to you. We may also disclose the information that is related to the primary purpose and it is reasonable for you to expect the information to be disclosed. You have a right to access your personal information, subject to certain exceptions allowed by law and we ask that you provide your request for access in writing (for security reasons). Our privacy policy is available on our website – www.automic.com.au

ACN 614 137 807

PLEASE FOLLOW THE INSTRUCTIONS TO COMPLETE THIS APPLICATION FORM (SEE REVERSE) AND PRINT CLEARLY IN CAPITAL LETTERS USING BLACK OR BLUE PEN. THIS APPLICATION FORM MUST ONLY BE USED WHERE THE APPLICANT IS A NOTEHOLDER.

Name of Applicant 1

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Note: Note: the name and address details in section 2 must match your registration details held at CHESS

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C = Company; P = Partnership; T = Trust; S = Super Fund

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Note that ONLY legal entities can hold Shares. The application must be in the name of a natural person(s), company or other legal entity acceptable to the Company. At least one full given name and surname is required for each natural person.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Trusts	Mr John Richard Sample <Sample Family A/C>	John Sample Family Trust
Superannuation Funds	Mr John Sample & Mrs Anne Sample <Sample Family Super A/C>	John & Anne Superannuation Fund
Partnerships	Mr John Sample & Mr Richard Sample <Sample & Son A/C>	John Sample & Son
Clubs/Unincorporated Bodies	Mr John Sample < Food Help Club A/C>	Food Help Club
Deceased Estates	Mr John Sample <Estate Late Anne Sample A/C>	Anne Sample (Deceased)

INSTRUCTIONS FOR COMPLETION OF THIS APPLICATION FORM

This is an Application Form for Fully Paid Ordinary Shares (**Shares**) in Majestic Horizon Holdings Ltd (ACN 614 137 807) (**Company**), made under the terms set out in the Replacement Prospectus dated 7 December 2016, as supplemented by the supplementary prospectus dated 16 January 2017 and lodged with ASIC on that date (together the **Prospectus**).

The Prospectus contains important information relevant to your decision to invest and you should read the entire Prospectus before applying for Shares. If you are in doubt as to how to deal with this Application Form, please contact your accountant, lawyer, stockbroker or other professional adviser. To meet the requirements of the Corporations Act, this Application Form must not be distributed unless included in, or accompanied by, the Prospectus.

1 Shares applied for

Enter the number of Shares you wish to apply for. Insert the amount of Convertible Notes to be converted into Shares.

2 Applicant name(s) and postal address

Note that ONLY legal entities can hold Shares. The application must be in the name of a natural person(s), company or other legal entity acceptable to the Company. At least one full given name and surname is required for each natural person. You should refer to the table for the correct forms of registrable title(s). Applicants using the wrong form of names may be rejected. Enter your postal address for all correspondence. Only one address can be recorded against a holding. With exception to annual reports, all communications to you from the Company will be mailed to the person(s) and address shown. Annual reports will be made available online when they are released. You can notify any change to your communication preferences by visiting the registry website – www.automic.com.au

Enter your contact details where we may reach you between the hours of 9:00am and 5:00pm should we need to speak to you about your application

3 CHESS Holders

If you are sponsored by a stockbroker or other participant and you wish to hold shares allotted to you under this Application on the CHESS subregister, enter your CHESS HIN. Otherwise leave the section blank and on allotment you will be sponsored by the Company and a "Securityholder Reference Number" (SRN) will be allocated to you.

4 TFN/ABN/Exemption

If you wish to have your Tax File Number, ABN or Exemption registered against your holding, please enter the details. Collection of TFN's is authorised by taxation laws but quotation is not compulsory and it will not affect your Application Form.

LODGEMENT INSTRUCTIONS

Only the Noteholders are eligible to participate in the Noteholder Offer.

The Noteholder Offer opened at 9.00am (AEDT) on 8 December 2016 and is expected to close at 5.00pm (AEDT) on 17 February 2017. The Company may elect to extend the Noteholder Offer or any part of it, and may close the Noteholder Offer at any earlier date and time, without further notice. Applicants are therefore encouraged to submit their Applications as early as possible.

Mail or deliver your completed Application Form to the following address.

Mailing Address

Majestic Horizon Holdings Ltd
Level 17, 31 Queen Street
Melbourne, Victoria 3000
Australia

Hand Delivery

Majestic Horizon Holdings Ltd
Level 17, 31 Queen Street
Melbourne, Victoria 3000
Australia

Enquiries in respect of this Noteholder Offer Application Form should be addressed to Majestic Horizon Holdings Ltd on +61 3 9028 4480. Noteholder Offer Application Forms must be received no later than 5.00pm AEDT on 17 February 2017.

Privacy Clause: Automic Pty Ltd (ACN 152 260 814) trading as Automic Registry Services (Automic) advises that Chapter 2C of the *Corporations Act 2001* requires information about you as a securityholder (including your name, address and details of the securities you hold) to be included in the public register of the entity in which you hold securities. Primarily, your personal information is used in order to provide a service to you. We may also disclose the information that is related to the primary purpose and it is reasonable for you to expect the information to be disclosed. You have a right to access your personal information, subject to certain exceptions allowed by law and we ask that you provide your request for access in writing (for security reasons). Our privacy policy is available on our website – www.automic.com.au