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REPLACEMENT PROSPECTUS

SAVCOR GROUP LIMITED (ABN 52 127 734 196)

To be renamed:

EMEFCY GROUP LIMITED

This Replacement Prospectus is for an offer of between 65,000,000 and 80,000,000 New Shares at an issue price of \$0.20 per New Share to raise between \$13 million and \$16 million before costs, referred to herein as the **Equity Offer**.

PRIORITY OFFER: Existing eligible shareholders of the Company as at the Priority Offer Record Date will be guaranteed an allocation of 10,000 New Shares if they submit a personalised priority offer acceptance form which will be sent to them together with a copy of this Replacement Prospectus upon request. Eligible shareholders will be notified of the Priority Offer. Existing shareholders may apply and pay for additional New Shares using the personalised Priority Offer application form, but will not be guaranteed any allocation over 10,000 New Shares.

LEAD MANAGER TO THE EQUITY OFFER

henslow

Henslow Pty Ltd

A corporate authorised representative of Halcyon Corporate Pty Ltd (AFSL 416 980)

THE OFFER IS NOT UNDERWRITTEN

THIS IS A REPLACEMENT PROSPECTUS DATED 23 OCTOBER 2015. IT REPLACES A PROSPECTUS DATED 8 OCTOBER 2015 RELATING TO SHARES AND OPTIONS OF SAVCOR GROUP LIMITED.

IMPORTANT INFORMATION

This is an important document that should be read in its entirety. If you do not understand it you should consult your professional advisers without delay. **THE SECURITIES OFFERED UNDER THIS REPLACEMENT PROSPECTUS SHOULD BE CONSIDERED HIGHLY SPECULATIVE.**

Contents and Important Notices

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This Replacement Prospectus also contains the following offers:

- An offer of 65,000,000 fully paid ordinary shares to certain vendors of Emefcy Limited as part of the consideration for Savor Group Limited's acquisition of all of the equity interests of Emefcy Limited, referred to herein as the **Vendor Offer**.
- An offer of 5,000,000 options to four members of the post-Transaction Board, referred to herein as the **Option Offer**.
- An offer of a further 700,000 fully paid ordinary shares to advisors in connection with services provided in respect of the proposed Transaction, referred to herein as the **Advisor Offer**.

The Vendor Offer, Option Offer and Advisor Offer will only be made to, and are only capable of acceptance by, the specific persons referred to in Sections 11.1 of this Prospectus.

COMPLETION OF THE OFFERS IS CONDITIONAL upon satisfaction of certain conditions including shareholders of the Company passing the Acquisition Resolutions at a general meeting to be held on 17 November 2015. Further details of the conditions to the Offers are set out in Section 11.3.

IMPORTANT NOTICES

General

This Replacement Prospectus (**Prospectus**) is dated 23 October 2015 and was lodged with ASIC on that date. ASIC and its officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No person is authorised to give information or to make any representation in connection with the Offers, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by Savor Group Limited (the **Company** or **SAV**) in connection with this Prospectus.

It is important that you read this Prospectus in its entirety and seek professional advice where necessary. The New Shares the subject of this Prospectus should be considered highly speculative.

Replacement Prospectus

This Prospectus is a replacement prospectus and has been issued to provide for:

The addition of a statement in the Chairman's Letter that the securities offered under this Prospectus should be considered highly speculative.

- The inclusion of additional notes to the Pro-Forma Financial Information in Section 6.1 in respect of 'Property Plant and Equipment' and 'Intangible Assets'.
- The inclusion of a note to the Historical Financial Information in Section 6.2.
- The amendment of the heading to Section 13.6.
- Various amendments to reflect that the General Meeting has now been scheduled for 17 November 2015.

For the purposes of this document this replacement prospectus will be referred to as either the Prospectus or the Replacement Prospectus.

Re-compliance Prospectus

This Prospectus is a re-compliance Prospectus for the purposes of satisfying Chapters 1 and 2 of the ASX Listing Rules and to satisfy the ASX requirements for re-admission to the Official List following a change in the nature and scale of the Company's activities. ASX and its officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

Investment Advice

This Prospectus does not provide investment advice and has been prepared without taking account of your financial objectives, financial situation or particular needs (including financial or taxation issues). You should seek professional investment advice before subscribing for New Shares under this Prospectus.

Expiry Date

No securities may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

Forward-looking statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of past and present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking 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, its Directors and management.

Although the Company believes that the expectations reflected in the forward looking statements included in this Prospectus are reasonable, none of the Company, its Directors or officers, or any person named in this Prospectus, can give, or gives, any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur or that the assumptions on which those statements are based will prove to be correct or exhaustive beyond the date of its making. Investors are cautioned not to place undue reliance on these forward-looking statements. 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, future events or any other factors affect the information contained in this Prospectus.

The forward-looking statements contained in this Prospectus are subject to various risk factors that could cause actual results to differ materially from the results expressed or anticipated in these statements. The key risk factors of investing in the Company are set out in Section 4 of this Prospectus.

Privacy statement

By completing and returning an application or acceptance form, you will be providing personal information directly or indirectly to the Company, the Share Registry, the Lead Manager and other brokers involved in the Equity Offer and related bodies corporate, agents, contractors and third party

service providers of the foregoing (**Collecting Parties**). The Collecting Parties collect, hold and will use that information to assess your application, service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

By submitting an application form, you authorise the Company to disclose any personal information contained in your application (**Personal Information**) to the Collecting Parties where necessary, for any purpose in connection with the Offers, including processing your acceptance of the Offers and complying with applicable law, the ASX Listing Rules, the ASX Settlement Operating Rules and any requirements imposed by any public authority.

If you do not provide the information required in respect of your application, the Company may not be able to accept or process your acceptance of the relevant Offer. If the Offers are successfully completed, your Personal Information may also be used from time to time and disclosed to persons inspecting the register of Shareholders, including bidders for your New Shares in the context of takeovers, public authorities, authorised securities brokers, print service providers, mail houses and the Share Registry.

Any disclosure of Personal Information made for the above purposes will be on a confidential basis and in accordance with the Privacy Act 1988 (Cth) and all other legal requirements. If obliged to do so by law or any public authority, Personal Information collected from you will be passed on to third parties strictly in accordance with legal requirements. Once your Personal Information is no longer required, it will be destroyed or de-identified.

Subject to certain exemptions under law, you may have access to Personal Information that the Collecting Parties hold about you and seek correction of such information. Access and correction requests, and any other queries regarding this privacy statement, must be made in writing to the Share Registry at the address set out in the Corporate Directory in Section 15 of this Prospectus. A fee may be charged for access.

Web Site – Electronic Prospectus

A copy of this Prospectus can be downloaded from the website of the Company at www.savcorgroup.net

The Corporations Act prohibits any person passing on to another person an application or acceptance 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 or acceptance from a person if it has reason to believe that when that person was given access to the application or acceptance form, it was not provided together with the Prospectus and any relevant supplementary or replacement Prospectus or any of those documents were incomplete or altered.

Foreign offer restrictions

This Prospectus may not be distributed outside Australia. The New Shares may not be offered outside Australia. If you are outside Australia it is your responsibility to obtain any necessary approvals for the Company to allot and issue New Shares to you pursuant to this Prospectus.

Defined terms

Unless the contrary intention appears or the context otherwise requires, words and phrases contained in this Prospectus have the same meaning and interpretation as given in the Corporations Act and capitalised terms have the meaning given in the Glossary in Section 14 of this Prospectus.

Time

All references to time in this Prospectus are references to Australian Eastern Daylight Time.

Photographs and Diagrams

Photographs used in this Prospectus which do not have descriptions are for illustration only and should not be interpreted to mean that any person shown in them endorses the Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale.

Enquiries

If you are in any doubt as to how to deal with any of the matters raised in this Prospectus, you should consult your broker or legal, financial or other professional adviser without delay.

Should you have any questions about any of the Offers or how to accept any of the Offers, please call the Company Secretary on +61 3 9824 5254.

ASX BookBuild

The Company may elect to utilise ASX BookBuild and make a certain percentage of its New Shares available via the facility during the period of the Equity Offer. If the Company does proceed to use the ASX BookBuild facility, it will announce this (together with all relevant parameter information and other details as required by the ASX Operating Rules and the Corporations Act) on its website (www.savcorgroup.net) when, and if, it elects to use the ASX BookBuild facility. That announcement will also be issued via the ASX Market Announcements Platform.



Dear Investor,

On behalf of the Directors of Savcor Group Limited (the Company or SAV) I am pleased to present you with this opportunity to become shareholders of SAV.

SAV is an Australian Securities Exchange (ASX) listed company with the objective of investing in high potential technology opportunities to drive the future growth and value of the Company. The Company entered into a binding term sheet in July of this year to acquire Emefcy Limited, an Israel incorporated wastewater technology solutions company that is deploying technologies helping to transform the economics of wastewater treatment.

Many areas around the world suffer from usable water shortages. Water recycling and reuse is likely to be the most viable if this is close to the point of need since long-distance distribution networks can be expensive to build. Emefcy has developed a number of innovative, low-cost, low-energy, environmentally-friendly distributed wastewater treatment solutions. The treated water becomes available for irrigation and agriculture purposes in water-stressed areas.

The Directors of Savcor believe that the following combination of factors provide Emefcy with a solid base from which to grow a world-class water technology company:

- ◆ An experienced and successful management team with a strong track record in the global water technology industry;
- ◆ The novel and innovative nature of the technologies developed by Emefcy;
- ◆ A market ready product with initial revenues targeted for 2016;
- ◆ Existing and emerging product lines focus on the growing global wastewater equipment market; and
- ◆ An existing cornerstone investor base, including major venture funds Pond Ventures, Israeli Cleantech Ventures and Plan B Ventures, as well as major corporate investor, GE Ventures, which together with government funds contributed over A\$21 million to date.

Following seven years of development work that is now the subject of patents and patent applications, Emefcy's first product SABRE has been developed and successfully tested for technical performance. A SABRE demonstration plant has been in continuous operation for one year in Israel. The SABRE product is now ready for commercial rollout in the global market.

With several global innovation awards, a strong scientific and engineering background, as well as commercial experience, Emefcy has the potential to be a leader in the next generation wastewater treatment industry. Savcor as the ASX-listed acquirer of Emefcy, subject to SAV shareholder approval, has the potential to become a world-class wastewater treatment company.

The Transaction will result in a material change in the nature and scale of Savcor's activities. The purpose of this Prospectus is to re-comply with Chapters 1 and 2 of the ASX Listing Rules and to provide Savcor with the required funding to implement its commercial strategy for the Emefcy wastewater solution.

Through the Transaction, which is the subject of the Equity Offer under this Prospectus, the Company is seeking to:

- ◆ Raise a minimum of \$13,000,000 with a maximum of \$16,000,000 by the issue of up to 80,000,000 New Shares under the Equity Offer;
- ◆ Make the Vendor Offer of 65,000,000 New Shares to the Emefcy Vendors as consideration for the sale and transfer of all of their respective equity interests;
- ◆ Issue 45,000,000 New Shares to the Emefcy Vendors subject to the satisfaction of commercial milestones;
- ◆ Issue 700,000 New Shares to advisors under the Advisor Offer.

Upon completion of the proposed Transaction and re-instatement to trading on the ASX, the Company will have a market capitalisation at the Equity Offer issue price of approximately \$34.5M at the minimum subscription amount and \$37.5M at the maximum subscription amount.

This Prospectus contains information about the Company, Emefcy, the Offers and the proposed Transaction. It also contains information about the potential risks of investing in the Company. I encourage you to read this Prospectus carefully and consult with your professional advisers. The securities offered under this Prospectus should be considered highly speculative.

The Savcor Directors believe that the Emefcy Transaction has the potential to create significant shareholder value. Furthermore, the Directors believe the opportunity is attractive due to the innovative intellectual property, its potential advantages compared to other water technologies and its substantial global market opportunity. This first acquisition will enable Savcor to create a platform for growth, with the objective of building a world-class water technology company with disruptive solutions.

All proposed directors of the Company plan to hold shares in the Company.

On behalf of the Board, I look forward to welcoming you as a shareholder of the Company.



Peter Marks

Chairman
Savcor Group Limited

Date 23 October 2015

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Key Offer Information

Indicative timetable

| | |
|--|--------------------------|
| Priority Offer Record Date | 8th October 2015 |
| Lodgement of Prospectus with ASIC | 23rd October 2015 |
| Offer Period opens | 23rd October 2015 |
| Offer Period closes | 16th November 2015 |
| Date of General Meeting | 17th November 2015 |
| Issue of New Shares | 19th November 2015 |
| Dispatch of holding statements | 23rd November 2015 |
| Re-quotation of Shares (including New Shares) on ASX | 30th November 2015 |

The above dates are indicative only and may change without notice. The Company, in consultation with the Lead Manager, reserves the right to extend or shorten the offer period or close the Equity Offer in its absolute discretion and without prior notice. The Company also reserves the right not to proceed with all or part of the Equity Offer at any time before the issue of New Shares to applicants.

Key statistics of the Offers

| | Minimum Raising \$13 million | Maximum Raising \$16 million |
|---|---------------------------------|---------------------------------|
| Existing SAV Shares | 42,671,357 | 42,671,357 |
| Offer Price per New Share | \$0.20 | \$0.20 |
| Total New Shares offered under Equity Offer | 65,000,000 | 80,000,000 |
| Cash proceeds to be received under Equity Offer | \$13,000,000 | \$16,000,000 |
| Shares to be issued under Vendor Offer | 65,000,000 | 65,000,000 |
| Shares to be issued under Advisor Offer | 700,000 | 700,000 |
| Total number of SAV Shares at re-listing | 173,371,357 | 188,371,357 |
| Market capitalisation of Offer Price | \$34,674,271 | \$37,674,271 |
| Ownership of investors in Equity Offer at the re-listing date | 37.49% | 42.47% |
| Potential future issue of Deferred Consideration Shares | 45,000,000 | 45,000,000 |
| Ownership of investors in the Equity Offer if Milestones are satisfied and Deferred Consideration Shares are issued | 29.77% | 34.28% |

Shares may not trade at the Offer Price upon, or after, re-instatement of the Company's shares to trading on the ASX's Official List. Assumes no options are exercised before completion of the Transaction.

In addition to the 65,000,000 shares to be issued to the Emefcy vendors under the Vendor Offer the consideration for the acquisition of Emefcy will comprise:

- A further issue of up to 45,000,000 Deferred Consideration Shares to certain Emefcy Vendors.
- A cash payment of USD\$1 million to True North Venture Partners L.P. (**True North**), a US domiciled corporation which is a major shareholder of Emefcy and the issue of the Redeemable Note with a face value of USD\$2 million to True North.

The issue of the Deferred Consideration Shares and the redemption of the True North Redeemable Note are conditional upon the satisfaction of certain milestones linked to the performance of the Emefcy business which are described further in Section 1.1 (**Milestones**).

Investment Overview

This Section is a summary only and is not intended to provide full information for investors intending to apply for New Shares offered pursuant to this Prospectus. This Prospectus should be read and considered in its entirety.

| Item | Summary | Further Information |
|--|--|--------------------------|
| A. Company | | |
| Who is the issuer of this Prospectus? | Savcor Group Limited (ABN 52 127 734 196) (ASX: SAV) (Savcor, SAV or the Company) | |
| Who is SAV? | <p>SAV is an industrial technology company that has historically operated in the infrastructure and resources sectors.</p> <p>On 27 June 2014, the Company was placed into voluntary administration by its prior management. This period of voluntary administration ended in March 2015 following the effectuation of a Deed of Company Arrangement and the Existing Directors were appointed as directors of the Company. Since this date, the Existing Directors have been assessing various opportunities for the reinvigoration of the Company with a focus on global opportunities in environmentally clean technologies.</p> <p>On 20 July 2015, SAV entered into a binding Term Sheet with the Israeli based wastewater treatment company, Emefcy Limited and its major shareholders, agreeing to acquire 100% of the issued share capital of Emefcy. As part of the acquisition, SAV will undergo a significant change in the nature and scale of its business and focus on the development of Emefcy technologies.</p> <p>Following the acquisition of Emefcy, SAV has also proposed to change its name to 'Emefcy Group Limited' (ASX: EMC).</p> | Sections 1.1 and 3.1 |
| Who is Emefcy? | Emefcy is incorporated and domiciled in the State of Israel. Emefcy is involved in the development of innovative, decentralised, energy efficient wastewater treatment technologies. The Company believes that Emefcy has the potential to be a leading participant in the next generation wastewater treatment industry. | Section 3.1 |
| What are Emefcy technologies? | <p>Emefcy has developed two technical solutions:</p> <ul style="list-style-type: none"> ◆ SABRE – The Spiral Aerobic Biofilm Reactor (commercially-ready): SABRE is a modular MABR (Membrane Aerated Biofilm Reactor) technology-based solution, delivering affordable decentralised wastewater treatment at a significantly lower energy consumption compared to conventional small aerobic processes used by the industry. Further generations of the existing SABRE technology, (SABRE2 and SUBRE) are higher capacity solutions being developed applicable to additional markets. ◆ EBR - The Electrogenic Bioreactor (under development): EBR is a technology which is under development which Emefcy believes has the capacity to efficiently and cost effectively harvest electricity generated by bacteria used to treat highly-loaded industrial wastewater that is typically very costly to treat. EBR requires substantial further development work before it will be ready for operational deployment. | Section 3.3 |
| What is the Transaction? | <p>The Transaction involves the acquisition of Emefcy by the Company.</p> <p>This is to be effected through SAV purchasing all issued share capital in Emefcy from the shareholders of Emefcy in consideration of the issue to the equity holders of:</p> <ul style="list-style-type: none"> ◆ 65,000,000 ordinary fully paid SAV shares on completion of the Transaction (being the New Shares the subject of the Vendor Offer); ◆ a right to receive up to a further 45,000,000 ordinary fully paid SAV shares upon, and subject to, the satisfaction of the Milestones which are linked to the performance of the Emefcy business (Deferred Consideration Shares); ◆ a cash payment of USD\$1 million upon completion of the Transaction; ◆ the issue of a non-convertible interest-free note with a face value of USD\$2 million that is redeemable subject to the satisfaction of the same performance based milestones as apply to the Deferred Consideration Shares on the date which is 30 months from completion of the Transaction (Redeemable Note). <p>The cash payment and Redeemable Note will be issued to one Emefcy vendor, True North, as sole consideration for the acquisition of its interest in Emefcy. True North has invested approximately US\$3 million in Emefcy to date. The USD\$1 million cash consideration and Redeemable Note, if fully realised, will approximately represent the return to True North of its historic past cash investment in Emefcy. The terms of the Redeemable Note are summarised in Sections 1.1 and 13.1(a).</p> <p>The shares the subject of the Vendor Offer and the Deferred Consideration Shares will be issued to the remaining Emefcy equity holders (other than True North) who are referred to in this Prospectus as the Emefcy Vendors.</p> | Sections 1.1 and 13.1(a) |

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| Item | Summary | Further Information | | | | | | | | | | | | | | | |
|--|--|---------------------|---------------|-------------|---|-------------------------|--|--------|--|------|---|---------------|------|-----|---------------|------|-------------|
| A. Company (cont.) | | | | | | | | | | | | | | | | | |
| What is the Transaction? (cont.) | <p>Completion of the Transaction is subject to a number of conditions including:</p> <ul style="list-style-type: none"> shareholders of the Company passing each of the Acquisition Resolutions at a general meeting proposed to be held on 17 November 2015; the Company securing subscriptions from investors of not less than \$13 million under this Prospectus; the Company completing its acquisition of Emefcy; ASX conditionally confirming that it will re-admit the Company to the Official List; all material consents required from government authorities for the Transaction being obtained, including in the case of Emefcy rulings (or interim rulings) required under Israeli tax laws; and the non-occurrence of any event having a material adverse effect on SAV or Emefcy prior to completion of the Transaction. | Section 1.1 | | | | | | | | | | | | | | | |
| B. Business Model | | | | | | | | | | | | | | | | | |
| What industry will SAV operate in after completion of the Transaction? | <p>Emefcy is involved in the development of innovative, energy efficient wastewater treatment technologies.</p> <p>Emefcy's product lines focus on segments of the global wastewater aeration equipment market. The Directors believe that this segment of the global wastewater market is growing substantially and will in time constitute a significant proportion of the overall market.</p> | Section 2 | | | | | | | | | | | | | | | |
| How will SAV seek to generate income after completion of the Transaction? | <p>Emefcy plans to generate income from sales of its solutions either directly to customers or through intermediaries such as water systems integrators. The target price ranges for sale of the various technologies and timeline to potential revenues is summarised below. The variation in pricing comes from the size and complexity of the specific deployment as SABRE is a modular system:</p> <table border="1"> <thead> <tr> <th>Product</th> <th>Price range</th> <th>Launch date</th> </tr> </thead> <tbody> <tr> <td>SABRE</td> <td>A\$140,000 – A\$550,000</td> <td>2016</td> </tr> <tr> <td>SABRE2</td> <td>A\$685,000 – A\$1,300,000</td> <td>2017</td> </tr> <tr> <td>SUBRE</td> <td>A\$1,300,000+</td> <td>2017</td> </tr> <tr> <td>EBR</td> <td>A\$2,700,000+</td> <td>2018</td> </tr> </tbody> </table> | Product | Price range | Launch date | SABRE | A\$140,000 – A\$550,000 | 2016 | SABRE2 | A\$685,000 – A\$1,300,000 | 2017 | SUBRE | A\$1,300,000+ | 2017 | EBR | A\$2,700,000+ | 2018 | Section 3.3 |
| Product | Price range | Launch date | | | | | | | | | | | | | | | |
| SABRE | A\$140,000 – A\$550,000 | 2016 | | | | | | | | | | | | | | | |
| SABRE2 | A\$685,000 – A\$1,300,000 | 2017 | | | | | | | | | | | | | | | |
| SUBRE | A\$1,300,000+ | 2017 | | | | | | | | | | | | | | | |
| EBR | A\$2,700,000+ | 2018 | | | | | | | | | | | | | | | |
| Who will the target customers of Emefcy be? | <p>The target customers that may benefit from the Emefcy solutions vary by product. This is due to the specifications of the technology in relation to the requirement of the customer.</p> <table border="1"> <thead> <tr> <th>Product</th> <th>Key customers</th> </tr> </thead> <tbody> <tr> <td>SABRE</td> <td> <p>Stage 1: Resorts and Golf Courses that have a requirement for water consistently year-around.</p> <p>Stage 2: Small Municipal Plants seeking an effective low capex and low opex solution.</p> </td> </tr> <tr> <td>SABRE2</td> <td>Mid-to-Large Municipal Water Plants that can implement SABRE2.</td> </tr> <tr> <td>SUBRE</td> <td>Mid-to-Large Municipal Water Plants that can retrofit SUBRE.</td> </tr> <tr> <td>EBR</td> <td>Food and Beverage and Pharmaceuticals companies that require an industrial wastewater treatment solution.</td> </tr> </tbody> </table> | Product | Key customers | SABRE | <p>Stage 1: Resorts and Golf Courses that have a requirement for water consistently year-around.</p> <p>Stage 2: Small Municipal Plants seeking an effective low capex and low opex solution.</p> | SABRE2 | Mid-to-Large Municipal Water Plants that can implement SABRE2. | SUBRE | Mid-to-Large Municipal Water Plants that can retrofit SUBRE. | EBR | Food and Beverage and Pharmaceuticals companies that require an industrial wastewater treatment solution. | Section 3.4 | | | | | |
| Product | Key customers | | | | | | | | | | | | | | | | |
| SABRE | <p>Stage 1: Resorts and Golf Courses that have a requirement for water consistently year-around.</p> <p>Stage 2: Small Municipal Plants seeking an effective low capex and low opex solution.</p> | | | | | | | | | | | | | | | | |
| SABRE2 | Mid-to-Large Municipal Water Plants that can implement SABRE2. | | | | | | | | | | | | | | | | |
| SUBRE | Mid-to-Large Municipal Water Plants that can retrofit SUBRE. | | | | | | | | | | | | | | | | |
| EBR | Food and Beverage and Pharmaceuticals companies that require an industrial wastewater treatment solution. | | | | | | | | | | | | | | | | |

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| Item | Summary | Further Information |
|---|--|---------------------|
| B. Business Model (cont.) | | |
| <p>How will the Emefcy products be marketed and distributed?</p> | <p>Emefcy has formulated a multi-stage marketing and distribution plan:</p> <ul style="list-style-type: none"> ◆ Commercial deployment of SABRE in Q1 2016: <ul style="list-style-type: none"> • Progress the first contract for deployment of the SABRE technology. • Achieve first commercial revenues. ◆ Grow Market of SABRE through 2016: <ul style="list-style-type: none"> • Achieve additional direct sales of SABRE targeting resorts and golf courses. • Develop sales pipeline through water trade shows in Miami, Chicago and Israel. • Promote SABRE to water systems integrators as intermediaries for sales. • Use initial commercial deployments as reference points for SABRE2 and SUBRE expressions of interest. ◆ Bring high capacity versions of SABRE to market in 2017: <ul style="list-style-type: none"> • Use the intended growing number of SABRE deployments as case studies to facilitate sales of SABRE2 and SUBRE. | <p>Section 3.8</p> |
| <p>Who are the competitors?</p> | <p>Wastewater treatment is characterised by large-scale centralised solutions that are costly to deploy, have a high energy requirement and require personnel to operate. Emefcy offers a low-cost decentralised solution that has low ongoing costs due to reduced energy use and requires reduced reliance for onsite personnel.</p> <p>Emefcy has identified and assessed four direct technical competitors and is of the opinion it has advantages technically and commercially over each.</p> | <p>Section 2.4</p> |
| C. Key Risks | | |
| <p>What are the key risks of an investment in SAV (post-Transaction)?</p> | <p>Commercial Risks</p> <p>Market Risk</p> <p>The sales potential for Emefcy solutions is uncertain and unproven. Emefcy is in the very early stages of commercialisation of the SABRE technology, having entered into a conditional contract for one government supported commercial sale. The on-going demand for the Emefcy SABRE wastewater treatment solutions is yet to be established.</p> <p>Influencing factors for potential customers include pricing versus other solutions, the recommendations of wastewater treatment project integrators and design engineers, acceptance by local regulators, appetite to invest in new technologies and effective communication and education regarding the perceived advantages of Emefcy.</p> <p>Competitor Risk</p> <p>Emefcy is subject to the risk from competitors including the introduction of new and emerging technologies, improved product offerings and price reductions. Emefcy's potential competitors include large established and well-funded corporations which may be able to adopt aggressive research and development and marketing strategies to capture market share as well as aggressive, fast moving early-stage start-up companies. As the wastewater treatment market changes and develops, there is also a risk of downward pressure on pricing.</p> <p>Lead time to sales</p> <p>Decision makers with responsibilities for wastewater treatment solutions may be conservative due to the community and health sensitive nature of wastewater treatment. Further, access to funds for customers may take time with grants often a source of financing which may take time to realise. As a consequence, the lead time for customer sales confirmations may be slow and extend to several years.</p> <p>Third party installation and servicing quality control</p> <p>As the Emefcy business plan is to primarily utilise system integrators to rollout SABRE, the installation and servicing of SABRE units may be undertaken by third party contractors which may lead to the solution being incorrectly installed or serviced and therefore not performing to specification.</p> <p>Price Risk</p> <p>The price point of SABRE and other Emefcy solutions may be too high compared to other solutions or may not be able to stay at the same price for an extended period. This may lead to difficulties in market acceptance and, if reductions in price are necessary to achieve market penetration, the potential for profit margins will be reduced.</p> | <p>Section 4.2</p> |

| Item | Summary | Further Information |
|---|---|-----------------------------|
| C. Key Risks (cont.) | | |
| <p>What are the key risks of an investment in SAV (post-Transaction)? (cont.)</p> | <p>Sales and Marketing Risks</p> <p>A number of sales and marketing risks exist, some of which are also specifically and separately addressed in this Section, including:</p> <ul style="list-style-type: none"> ◆ Emefcy may have the wrong expectation of future market penetration which may include an overestimation of the demand in target market segments. ◆ Emefcy may fail to find suitable business partners, including suitable distribution partners and channels. ◆ Competition may take a significant portion of the potential market or reduce prices. ◆ Sales cycles may be longer than expected or delays may be experienced in product supply or installation. <p>Supply Risk</p> <p>Individual suppliers may not be able to meet demand for the supply of materials. Reductions or interruptions in the supply of components or finished goods from international sources could adversely affect Emefcy’s ability to meet customer delivery commitments. Component materials are purchased from outside sources and may be subject to currency or price changes decreasing potential profit margins. Emefcy is currently dependent on one supplier for a key component to manufacturing products and will seek to develop alternative suppliers to mitigate continuity of supply risks.</p> <p>Emefcy may have excess demand for production above the rate the Emefcy module can be created or supplied. Emefcy has one manufacturing facility in Israel, which if interrupted or damaged could impact on its ability to meet sales orders.</p> <p>Regulatory Environment Risks</p> <p>Stringent environmental standards and regulations generally apply to the treatment of wastewater and these standards and regulations may vary in each jurisdiction in which Emefcy conducts business. Government regulations may change in any or all of the target territories making the business model ineffective, or pricing unfeasible. These environmental standards are increasing globally and may be expected to increase demand for Emefcy solutions which are environmentally efficient.</p> <p>Completion and Re-instatement Risk</p> <p>The Company’s Shares are currently suspended from trading on ASX. Applicants should be aware that ASX will not re-instate existing Shares or admit any New Shares to Official Quotation until the Company re-complies with Chapters 1 and 2 of the ASX Listing Rules. In the event that the Company does not receive conditional approval for the re-instatement of the Company’s Shares to Official Quotation, the Transaction will be terminated and the Company will not proceed with the Offers. In these circumstances the Company will repay all application monies received by in connection with the Prospectus (without interest).</p> <p>Operational Risks</p> <p>Currency Risk</p> <p>The finances of Emefcy are exposed to currency risks including the Australian Dollar (AUD), US Dollar (USD) Euro (EUR) and Israeli Shekel (NIS). In addition, Emefcy intends to conduct business across numerous jurisdictions which will expose it to the additional risks associated with fluctuations associated with currencies in those regions.</p> <p>In particular, Australian corporate costs are mainly exposed to AUD, the Israeli based research and development programme, production costs and local sales are exposed to NIS, while materials sourced from overseas, the Redeemable Note payable to True North and international sales are exposed mainly to USD. As a result, the Company’s cash position may be impacted by realised and unrealised losses on foreign currency.</p> <p>Technology Risk</p> <p>The Emefcy technologies may not be reliable or functional, or work to the standard expected.</p> <p>Product Defects</p> <p>There has yet to be any operational deployment of equipment manufactured at the Emefcy production facility. This lack of operational history heightens the risk that the production output from the facility may exhibit manufacturing defects leading to requirements for Emefcy to undertake rectification works at its cost.</p> <p>Manufacturing Risks</p> <p>There is a risk that Emefcy’s manufacturing and production facility may not function reliably, efficiently or cost effectively, resulting in lower production than planned, products of lesser quality or higher than expected costs. The ramp up in production volumes may take longer or require more capital expenditure than expected.</p> | <p>Sections 4.2 and 4.3</p> |

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| Item | Summary | Further Information |
|--|---|----------------------------------|
| C. Key Risks (cont.) | | |
| <p>What are the key risks of an investment in SAV (post-Transaction)? (cont.)</p> | <p>Intellectual Property Risks</p> <p>Emefcy holds a number of patents and patent applications. There can be no guarantee that the applications will be successful and lead to granted patents. Furthermore, in respect of granted patents, there can be no guarantee that competitors will not develop technology to avoid those patents, or that third parties will not seek to claim an interest in the intellectual property with a view to seeking a commercial benefit from Emefcy.</p> <p>There is also a risk of competitors obtaining and sustaining protection of competing or infringing technology which, given its complex nature, could lead to extensive and lengthy disputes for which there can be no guaranteed outcome.</p> <p>Management Risk</p> <p>Emefcy operations are dependent upon the continued performance, efforts, abilities and expertise of its key Board and management.</p> <p>Personnel Risk</p> <p>There may be capability gaps in the Emefcy organisation structure that restrict the Company's growth plans.</p> <p>Financial Risks</p> <p>Debt Collection Risk</p> <p>Customers may be slow, or fail, to pay Emefcy causing a cash flow issue to the Company. In addition, Emefcy may use local agents and partners in areas for sales. There may be a gap between when the partner is paid and when Emefcy is paid. This risk may increase as this business grows. In addition, sources of funds being relied upon by customers, such as grants, for payment to Emefcy may not materialise.</p> <p>Cash flow Risk</p> <p>Emefcy's expansion plans will consume cash and the cash burn will exceed the revenue for the short to medium term at least. In addition, projects may go over budget and not expand at the rate expected. Furthermore, Government grants that Emefcy has been able to access in the past may not be available in the future.</p> <p>Additional Capital Requirements</p> <p>The capital requirements of the Company depend on numerous factors. Depending on the ability of the Company to generate revenue from its operations, the Company may require further financing in addition to amounts raised under the Equity Offer.</p> <p>Grant Obligations</p> <p>Emefcy has received research and development grants from the State of Israel (in aggregate approximately \$2.2m) which become repayable on generation of revenue. The rate of repayment depends on the source of the grant but ranges between 3% and 5% of revenue. Such an impost would reduce the Company's capacity to fund other activities.</p> <p>The government grant arrangements also involve restrictions on the sale and/or licensing of rights to the relevant technology outside Israel without consent of the Israeli authority. There is a risk that such restrictions may impair Emefcy's ability to sell or outsource commercialisation of the technology outside Israel.</p> <p>General Risks</p> <p>In addition, to the above there a number of general risks which may affect the value of the Company's securities regardless of the Company's operating performance.</p> | <p>Sections 4.3, 4.4 and 4.5</p> |

| D. Directors and Key Management Personnel | | | | | | | | | | | | |
|---|---|------------|-----------------------|----------------|--------------------|----------------|------------------------|-------------|------------------------|---------------|----------------------------------|------------------|
| <p>Who are the directors of the Company?</p> | <p>The current Directors of SAV are Peter Marks, Vincent Savage and Phillip Hains. Upon successful completion of the Transaction the Directors of the Company will be:</p> <table border="0" style="width: 100%;"> <tr> <td style="width: 30%;">Eytan Levy</td> <td>Managing Director/CEO</td> </tr> <tr> <td>Richard Irving</td> <td>Executive Chairman</td> </tr> <tr> <td>Ross Haghighat</td> <td>Non-Executive Director</td> </tr> <tr> <td>Peter Marks</td> <td>Non-Executive Director</td> </tr> <tr> <td>Phillip Hains</td> <td>Non-Executive Director/Secretary</td> </tr> </table> <p>The profiles of each of these individuals are set out in Section 9.1. Details of the personal interests of each of the above individuals are set out in Section 9.4.</p> | Eytan Levy | Managing Director/CEO | Richard Irving | Executive Chairman | Ross Haghighat | Non-Executive Director | Peter Marks | Non-Executive Director | Phillip Hains | Non-Executive Director/Secretary | <p>Section 9</p> |
| Eytan Levy | Managing Director/CEO | | | | | | | | | | | |
| Richard Irving | Executive Chairman | | | | | | | | | | | |
| Ross Haghighat | Non-Executive Director | | | | | | | | | | | |
| Peter Marks | Non-Executive Director | | | | | | | | | | | |
| Phillip Hains | Non-Executive Director/Secretary | | | | | | | | | | | |

| Item | Summary | Further Information |
|--|---------|---------------------|
| D. Directors and Key Management Personnel (cont.) | | |

| | | |
|--|---|-------------|
| <p>Who will be the executive and key management of the Company?</p> | <p>Upon successful completion of the Transaction, it is proposed that Eytan Levy will act as Managing Director and CEO of SAV and be principally responsible for the daily management of the Company with the support of the remaining members of the Board.</p> <p>In addition, Richard Irving will act as Executive Chairman.</p> <p>Ronen Shechter will continue to act as the Chief Technical Officer of Emefcy and Yaron Bar Tal will continue to act as Vice President of Engineering. The Company considers that both Ronen and Yaron will be key people in the management and operation of the Emefcy business following completion of the Transaction.</p> | Section 9.2 |
|--|---|-------------|

| | | |
|--|---|-------------|
| <p>What will the interests of Directors and key management be in the Company following completion of the Transaction?</p> | <p>The equity interests of the Existing Directors, Proposed Directors and key management of the Company following completion of the Offers are set out in the tables below:</p> | Section 9.4 |
|--|---|-------------|

Existing Directors

| Person | Shares | | Options |
|----------------|----------------------|----------------------|-----------|
| | Minimum Raising | Maximum Raising | |
| Phillip Hains | 418,111 (0.24%) | 418,111 (0.22%) | 326,870 |
| Peter Marks | 1,297,052 (0.75%) | 1,297,052 (0.69%) | 1,707,351 |
| Vincent Savage | 187,500 (0.11%) | 187,500 (0.10%) | 250,000 |

Proposed Directors

| Person | Shares | | Options |
|----------------|------------------------|------------------------|-----------|
| | Minimum Raising | Maximum Raising | |
| Richard Irving | 21,629,388 (12.48%) | 21,629,388 (11.48%) | 1,000,000 |
| Eytan Levy | 6,409,416 (3.70%) | 6,409,416 (3.40%) | 2,000,000 |
| Ross Haghighat | Nil | Nil | 1,000,000 |

Key Management

| Person | Shares | | Options |
|----------------|----------------------|----------------------|---------|
| | Minimum Raising | Maximum Raising | |
| Ronen Shechter | 6,409,416 (3.70%) | 6,409,416 (3.40%) | Nil |
| Yaron Bar Tal | 538,366 (0.31%) | 538,366 (0.29%) | Nil |

- Notes to Tables Above:**
- Assumes no options are exercised before completion of the Transaction and assumes that the options the subject of the Option Offer are issued. For details of the existing options on issue and those proposed to be issued refer to Sections 11.6 and 13.4.
 - Post-Transaction percentages do not take into account potential future issue of Deferred Consideration Shares. Assuming all milestones are achieved and there are no further issues of ordinary shares, the maximum percentage interest of the post-Transaction Board assuming the Minimum Raising would be as follows: Richard Irving 16.60%, Eytan Levy 5.67%, Ross Haghighat - Nil, Peter Marks 0.59% and Phillip Hains 0.19%, Ronen Shechter 5.67% and Yaron Bar Tal 0.45%.
 - Approval will be sought at the General Meeting for the Existing Directors to participate in the Equity Offer by subscribing for New Shares. Subject to approval, each Existing Director may subscribe up to a different amount of New Shares being: Peter Marks \$50,000 (250,000 New Shares), Phillip Hains \$10,000 (50,000 New Shares) and Vincent Savage \$10,000 (50,000 New Shares). If shareholder approval is obtained, the Existing Directors will have the ability (but not the obligation) to subscribe for additional shares up to the approved limits. If the Existing Directors successfully subscribe for the full approved amount their maximum respective percentage relevant interests in the Company immediately upon completion of the Transaction (assuming the Minimum Raising) would be: Peter Marks 0.89%, Phillip Hains 0.27% and Vincent Savage 0.14%.

| Item | Summary | Further Information |
|---|--|------------------------------|
| E Key Financial Information | | |
| What is the key financial information? | The unaudited pro-forma statement of financial position of the merged entity upon completion of the Transaction as at 30 June 2015 is set out in Section 6 and has been reviewed by Moore Stephens (Vic) Pty Ltd as part of the Independent Limited Assurance Report on Pro Forma Financial Information in Section 7. | Sections 6 and 7 |
| What is the financial outlook for the Company following completion of the Transaction? | <p>The operations of the Company and Emefcy are inherently uncertain. Following completion of the Transaction, the Company's financial performance is dependent on the Company's ability to execute its business model, being the development and commercial deployment of its technologies for wastewater treatment. The Existing Directors and Proposed Directors do not believe there is a reasonable basis for forecasting future earnings.</p> <p>The Directors have provided an indication of how they will deploy proceeds received under the Equity Offer in Section 11.5.</p> | Section 6.2 and Section 11.5 |
| What is the Company's dividend policy? | <p>Following completion of the Transaction, the Company does not, for the foreseeable future, expect to pay a dividend and funds raised (after costs) are intended to be applied in accordance with the use of funds tables set out in Section 11.5.</p> <p>The Board of the Company will review the dividend policy on a regular basis. Any future payment of dividends will be at the discretion of the Board.</p> | Section 6.3 |
| How has Emefcy historically performed? | Since incorporation Emefcy has been involved in the research and development of its technologies and products. It received no revenues other than research and development grants and has been funded by shareholder investment. Emefcy has therefore sustained losses since its incorporation. The historic financial information of Emefcy is set out in Section 6. | Section 6.4 |
| F. Key Offer Information | | |
| What are the Offers? | <p>This Prospectus contains the following offers of shares and options in the Company:</p> <p>Equity Offer</p> <p>The Company is inviting applications for between 65,000,000 and 80,000,000 New Shares at an issue price of \$0.20 per New Share to raise \$13 million and \$16 million (before costs).</p> <p>Vendor Offer</p> <p>This Prospectus contains an offer of 65,000,000 New Shares (issued at a deemed issue price of \$0.20 per New Share) to the Emefcy Vendors, which are to be issued as consideration for the Company's acquisition of all of the equity interests of Emefcy.</p> <p>The Company also has a future obligation to issue up to a further 45,000,000 Deferred Consideration Shares to the Emefcy Vendors upon, and subject to, the satisfaction of, the Milestones which are related to the performance of the Emefcy business.</p> <p>In addition the Company will pay the sum of US\$1 million to True North at completion of the Transaction and issue the Redeemable Note to True North, the redemption of which is subject to the satisfaction of the same Milestones as apply to the Deferred Consideration Shares.</p> <p>Option Offer</p> <p>The Option Offer is an offer of 5,000,000 options, having the terms set out in Section 13.4, to certain members of the post-Transaction Board.</p> <p>Advisor Offer</p> <p>The Advisor Offer is an offer of 700,000 fully paid ordinary SAV shares to the advisors named in Section 11.1.3.</p> | Sections 11.1 and 13.4 |

| Item | Summary | Further Information |
|--|--|-------------------------------|
| F. Key Offer Information (cont.) | | |
| <p>How will the Offers be structured?</p> | <p>Equity Offer</p> <p>The Equity Offer of New Shares will comprise:</p> <ul style="list-style-type: none"> ◆ A Priority Offer to existing shareholders of the Company (who are shareholders of the Company at the Priority Offer Record Date and who are in Australia or otherwise capable of accepting the Priority Offer). ◆ A Broker Offer to retail investors who have received a firm allocation of New Shares from their broker and who are eligible to participate in the Equity Offer. ◆ A General Offer to eligible investors. <p>Vendor Offer</p> <p>The Vendor Offer of New Shares is made solely to, and is only capable of acceptance by, the Emefcy Vendors in proportions which reflect their respective equity holdings in Emefcy. Each Emefcy Vendor will be provided with a personalised application form to facilitate their acceptance of the Vendor Offer.</p> <p>Option Offer</p> <p>The Option Offer is an offer of 5,000,000 options, having the terms set out in Section 13.4, to certain members of the post-Transaction Board. The Option Offer is made solely to the proposed recipients of the options who are named Section 11.1.4 and is only capable of acceptance by those persons by submission of an option application form which will be provided to them by the Company.</p> <p>Advisor Offer</p> <p>The Advisor Offer is an offer of 700,000 fully paid ordinary SAV shares to the advisors named in Section 11.1.3. The Advisor Offer is made solely to the proposed recipients of the shares who are named in Section 9 and is only capable of acceptance by those persons by submission of an advisor share application form which be provided to them by the Company.</p> | <p>Sections 11.1 and 13.4</p> |
| <p>What are the conditions of the Offers?</p> | <p>The Offers are conditional upon:</p> <ul style="list-style-type: none"> ◆ shareholders of the Company passing each of the Acquisition Resolutions at a general meeting scheduled to be held on 17 November 2015; ◆ the Company securing subscriptions from investors of not less than \$13 million under this Prospectus; ◆ the Company completing its acquisition of Emefcy; ◆ ASX conditionally confirming that it will re-admit the Company to the Official List; ◆ all material consents required from government authorities for the Transaction being obtained, including in the case of Emefcy rulings (or interim rulings) required under Israeli tax law; and ◆ the non-occurrence of any event having a material adverse effect on SAV or Emefcy prior to completion of the Transaction. | <p>Section 11.3</p> |

| Item | Summary | Further Information |
|---|---------|---------------------|
| F. Key Offer Information (cont.) | | |

How will the proceeds of the Equity Offer be used?

The initial focus of the Company will be on driving commercial sales of SABRE and bringing SABRE2 and SUBRE to market. Funds raised through the Equity Offer are intended to be applied for this purpose in accordance with the proposed use of proceeds below.

Section 11.5

In addition to proceeds from the Equity Offer, other sources of funds include cash balances at Completion and estimated grants. These sources of funds are also outlined below:

| Min Subscription – \$13M | Year 1 | Year 2 | Total |
|--------------------------------|-------------------|-------------------|--------------------|
| SOURCES OF FUNDS | | | |
| Capital raising | 13,000,000 | - | 13,000,000 |
| Cash balance at completion | 816,000 | 5,774,000 | 816,000 |
| Grants | 586,000 | 535,000 | 1,121,000 |
| Sub total | 14,402,000 | 6,309,000 | 14,937,000 |
| USES OF FUNDS | | | |
| Costs of Capital Raising/Offer | -890,000 | - | -890,000 |
| Purchase of True North Shares | -1,378,000 | - | -1,378,000 |
| Administration Costs | -2,435,000 | -2,548,000 | -4,983,000 |
| Research and Development | -2,202,000 | -2,084,000 | -4,286,000 |
| Marketing | -592,000 | -509,000 | -1,101,000 |
| Manufacturing | -1,131,000 | -862,000 | -1,993,000 |
| Sub total | -8,628,000 | -6,003,000 | -14,631,000 |
| Working capital at end | 5,774,000 | 306,000 | 306,000 |

| Max Subscription – \$16M | Year 1 | Year 2 | Total |
|--------------------------------|-------------------|-------------------|-------------------|
| SOURCES OF FUNDS | | | |
| Capital raising | 16,000,000 | - | 16,000,000 |
| Cash balance at completion | 816,000 | 8,568,000 | 816,000 |
| Grants | 586,000 | 535,000 | 1,121,000 |
| Sub total | 17,402,000 | 9,103,000 | 17,937,000 |
| USES OF FUNDS | | | |
| Costs of Capital Raising/Offer | -1,073,000 | - | -1,073,000 |
| Purchase of True North Shares | -1,378,000 | - | -1,378,000 |
| Administration Costs | -2,458,000 | -2,548,000 | -4,983,000 |
| Research and Development | -2,202,000 | -2,084,000 | -4,286,000 |
| Marketing | -592,000 | -509,000 | -1,101,000 |
| Manufacturing | -1,131,000 | -862,000 | -1,993,000 |
| Sub total | -8,834,000 | -6,003,000 | -1,186,000 |
| Working capital at end | 8,568,000 | 3,100,000 | 3,100,000 |

For full details in respect of the Company's use of funds including detailed notes to the above table please refer to Section 11.5.

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| Item | Summary | Further Information |
|---|---------|---------------------|
| F. Key Offer Information (cont.) | | |

What will the Company's capital structure look like post completion of the Offers and the Transaction?

Immediately following completion of the Transaction, the capital structure of the Company will be as set out below:

Section 11.6

| Shares | | |
|---|---------------------------------|---------------------------------|
| | Minimum Raising \$13 million | Maximum Raising \$16 million |
| Existing SAV Shares | 42,671,357 (24.61%) | 42,671,357 (22.65%) |
| Vendor Offer | 65,000,000 (37.49%) | 65,000,000 (34.51%) |
| Equity Offer | 65,000,000 (37.49%) | 80,000,000 (42.47%) |
| Advisor Offer | 700,000 (0.40%) | 700,000 (0.37%) |
| Total Shares following Transaction | 173,371,357 | 188,371,357 |

Notes to Table:

- Does not take into account the potential future issue of the Deferred Consideration Shares. Full details of the potential effect of the issue of the Deferred Consideration Shares is set out in Section 11.6.
- Assumes that no existing options are exercised prior to completion of the Transaction.

| Existing Options | | |
|------------------|----------------|--|
| Number | Exercise Price | Expiry Date |
| 7,313,645 | \$0.06 | 1 December 2016 |
| 900,000 | \$0.15 | 5 June 2017 |
| Proposed Options | | |
| 2,500,000 | \$0.30 | 3 years from the issue date, expected to be issued on completion of the Transaction. |
| 2,500,000 | \$0.40 | 4 years from the issue date, expected to be issued on completion of the Transaction. |

Notes to Table:

The proposed options identified in the table above are the options which are the subject of the Option Offer. The full terms of the proposed options, including vesting condition, are set out in Section 13.5.

Will I be guaranteed a minimum allocation under the Offer?

Under the Priority Offer eligible shareholders of the Company as at the Priority Offer Record Date will be guaranteed an allocation of 10,000 New Shares under the Equity Offer if they submit a valid acceptance and pay the application amount using the personalised Priority Offer acceptance form which will be sent to them together with a copy of this Prospectus if requested.

Sections 11.1.1 and 12.1

Other than under the Priority Offer, the Company is not in a position to guarantee a minimum allocation of New Shares under the Equity Offer.

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| Item | Summary | Further Information | | | | | | | | | | | | |
|---|--|-------------------------------------|----------------------------------|---------------------------------|----------------------------------|----------------|----------------------------|----------------------------|-----------------------------|--------------------|--------------------------|------------------------|------------------------|-----------------|
| F. Key Offer Information (cont.) | | | | | | | | | | | | | | |
| What are the terms of the New Shares offered under the Equity Offer and Vendor Offer? | <p>The New Shares will rank equally with the existing ordinary shares of the Company. A summary of the material rights and liabilities attaching to the New Shares offered under the Equity Offer, Vendor Offer and Advisor Offer made under this Prospectus is set out in Section 13.3.</p> <p>A summary of the terms of the options the subject of the Option Offer made under this Prospectus is set out in Section 13.4.</p> | Sections 13.3 and 13.4 | | | | | | | | | | | | |
| Will any New Shares be subject to escrow? | <p>New Shares offered under the Equity Offer to investors pursuant to the Prospectus will not be subject to any escrow requirement by the ASX.</p> <p>The securities the subject of the Vendor Offer, Advisor Offer and Option Offer may be subject to mandatory escrow under the ASX Listing Rules.</p> <p>In addition to any ASX imposed mandatory escrow, the Emefcy Vendors and the Existing Directors of the Company have agreed that the shares held by them in the Company will be subject to a period of voluntary escrow for 2 years commencing on the date of the Company's re-instatement to trading on the Official List of ASX. A portion of the shares the subject of these voluntary escrow arrangements will be released upon, and subject to, satisfaction of the Milestones. The number of shares subject to voluntary escrow and the portions which are expected to be released if the Milestones are satisfied are identified in the table below:</p> <table border="1" style="margin-left: auto; margin-right: auto; border-collapse: collapse; width: 80%;"> <thead> <tr> <th style="background-color: #e0f2f1;">Total Shares Held (Shares Escrowed)</th> <th style="background-color: #e0f2f1;">On completion of Transaction</th> <th style="background-color: #e0f2f1;">If first Milestone is satisfied</th> <th style="background-color: #e0f2f1;">If second Milestone is satisfied</th> </tr> </thead> <tbody> <tr> <td style="background-color: #e0f2f1;">Emefcy Vendors</td> <td style="text-align: center;">65,000,000 (65,000,000)</td> <td style="text-align: center;">87,500,000 (43,750,000)</td> <td style="text-align: center;">110,000,000 (27,500,000)</td> </tr> <tr> <td style="background-color: #e0f2f1;">Existing Directors</td> <td style="text-align: center;">1,902,663 (1,902,663)</td> <td style="text-align: center;">1,902,663 (951,331)</td> <td style="text-align: center;">1,902,663 (475,665)</td> </tr> </tbody> </table> <p>Notes to table:</p> <ul style="list-style-type: none"> • The number of shares held by the Existing Directors may increase in the event that the Existing Directors obtain approval for and participate in the Equity Offer. The voluntary escrow arrangements will apply to any shares subscribed by Equity Directors in the Equity Offer. • Full details of the terms of the Milestones are set out in Section 1.1. <p>Further details regarding the voluntary escrow arrangements are set out in Section 13.1(a) and 13.6.</p> | Total Shares Held (Shares Escrowed) | On completion of Transaction | If first Milestone is satisfied | If second Milestone is satisfied | Emefcy Vendors | 65,000,000 (65,000,000) | 87,500,000 (43,750,000) | 110,000,000 (27,500,000) | Existing Directors | 1,902,663 (1,902,663) | 1,902,663 (951,331) | 1,902,663 (475,665) | Section 13.1(a) |
| Total Shares Held (Shares Escrowed) | On completion of Transaction | If first Milestone is satisfied | If second Milestone is satisfied | | | | | | | | | | | |
| Emefcy Vendors | 65,000,000 (65,000,000) | 87,500,000 (43,750,000) | 110,000,000 (27,500,000) | | | | | | | | | | | |
| Existing Directors | 1,902,663 (1,902,663) | 1,902,663 (951,331) | 1,902,663 (475,665) | | | | | | | | | | | |
| When will the New Shares be quoted? | Application for quotation of all New Shares issued under the Offers will be made to ASX no later than 7 days after the date of this Prospectus. However, applicants should be aware that ASX will not commence Official Quotation of any Shares until the Company has re-complied with Chapters 1 and 2 of the ASX Listing Rules and has received the approval of ASX to be re-admitted to the Official List. As such, the New Shares may not be able to be traded for some time after the close of the Offers. | | | | | | | | | | | | | |
| What are the key dates of the Offers? | The key dates of the Offers are set out in the indicative timetable in the Key Offer Information on page 3. | | | | | | | | | | | | | |
| G. Additional information | | | | | | | | | | | | | | |
| Is there any brokerage, commission or stamp duty payable by applicants under the Equity Offer? | No brokerage, commission or stamp duty is payable by applicants on acquisition of New Shares under the Equity Offer. | | | | | | | | | | | | | |
| What are the tax implications of investing in New Shares? | Shareholders may be subject to Australian tax on dividends and possibly capital gains tax on a future disposal of New Shares subscribed for under this Prospectus. Applicants under this Prospectus should seek their own tax advice before applying for securities issued under this Prospectus. | | | | | | | | | | | | | |
| Where can I find more information? | <p>Additional information can be obtained through the following methods:</p> <ul style="list-style-type: none"> ◆ speaking to your broker, solicitor, accountant or other independent professional adviser; ◆ reviewing SAV's public announcements, which are accessible from ASX's website at www.asx.com.au under the code "SAV"; or ◆ by contacting the Company's Secretary on (03) 9824 5254; or ◆ by contacting the Share Registry on (02) 9290 9600. | | | | | | | | | | | | | |

1. Transaction Overview

1.1 The Transaction

On 20 July 2015 the Company announced it had entered into a binding Term Sheet to acquire all the issued share capital in Emefcy Limited (Emefcy), subject to certain conditions.

Emefcy is a corporation incorporated and domiciled in the State of Israel. It is involved in the development of innovative, energy efficient wastewater treatment technologies for use in decentralised locations.

Subsequent to executing the Binding Term Sheet, a Share Purchase Agreement which definitively records the terms for the sale of the Emefcy Vendors' respective equity interest in Emefcy to the Company has been entered. The terms of the Share Purchase Agreement is summarised in section 13.1(a) of this Prospectus.

The consideration payable for the acquisition of the issued share capital of Emefcy from the equity holders of Emefcy will be comprised of:

- The issue of 65,000,000 fully paid ordinary shares at completion of the Transaction to the Emefcy Vendors, being the shares the subject of the Vendor Offer.
- An obligation for the Company to issue up to a further 45,000,000 Deferred Consideration Shares upon, and subject to, the satisfaction of the Milestones (as described below).
- A cash payment on completion of US\$1 million will be made to True North on completion of the Transaction.
- The Redeemable Note, having a face value of US\$2 million, will be issued to True North on completion of the Transaction and is redeemable subject to the satisfaction of the Milestones described below on the date which is 30 months after completion of the Transaction. The face value of the Redeemable Note will reduce by US\$1 million in the event that either Milestone is not satisfied and if neither Milestone is satisfied it will be redeemed and cancelled by the Company for a nominal sum (US\$1). The terms of the Redeemable Note are summarised in Section 13.1(a).

The US\$1 million cash payment and Redeemable Note will be issued to True North, as sole consideration for the acquisition of its interest in Emefcy. True North has invested approximately US\$3 million in Emefcy to date. The US\$1 million cash consideration and Redeemable Note, if fully realised, will approximately represent the return to True North of its historic past cash investment in Emefcy.

The Milestones to the issue of the Deferred Consideration Shares are set out below:

- 22,500,000 Deferred Consideration Shares shall be issued upon, and subject to, the Company being provided with evidence to its reasonable satisfaction that a module of Emefcy's SABRE (Spiral Aerobic Biofilm Reactor) has been delivered to the first customer's site on, or before, the date which is 6 months after the date of completion of the Transaction failing which the Emefcy Vendor's entitlement to these shares shall lapse.
- 22,500,000 Deferred Consideration Shares shall be issued upon, and subject to, the Company being provided with evidence to its reasonable satisfaction that Emefcy has entered into firm contractual engagements representing an aggregate US\$2 million (including all associated grants and incentives) within 24 months of the date of completion of the Transaction failing which the Emefcy Vendor's entitlement to these shares shall lapse.

The Transaction is subject to the following conditions being satisfied:

- the shareholders of the Company passing each of the Acquisition Resolutions at the General Meeting which has been called to seek these approvals;
- the Company conducting and securing subscriptions from investors of a minimum of \$13 million and no more than \$16 million under the Equity Offer made through this Prospectus;
- the Company completing the acquisition of Emefcy;
- ASX conditionally confirming that it will re-admit the Company to the Official List of ASX;

- all material consents required from government authorities for the Transaction being obtained, including in the case of Emefcy rulings (or interim rulings) required under Israeli tax laws; and
- the non-occurrence of any event having a material adverse effect on SAV or Emefcy prior to completion of the Transaction.

The terms of the Share Purchase Agreement and the Redeemable Note are summarised in Section 13 of this Prospectus.

1.2 Shareholder Approval

The Company has dispatched a notice to convene the General Meeting for the purposes of seeking approval from its Shareholders for the Acquisition Resolutions (being the shareholders approvals necessary to implement the Transaction). The General Meeting is scheduled to be held on 17 November 2015.

It is a condition to completion of the Offers under this Prospectus, and a condition of the Company's acquisition of Emefcy, that resolutions approving each of the following are approved by Shareholders at the General Meeting:

- The change in the nature and scale of the activities of the Company resulting from completion of the Transaction.
- The issue of a minimum of 65,000,000 and maximum of 80,000,000 New Shares at the Offer Price of \$0.20 per New Share to investors, being the New Shares offered pursuant to the Equity Offer made under this Prospectus.
- Approval for the acquisition by the Emefcy Vendors of an interest in up to 110,000,000 of the Company's ordinary shares, being the 65,000,000 shares to be issued on completion of the Transaction and up to a further 45,000,000 Deferred Consideration Shares to be issued upon and, subject to, the satisfaction of the Milestones.
- The reconstitution of the SAV board, including appointments of the nominees of Emefcy, being the Proposed Directors named in Section 9.1 to the Board of the Company with effect from completion of the Transaction.

The above resolutions being referred to in this Prospectus as the **Acquisition Resolutions**.

The notice of meeting convening the General Meeting includes an independent expert report relating to the issue of shares to the Emefcy Vendors. That independent expert's report will be publicly available through the ASX website. If any of the Acquisition Resolutions are not approved by shareholders, all of the resolutions put forward at the General Meeting will fail and the Offers under this Prospectus will not proceed.

The Company will also seek approval for the following (however the approvals below are not conditions of the Transaction):

- ◆ Changing the Company's name to Emefcy Group Limited.
- ◆ The Existing Directors of the Company participating in the Capital Raising. It should be noted that if this approval is obtained the Existing Directors will have the right, but not the obligation, to participate in the Equity Offer up to the approved limit. Approvals are sought for the Existing Directors to participate by subscribing for up to the following number of shares: Peter Marks 250,000 New Shares (\$50,000), Phillip Hains 50,000 New Shares (\$10,000) and Vincent Savage 50,000 New Shares (\$10,000).
- ◆ The adoption of an Employee Share Option Plan to provide a mechanism to reward and incentivise key employees, management and (subject to shareholder approval) Directors in the future.
- ◆ The issue of up to 5,000,000 options to certain members of the post-Transaction Board, being the options which are the subject of the Option Offer.

1.3 Re-admission to ASX

The acquisition of Emefcy will substantially change the nature and scale of the Company's activities. The change in scale of the Company's activities will require:

- ◆ The approval of the Company's shareholders.
- ◆ The Company to re-comply with the admission requirements of Chapters 1 and 2 of the ASX Listing Rules.

The Company's shares have been suspended from trading since 26 June 2014. In accordance with ASX guidelines, the Company's shares will remain suspended from trading until such time as it re-complies with the requirements of Chapters 1 and 2 of the ASX Listing Rules. Key requirements of Chapters 1 and 2 of the ASX Listing Rules which are applicable to the Company's readmission are:

- ◆ The Company must satisfy the shareholder spread requirements relating to the minimum number of shareholders and the minimum value of the shareholdings of those shareholders.
- ◆ The Company must satisfy the "assets test" as set out in Listing Rule 1.3.

It is expected that the acquisition of Emefcy and the completion of the Equity Offer pursuant to this Prospectus will enable the Company to satisfy the requirements for re-compliance with Chapters 1 and 2 of the ASX Listing Rules.

Applicants should be aware that ASX will not re-instate existing Shares or admit any New Shares to Official Quotation until the Company complies with Chapters 1 and 2 of the ASX Listing Rules. In the event that the Company does not receive conditional approval for the re-instatement of the Company's Shares to Official Quotation, the Transaction will be terminated and the Company will not proceed with the Offers. In these circumstances the Company will repay all application monies received by in connection with the Prospectus (without interest).

1.4 Change of Name

It is proposed that the Company will change its name to '**Emefcy Group Limited**' following the successful completion of the Transaction.

2. Industry Overview

2.1 Industry Rationale – Wastewater Treatment and Water Production

Emefcy has developed a number of innovative, low-cost, low-energy, distributed wastewater treatment solutions that substantially reduce both capital and operating expenses as well as enabling treated water to be available for irrigation purposes in water-stressed areas.

The Emefcy business is focused on the nexus of two global and growing markets:

- The increasing demand to **process wastewater** (from municipal sources, agriculture, food manufacturing and pharmaceutical production).
- The increasing demand for **usable water** (for municipal use, industrial use, irrigation).



SABRE input and output water from demonstration plant.

2.2 The Wastewater Treatment Industry

The global wastewater market is considerable and growing year-on-year. The growing surplus of wastewater from an increasing and developing global population requires treatment.

The combination of water scarcity and water security have contributed to the growth of resource recovery through wastewater treatment.

Emefcy has the technical solutions to operate in this growth industry:



Global wastewater and wastewater technologies market is predicted by an industry analyst to reach US\$93BN in the 40 most robust national markets by 2016 (Source: BCC Research, Water and Wastewater Treatment Technologies: Global Markets, February 2011 – Published Introduction)

Emefcy wastewater treatment solutions are based on aeration treatment processing. The Directors believe that this segment of the global wastewater market is growing substantially and will in time constitute a significant proportion of the overall market.

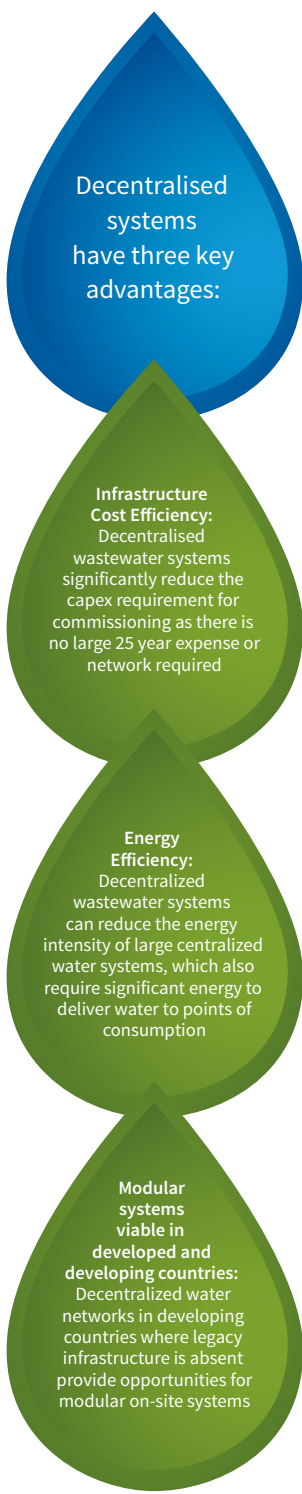
Though demand is considerable, many industries struggle with wastewater with few suitable solutions due to two factors:

High Energy Use Aerobic biological wastewater treatment is a commonly used treatment method. However, the energy-intensive nature of this treatment method has made it expensive. Energy-efficiency in any new solution is essential.

Centralisation With centralised wastewater treatment infrastructure systems, solutions are expensive, slow to deploy and the ongoing cost is high in a rising energy cost environment. Capital costs must be made up front for an operating life of 25 years or more. Water reuse becomes progressively viable as it is closer to the point of need, since long distance distribution networks are prohibitively expensive to build, and the cost of operation remains low. Reused water is relatively cheap if treated locally and efficiently. Due to these reasons, there has been a push towards developing decentralised systems.

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In Emefcy’s view, existing decentralised treatment systems have several disadvantages, notably:

- ◆ Operation is complicated, especially when nitrogen removal is required, by increasingly tight new regulations;
- ◆ Smaller plant operating costs often become challenging if onsite operating personnel are needed;
- ◆ Construction and operation costs of the wastewater treatment plant (regardless of the savings in the sewage network infrastructure) have been high and disproportional to the small size of plant; and
- ◆ Noise and odours may be an issue in many cases, particularly where neighbourhood installation is required.

Emefcy solutions address each of these weaknesses, amplifying the benefits of decentralised wastewater treatment. Emefcy solutions offer operational benefits including:

- ◆ Low capex and lower operating expenses via energy efficiency and less residual waste (sludge);
- ◆ Automated operation reduces the need for onsite personnel;
- ◆ Neighbourhood friendly, quiet and odourless;
- ◆ Modular – expand as needed to avoid significant upfront capital cost; and
- ◆ Comfortably meet increasingly tight effluent quality regulations.

A suitably configured wastewater treatment system including an Emefcy solution can produce water suitable for irrigation and industrial purposes in water-stressed areas.

2.3 Participants/Competitors in Wastewater Industry

The traditional municipal wastewater treatment industry has two main categories of participant - water solutions companies developing and selling their own products and local system integrators who are selling third party products as part of an overall solution. Companies operating multinational water solutions brands operate predominantly on large scale municipal and centralised systems.

These large-scale systems are less viable for small installations due to the high upfront capex cost, high operating costs, onsite operating personnel and ongoing energy requirement. This has resulted in a need for efficient, easy-to-manage, modular solutions for wastewater treatment with high effluent quality. This is a nascent market as the technical advances for smaller, decentralised lower energy solutions have only occurred recently.

The wastewater treatment equipment market is characterised by a number of different technologies at varying stages of commercial readiness. For this reason, the wastewater treatment market is fragmented with no dominant market leader. Emefcy has completed a competitor comparison featuring the main technical competitors in the MABR (Membrane Aerated Biofilm Reactor) area – and is of the opinion that it has advantages technically and commercially over each.

Some of the larger players in the sector are beginning to appreciate how low energy solutions can be potentially disruptive and gain market share from the general wastewater industry. A major player, GE Water, has invested in MABR wastewater aeration technologies including an investment in Emefcy.

2.4 Trends Affecting the Wastewater Industry

Water is one of the world's critical resources, essential to life on our planet and to the health of our global economy. With the global population rising, increasing urbanisation and the westernisation of diets, the demand for water continues to rise. There are a number of key trends that create persistent demand in the global wastewater industry.

Water essential for irrigation

"Water for irrigation and food production constitutes one of the greatest pressures on freshwater resources. Agriculture accounts for ~70% of global freshwater withdrawals (up to 90% in some fast-growing economies)." (Source: Unesco, Facts and Figures from The United Nations World Water Development Report 4, Managing Water under Uncertainty and Risk, 2012)

Water essential for agriculture

"In many countries, water availability for agriculture is already limited and uncertain, and is set to worsen. Agricultural water withdrawal accounts for 44% of total water withdrawal in OECD countries, but for more than 60% within the eight OECD countries that rely heavily on irrigated agriculture." (Source: Unesco, as above)

Demographics driving water consumption in agriculture

"Economic growth and individual wealth are shifting diets from predominantly starch-based to meat and dairy, which require more water. Producing 1 kg of rice, for example, requires ~3,500 L of water, 1 kg of beef ~15,000 L, and a cup of coffee ~140 L. This dietary shift is the greatest to impact on water consumption over the past 30 years, and is likely to continue well into the middle of the twenty-first century." (Source: Unesco, as above)

Treatment of wastewater has been energy intensive

"The treatment of wastewater requires significant amounts of energy, and demand for energy to do this is expected to increase globally by 44% ... especially in non-OECD countries where wastewater currently receives little or no treatment." (Source: Unesco, as above)

Freshwater used for industrial purposes

"Although industry uses relatively little water on a global scale, it requires an accessible, reliable and environmentally sustainable supply. It is generally reported that ~20% of the world's freshwater withdrawals are used by industry." (Source: Unesco, as above)

In developing countries no viable wastewater solutions exist

"Up to 90% of wastewater in developing countries flows untreated into rivers, lakes and highly productive coastal zones, threatening health, food security and access to safe drinking and bathing water." (Source: Unesco, as above)

Wastewater increasingly seen as a potential resource if recycled or reused

"Given increasing supply constraints, companies are turning to technologies that can enable wastewater to become a resource. These recycle and reuse solutions can meet water demand needs for non-potable water intensive sectors such as power generation." (Source: Goldman Sachs, Water: Emerging Risks & Opportunities, February 2013)

Water systems decentralised

"Nearly one in four households in the United States depends on an individual septic system (also referred to as an onsite system) or small community cluster system to treat their wastewater." (Source: US EPA, Septic (Onsite/Decentralized) Systems, 2014)

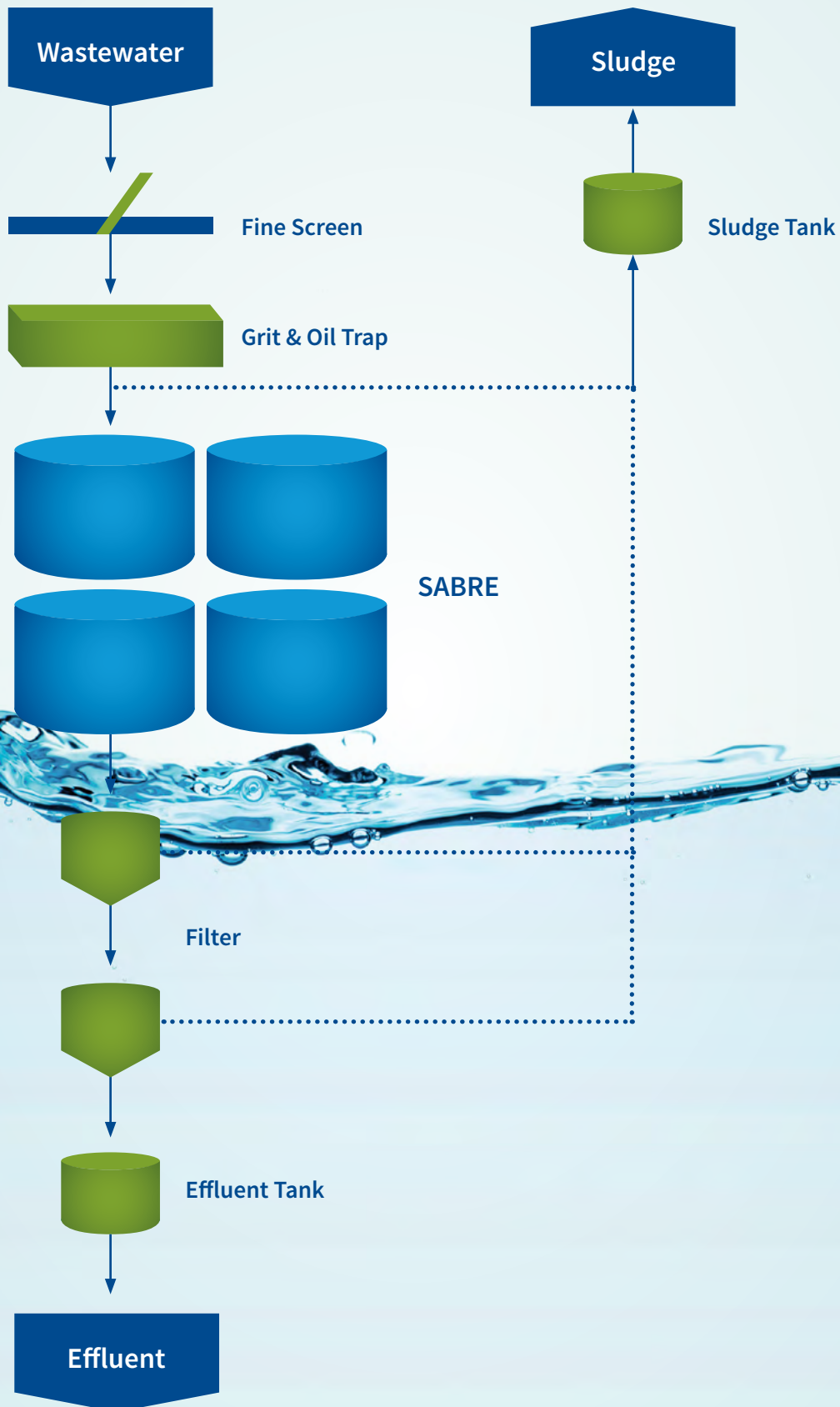
Decentralisation for growing urban economies such as China

"Decentralized sanitation with its modular character is considered to be an effective way in facing rapid urban growth and with its potential to locally reuse water an additional water resource can be tapped." (Source: Corrina Adler, Market Potential of a Membrane Based Wastewater Treatment Plant for Decentralized Application in China, 2007)

Emefcy has viable solutions that enable customers to reduce costs and reuse wastewater for use in irrigation, agriculture and industrial applications.

In the view of the Company, Emefcy's products have the potential to set a new standard in cost effective and environmentally friendly decentralised aeration wastewater treatment systems.

Typical Process Flow Diagram



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3. Company Overview

3.1 Company and Emefcy Overview

3.1.1 Savcor Background

SAV is an industrial technology company that has historically operated in the infrastructure and resources sectors.

On 27 June 2014, the Company was placed into voluntary administration by its prior management. This period of voluntary administration ended in March 2015 following the effectuation of a Deed of Company Arrangement and the Existing Directors were appointed as directors of the Company.

The Board of Savcor has subsequently been evaluating alternative corporate opportunities, both in Australia and overseas, with the potential to deliver strong future growth for shareholders.

On 20 July 2015 Savcor entered into a binding term sheet, subject to certain conditions, to acquire 100% of the issued share capital of Emefcy, an Israel technology company developing decentralised, energy efficient wastewater treatment solutions. The acquisition of Emefcy allows Savcor to participate in an innovative technology, in the growing, global wastewater industry: an industry in need of advanced, economically attractive solutions.

Emefcy provides the cornerstone investment to forming a global water solutions company. At the completion of the Emefcy Transaction, the Company is proposing to change its name to Emefcy Group Limited in line with its new direction.

3.1.2 Emefcy Background

Emefcy was conceived and incorporated in 2007 by Eytan Levy and Ronen Shechter, after successfully founding and exiting AqWise – Wise Water Technologies Ltd; now a global water company with over 350 wastewater solution installations in approximately 30 countries.

Following seven years of development of innovative technology that is the subject of patents and patent applications, Emefcy's first product "SABRE" has been demonstrated with a pilot plant in operation for one year in Israel. SABRE is ready for operational deployment in the market, and sales activities by Emefcy in relation to SABRE have commenced.

This development to date has been funded by an investor base including major venture funds Pond Ventures, Israel Cleantech Ventures and Plan B Ventures, as well as major corporate investor, GE Ventures, who together with government grants have contributed over A\$21 million to date.

3.2 Proposed Corporate Structure

Upon completion of the Transaction, SAV will own 100% of Emefcy. After the name change the Company will be Emefcy Group Limited with Emefcy Limited in Israel as the only wholly owned subsidiary.



Emefcy offices and labs in Caesarea, Israel.

3. Company Overview CONTINUED

3.3 Emeфы Products and Technology

Over a seven year period, Emeфы has developed a number of innovative wastewater technologies. These are the subject of a combination of patent and patent applications.

There are two innovative core technology platforms in Emeфы's IP portfolio representing the subject of patents and patent applications: SABRE and EBR.

| Platform | SABRE – The Spiral Aerobic Biofilm Reactor | EBR – The Electrogenic Bioreactor (under development) |
|-------------------------------|--|---|
| Description | SABRE is a modular MABR technology-based solution, delivering affordable decentralised wastewater treatment at a significantly lower energy consumption compared to conventional small aerobic processes used by the industry. | EBR is being developed to efficiently and cost effectively harvest electricity generated by bacteria used to treat highly-loaded industrial wastewater which is typically very costly to treat. |
| Key Potential Benefits | <ul style="list-style-type: none"> Lower capex compared to scaled-down centralised systems. Low opex – significantly less energy and sludge. Designed for local use with effluent able to be reused for irrigation. The treatment process is relatively quiet and odourless so environmentally friendly and suitable for local use. The system has a modular design that enables incremental scale up to meet specific customer needs. | <ul style="list-style-type: none"> Energy positive. Can use organic contamination as fuel to generate electricity, while treating the wastewater. Can be designed to be capable of treating a range of organic wastewater generated by the food and beverage, paper and pharmaceutical industries. Potential to generate up to 80% less sludge than conventional treatment processes. Can be capable of treating wastewater with high salinity. Can potentially reduce opex to or near negligible levels as electricity is produced as a by-product. |
| Status | <ul style="list-style-type: none"> SABRE has been technically proven with a demonstration plant in Caesarea, Israel in operation for one year. Management believes that SABRE is at the point of market readiness. Emeфы has established production and engineering capabilities to support sales the equivalent of an estimated A\$25million per year. Emeфы has integrated and automated manufacturing capabilities which are the result of considerable investment in recent years to ensure the company is market ready. The next generations of this technology SABRE2 and SUBRE are higher capacity versions. | <ul style="list-style-type: none"> Laboratory tests indicate that the technology can generate sufficient electricity to power the wastewater treatment processes and feed excess electricity into the grid to offset treatment operating costs. Further R&D required to validate the technical and thereby potential commercial viability of the solution. Further R&D and field pilots will be required ahead of operational deployment and EBR is not anticipated to be commercially ready until 2018. |
| Initial Target Markets | <ul style="list-style-type: none"> Resorts / Private Users Decentralised municipal plants | <ul style="list-style-type: none"> Food and Beverage Pharmaceutical |

An overview of the SABRE and EBR technologies is provided in the Independent Report in Section 5.

An overview of the intellectual property portfolio held by the company covering SABRE and EBR is provided in the Independent Intellectual Property Report in Section 8.

3.4 Development Roadmap

SABRE is Emeфы's first generation wastewater solution. SABRE is targeting markets requiring a relatively small, cost-effective wastewater solution. However, early commercial deployments to these types of customers should serve well as references for next-generation SABRE2 and SUBRE products which target much larger markets.

Emeфы is developing a new generation of product – SABRE2, which will target mid-to-large plant sizes. SABRE2 is estimated to be significantly more cost effective and efficient than SABRE with up to four times the processing capacity based on:

- 40% wider tank diameter
- 50% thinner sleeve spacing within the system leading to more active surface area per module

The first trial version of SABRE2 is planned for mid-2016. Further commercial development work and field trials sufficient to support commercial sales are targeted by mid-to-end 2017.

SUBRE is a derivative of SABRE2. It is targeted as a retrofit for existing wastewater treatment, lowering operating costs while complying with tighter regulations. The components for SUBRE are very similar to SABRE2 but instead of being deployed in a tank, it will be deployed directly into the wastewater treatment ponds. Therefore SUBRE is being designed to be retrofitted to existing municipal wastewater ponds. Like SABRE2, SUBRE requires development work including a number of design tasks and trials before being technically proven and commercially ready for sales. This work is targeted for completion by late 2017.

| | Target Segment | Expected Module Capacity per day | Development Required | Target First Sales |
|--------|---|----------------------------------|---|--------------------|
| SABRE | Private Buyers (resorts/small municipalities) | 7m ³ | Ready for operational deployment | 2016 |
| SABRE2 | Mid-to-Large Municipalities | 30m ³ | Further design development work, trial and production line upgrade required | 2017 |
| SUBRE | Mid-to-Large Municipalities | 45m ³ | Further design development work, trial and production line upgrade required | 2017 |

3.5 Emefcy's Business Model and Go-to-Market Strategy

The Emefcy business model is based on the sales of solutions to customers that have a requirement to treat wastewater. An overview of the product, pricing and target customer segment is provided.

| | Price range | Target Segment | Target First Sales |
|--------|---------------------------|--|--------------------|
| SABRE | A\$140,000 – A\$550,000 | Stage 1: Private Buyers (resorts and golf courses) that have a pressing need for consistent water supply in a water-stressed area Stage 2: Small municipal plants | 2016 |
| SABRE2 | A\$685,000 – A\$1,300,000 | Mid-to-Large Municipalities | 2017 |
| SUBRE | A\$1,300,000+ | Mid-to-Large Municipalities | 2017 |
| EBR | A\$2,700,000+ | Food and Beverage, Pharmaceuticals | 2018+ |

The pricing range varies due to the size and complexity of deployment. As SABRE is a modular system of cylinders that have a specific capacity, the capacity required by the customer determines the end pricing.

Emefcy products have an initial focus on targeting markets where prices are generally high for electricity, water and for wastewater treatment. In line with this, Emefcy has a multi-stage go-to-market strategy.

Stage 1: Initial SABRE Installations

To facilitate sales of SABRE, Emefcy is targeting markets with the greatest need, the most compelling solution economics, and the ability to deploy the plant quickly. Resorts and golf courses, which need to maintain a constantly clean environment and irrigated landscape in often remote dry environments, have this requirement.

SABRE products can be shipped in marine containers to site. With its first installation with every partner, Emefcy intend to supervise installation and participate in commissioning. Emefcy will support the ongoing operation of local SABRE plants using a remote operation monitoring service. This maintenance service has the potential to provide an additional source of revenue in the future.

Emefcy intends to use its initial installations of SABRE, where the resulting plant can be used as a reference to sell SABRE2 or SUBRE to larger customers who require evidence of a proven solution operating in the market.

Stage 2: Build Sales Channel of Intermediaries for Sales to Municipal Plants

Emefcy intends to work with plant integrators, engineering contracting firms, and plant design consultants who have existing relationships with municipalities and others who deploy wastewater treatment systems. These intermediaries can be expected to seek new and innovative solutions which may allow them to offer their customers a better value proposition, improving their competitive edge. Interaction with these intermediaries has the potential to create a sales channel to these end users.

In parallel with SABRE's initial proposed commercial deployments, Emefcy intends to conduct field trials of SABRE2 and SUBRE with the objective of establishing proof of market readiness.

Stage 3: Use Case Studies to promote Sales of SABRE2 and SUBRE to the Mid-and-Larger Scale Municipal Markets:

SABRE2 and SUBRE, which are being designed to have larger volume throughput capacity are targeted to satisfy the needs of mid-to-large municipal markets. It is Emefcy's intention to use the progressive deployment of SABRE plants as an ongoing reference point to provide large corporate and government buyers with operational verification of the Emefcy technology.

Future: The more successful Emefcy is in commercially deploying its technologies the more proof of concept examples will be made available to encourage potential partners to add Emefcy technology to their sales portfolio. High value emerging markets such as India and China are of particular interest to Emefcy.

3. Company Overview CONTINUED

3.6 Demonstration Plant

In addition to its pilot facilities used for research and development, Emefcy has been successfully operating a demonstration plant in Caesarea, Israel for 12 months.

The Caesarea demonstration plant was intended to be an operating site that would demonstrate both internally and externally to potential customers and investors, that a SABRE-based wastewater treatment plant can produce the required effluent quality for a significant time period. The minimum benchmarks were:

- ◆ Four months continuous operation without changing significant operating parameters.
- ◆ Producing effluent meeting Israeli required quality for unlimited irrigation.

The aim of the demonstration plant was to reduce water and wastewater cost by half (as compared to conventional plants), and recover water from the process. Emefcy implemented, trialled and measured the results of ten SABRE generation "0" modules to treat 24 m³/day wastewater.

After one year of operation, management is of the view that the demonstration plant has demonstrated full compliance and readiness for commercial deployment within the intended operating specifications.

A number of key comparative parameters were established including operational costs and capex costs which were monitored and recorded by Emefcy.

The primary results of the demonstration plant have been:

- ◆ Low opex: 50% saving to save net A\$265K/year for water and wastewater treatment versus their current costs.
- ◆ Attractive capex recovery: 2.1 year payback on the plant cost.
- ◆ Quiet and odourless: Plant operation is relatively silent and odourless compared to existing small wastewater treatment plants.

These results will enable Emefcy to market the advantages of SABRE to potential customers.

The actual operating performance of SABRE will vary in different locations depending on factors including the cost and availability of fresh water and wastewater treatment, electricity price, input water quality, and effluent quality requirements. Nevertheless, the Company believes that the demonstration plant results obtained provide a useful database to assist in demonstrating the value proposition and as an advantage over other solutions which it will seek to rollout using the funds raised through the Equity Offer.

3.7 Production capability

Production facilities are in place including premises at Or Akiva near Caesarea in Israel, housing special purpose manufacturing equipment for the production of SABRE and most equipment required for the planned future manufacture of EBR. The plant requires simple upgrades to allow for production of SABRE2 (in 2017) and SUBRE (in 2018).



SABRE Production Plant.

It is estimated that at full scale the existing production facility can support approximately A\$25 million of SABRE sales per annum.

Where practical Emefcy seeks to establish arrangements with multiple suppliers for components utilised in the manufacture of SABRE. In most cases Emefcy has alternative suppliers for specific components however Emefcy is currently dependent on one supplier for a key component and will seek to develop alternative suppliers to mitigate continuity of supply risk.

In an effort to improve manufacturing efficiencies and product reliability, Emefcy has put in place a system of monitoring and maintaining engineering integrity and performance of its manufacturing processes.

Emefcy has engaged personnel to operate the production facility. These personnel include experienced production engineers with the team headed by Yaron Bar Tal, VP of Engineering.

3.8 Target Milestones

The funds raised through the Equity Offer will provide funding to enable Emefcy to seek to achieve the following commercial target milestones:

◆ Commercial deployment of SABRE in Q1 2016:

- Progress the first contract for deployment of the SABRE technology.
- Achieve first commercial revenues.

◆ Grow Market of SABRE through 2016:

- Achieve additional direct sales of SABRE in resorts and golf courses.
- Develop sales pipeline through water trade shows in Miami, Chicago and Israel.
- Promote SABRE to systems integrators involved in deployment of small water treatment plants.
- Use initial commercial deployments as reference points for SABRE2 and SUBRE expressions of interest.

◆ Bring higher capacity versions of SABRE to market:

- Conduct and complete trials of SABRE2 and SUBRE to the point of operational readiness (2016-2017).
- SABRE2 and SUBRE are derived from the same technology as SABRE and are being developed fully to seek to open more diversified markets (2017-2018).

Emefcy also plans to continue its technical development of the EBR technology with the objective of completion of a product ready for operational deployment in 2018. The ultimate deployment of the EBR technology provides the potential for expansion of Emefcy's portfolio of innovative wastewater treatment solutions.



Emefcy live demonstration plant in Caesarea, Israel.

4. Risk Factors

4.1 Introduction

The New Shares and options offered under this Prospectus are considered highly speculative. An investment in the Company carries risk. The Existing Directors and Proposed Directors strongly recommend potential investors consider the risk factors described below, together with information contained elsewhere in this Prospectus, before deciding whether to apply for New Shares and consult their professional advisers.

This Section identifies circumstances that the Existing Directors and Proposed Directors regard as the major risks associated with an investment in the Company and which may have a material adverse impact on the financial performance of the Company, and the market price of the Shares, should they arise.

There are a number of risk factors which may affect the financial performance, cash flows and growth prospects of Emefcy as well as the outcome of an investment in Savcor as a consequence.

The business, assets and operations of Emefcy, and as a consequence the Company, are subject to certain commercial, operational and financial risk factors that have the potential to influence the operating and financial performance of the Company in the future, if the Transaction is successfully completed (refer Sections 4.2, 4.3 and 4.4). In addition, there are other general investment risks, many of which are largely beyond the control of the Company and difficult to predict or anticipate (Section 4.5).

The Board aims to manage these risks by carefully planning the Company's activities and implementing risk control measures. However, as noted above, some of the risks identified below are highly unpredictable and the Company is limited to the extent to which it can effectively manage them.

The following risk factors are not intended to be an exhaustive list of the risk factors to which the Company is exposed or will, following completion of the Transaction, be exposed. In addition, this Section has been prepared without taking into account an applicants' individual financial objectives, financial situation and particular needs. Applicants should seek professional investment advice if they have any queries in relation to making an investment in the Company.

4.2 Commercial Risks

Market Risk

The sales potential for Emefcy solutions is uncertain and unproven. Emefcy is in the very early stages of commercialisation of the SABRE technology, having entered into a conditional contract for one government supported commercial sale. The on-going demand for the Emefcy SABRE wastewater treatment solutions is yet to be established.

Influencing factors for potential customers include pricing versus other solutions, the recommendations of wastewater treatment system integrators and design engineers, acceptance by local regulators, appetite to invest in new technologies and effective communication and education regarding the perceived advantages of Emefcy.

Emefcy has undertaken substantial market research which has included attending global wastewater treatment trade shows, conferences, product demonstrations and meetings with potential customers and industry system integrators.

As a consequence, Emefcy has developed and modified its product offering to match market expectations, including framing the key benefits of SABRE around solving the key needs of its main target customers by providing a decentralised wastewater treatment model offering both capex and opex advantages as well as being modular for scalability.

Emefcy has developed selection criteria to seek to identify candidates as potential customers who gain the most from implementing an Emefcy solution. Emefcy is targeting a number of geographic market segments and regions, to reduce the risk of an isolated economic downturn affecting demand in a single segment, territory or region.

Competitor Risk

Emefcy is subject to the risk from competitors including the introduction of new and emerging technologies, improved product offerings and price reductions. Emefcy's potential competitors include large established and well-funded corporations which may be able to adopt aggressive research and development and marketing strategies to capture market share as well as aggressive, fast moving early-stage start-up companies. As the wastewater

treatment market changes and develops, there is also a risk of downward pressure on pricing.

Emefcy continuously monitors competitor product offerings and pricing models. Emefcy also actively monitors research and development innovations in the sector and considers its technology is more cost effective with higher utility than known current wastewater aeration equipment competitors in the same category.

Emefcy also holds a number of patent and patent applications (refer to Intellectual Property Report in Section 8) and has implemented an intellectual property strategy (discussed below) to seek to protect its technologies from competitors.

Lead time to sales

Decision makers with responsibility for wastewater treatment solutions may be conservative due to the community and health sensitive nature of wastewater treatment. Further, access to funds for customers may take time with grants often a source of financing. As a consequence, the lead time for customer sales confirmations may be slow and extend to several years.

Emefcy has allowed for the conservative timeframe for decision makers in the wastewater industry in its forward planning. As described in the Section 3.6, Emefcy has had a demonstration plant successfully operating in the field for 12 months which will be used to seek to demonstrate the technical attributes of the SABRE technology.

Emefcy is also exploring the possibility of third party financing for potential customers. With a low upfront payment option for decision makers, this may significantly reduce the time to signing a contract. However, there can be no guarantee that Emefcy will successfully implement this financing alternative.

Third party installation and servicing quality control

As the Emefcy business plan is to utilise system integrators to rollout SABRE, the installation and servicing of SABRE units may be undertaken by third party contractors which may lead to the solution being incorrectly installed or serviced and therefore not performing to specification.

For the first sale with each system integrator, Emefcy plans on working directly with the system integrator to supervise the installation, commissioning

and sign-off of the modules. Subsequent installations will then be planned and overseen to ensure quality is met. Sensors embedded into the equipment ensure that Emefcy can monitor the performance of each installation through remote monitoring software. In addition, any installations not done to Emefcy specifications will not be covered by warranty, thereby mitigating the risk of customer claims resulting from incorrect third-party installations.

Price Risk

The price point of SABRE and other Emefcy solutions may be too high compared to other solutions or may not be able to stay at the same price for an extended period. This may lead to difficulties in market acceptance and, if reductions in price are necessary to achieve market penetration, the profit margins will be reduced.

SABRE is competitively priced compared to current centralised wastewater solutions used in municipal scenarios. This is because the requirement for transportation of fluids are significantly reduced and as a consequence there is no requirement for long pipelines, infrastructure and its installation.

As noted above, Emefcy is also exploring the possibility of third party financing for potential customers which may mitigate issues faced by customers in funding the acquisition of Emefcy's products.

Sales and Marketing Risks

A number of sales and marketing risks exist, some of which are also specifically and separately addressed in this Section, including:

- ◆ Emefcy may have the wrong expectation of future market penetration which may include an overestimation of the demand in target market segments.
- ◆ Emefcy may fail to find suitable business partners, including suitable distribution partners and channels.
- ◆ Competition may take a significant portion of potential market or reduces prices.
- ◆ Sales cycles may be longer than expected or delays may be experienced in product supply or installation.

The combination of the following will be deployed to seek to reduce the sales and marketing risks:

- ◆ Targeting sales in several geographic markets, with several partners to reduce reliance on any one key customer or market segment.
- ◆ Careful and ongoing examination of target markets, their needs and expectations.
- ◆ Investing in on-going product improvements and cost reductions.
- ◆ Seeking to enter additional segments sooner, with emphasis on diversifying the customer base to include privately owned facilities such as industry, resorts, army camps, and considering supplementary business models such as rentals and leasing.

Supply Risks

Individual suppliers may not be able to meet demand for the supply of materials. Reductions or interruptions in the supply of components or finished goods from international sources could adversely affect Emefcy's ability to meet customer delivery commitments. Component materials are purchased from outside sources and may be subject to currency or price changes decreasing potential profit margins.

Emefcy may have excess demand for production above the rate the Emefcy module can be created or supplied. Emefcy has one manufacturing facility in Israel, which if interrupted or damaged could impact on its ability to meet sales orders.

Where practical Emefcy seeks to establish arrangements with multiple suppliers for components utilised in the manufacture of SABRE. In most cases Emefcy has alternative suppliers for specific components however Emefcy is currently dependent on one supplier for a key component and will seek to develop alternative suppliers to mitigate continuity of supply risk. Emefcy also intends, where possible, carrying increased inventories of key components to mitigate any temporary shortage in raw materials.

The current production facility at Or Akiva in Israel is expected to have sufficient production capacity to meet anticipated demand for the short to medium term. The opportunity also exists to add more production lines to increase production throughput if required.

Emefcy also maintains a suite of insurance policies covering its main manufacturing facility.

Regulatory Environment Risks

Stringent environmental standards and regulations generally apply to the treatment of wastewater and these standards and regulations may vary in each jurisdiction in which Emefcy conducts business. Government regulations may change in any or all of the target territories making the business model ineffective, or pricing not feasible. These environmental standards are increasing globally and expected to increase demand for Emefcy solutions.

Emefcy closely monitors environmental regulations and maintains extensive data on the treatment performance of its facilities. SABRE produces water not intended for drinking, thus exposure to public health risk incidents is low.

Completion and Re-instatement Risk

The Company's Shares are currently suspended from trading on ASX. Applicants should be aware that ASX will not re-instate existing Shares or admit any New Shares to Official Quotation until the Company re-complies with Chapters 1 and 2 of the ASX Listing Rules. In the event that the Company does not receive conditional approval for the re-instatement of the Company's Shares to Official Quotation, the Transaction will be terminated and the Company will not proceed with the Offers. In these circumstances the Company will repay all application monies received by in connection with the Prospectus (without interest).

4.3 Operational Risks

Technology Risk

The Emefcy technologies may not be reliable or functional, or work to the standard expected.

SABRE has been technically proven with a demonstration plant in Caesarea, Israel in operation for one year.

SABRE2 and SUBRE are based on the same platform technology as SABRE and rely on the same engineering capabilities. Yet, several engineering developments challenges, as well as cost reduction targets need to be addressed.

Emefcy has taken several steps with a view to ensuring the quality and performance of its products including the implementation of the FMEA (Failure Mode Effect Analysis) reliability engineering method, detailed quality assurance testing of all manufactured units, and on-going remote monitoring of the actual performance of all installed units. EBR is still in the early stages of development and still requires extensive field pilots and further development prior to being ready for commercialisation. There is a risk that EBR may not be technically successful or that even if technically proven may not be able to be commercialised in a cost effective manner.

Product Defects

Emefcy has established a manufacturing and production facility located at Or Akiva near Caesarea in Israel. There has yet to be any operational deployment of equipment manufactured at that facility. This lack of operational history heightens the risk that the production output from the facility may exhibit manufacturing defects leading to requirements for Emefcy to undertake rectification works at its cost. The ramp up in production may be expected to put pressures and stresses on the plant and its personnel which may also heighten the risk of manufacturing defects. Company estimates of warranty costs may understate the cost of servicing and actual claims made.

Emefcy has sought to adapt manufacturing procedures and policies to mitigate the risk of manufacturing defects. Detailed production plans have been prepared for commercial production of the SABRE product.

Manufacturing Risks

There is a risk that Emefcy's manufacturing and production facility may not function reliably, efficiently or cost effectively, resulting in less products produced than planned, of lesser quality or at higher than expected costs. The ramp up in production volumes may take longer or require more capital expenditure than expected.

Implementation of production control and costing systems may take longer and cost more than initial estimates. The workforce may take longer than expected to be recruited, fully trained and efficient in the operation of the facility. Delays in shipping may lead to inefficiencies in product handling or storage.

The modifications to the plant necessary to produce SABRE2 and SUBRE may take longer or cost more than initially estimated.

Emefcy has implemented web-based software to monitor and manage the wastewater treatment performance of current and future installations. There is a risk of remote service personnel for a given installation taking longer to correct infrastructure and maintenance solutions than expected.

Intellectual Property Risks

Emefcy holds a number of patents and patent applications. There can be no guarantee that the patent applications will be successful and lead to granted patents. Furthermore, in respect of granted patents, there can be no guarantee that competitors will not develop technology to avoid those patents, or that third parties will not seek to claim an interest in the intellectual property with a view to seeking a commercial benefit from Emefcy.

There is also a risk of competitors obtaining and sustaining protection of competing or infringing technology which, given its complex nature, could lead to extensive and lengthy disputes for which there can be no guaranteed outcome.

Emefcy has engaged with patent attorneys to develop and implement an intellectual property strategy to seek to establish broad patent protection over its technologies to enable it to guard its exclusivity, maintain an advantage over competitors and provide it with a basis for enforcement in the event of infringement.

The Company has no reason to believe that any third parties intellectual property rights are being infringed by Emefcy's systems or technologies or that any entity has asserted any rights or claims of ownership against Emefcy over any aspect of its intellectual property.

As part of the Emefcy's intellectual property strategy, Emefcy closely monitors competitor activities for potential infringements as well as innovative developments in the wastewater treatment industry.

This is done through attendances at key conferences, trade shows and undertaking periodic reviews of newly granted patents.

Emefcy has been using the name SABRE for its MABR product. It was found recently that SABRE is registered as trademark for wastewater treatment

products in the USA, Japan and Korea. As a result, it is intended that SABRE will be rebranded soon. There is still a risk that the owners of the SABRE trademarks will seek to claim against Emefcy for the use of the name SABRE.

Since no commercial deployment of SABRE has taken place in these territories so far, in the Company's view the likelihood any such action is low.

Management Risk

Emefcy operations are dependent upon the continued performance, efforts, abilities and expertise of its key Board and management.

Remuneration for employees and Directors is intended to be reviewed in accordance with the Company's corporate governance policies and benchmarked to ensure that it remains market competitive. Senior managers and employees have also historically participated in an employee share option plan designed to provide incentives for company outperformance. The Company intends to adopt a new Employee Share Option Plan to provide a mechanism for the future reward and incentivisation of key personnel, the adoption of the plan will be the subject of a resolution at the General Meeting.

Emefcy is planning on further systemising its business to ensure that key person risks are reduced and that succession planning can occur at lower risk. Until that occurs, Emefcy is building an experienced management team with extensive business capability. Frequent update meetings between members of management enables an orderly transfer of key information. Insurance for the CEO (Eytan Levy) and CTO (Ronen Shechter), job specifications for all management positions on file, and work arranged to have overlap between at least two employees in every matter, further reduce this risk.

Personnel Risk

There may be capability gaps in the Emefcy organisation structure that doesn't allow the company to grow according to plan.

Emefcy has a detailed organisation recruitment plan in place designed to grow its workforce in line with the commercialisation of the SABRE technology. This includes the recruitment of personnel across a range of company functions including management, sales, finance, technical, operations and

manufacturing capabilities. Emefcy also uses consultants and contractors to close any organisational gaps.

4.4 Financial Risks

Currency Risk

The finances of Emefcy are exposed to currency risks including the Australian Dollar (AUD), US Dollar (USD) Euro (EUR) and Israeli Shekel (NIS). In addition, Emefcy intends to conduct business across numerous jurisdictions which will expose it to the additional risks associated with fluctuations associated with currencies in those regions.

In particular, Australian corporate costs are mainly exposed to AUD, the Israeli based research and development programme, production costs and local sales are exposed to NIS, while materials sourced from overseas, the Redeemable Note payable to True North and international sales are exposed mainly to USD.

As a result, the Company's cash position may be impacted by realised and unrealised losses on foreign currency. The Company plans to establish bank accounts for each of AUD, NIS, EUR and USD and to reduce currency risk by switching the capital raised through the Equity Offer into the currencies required in accordance with budgeted cash flows.

Debt Collection Risk

Customers may be slow, or fail, to pay Emefcy causing a cash flow issue to the Company. In addition, Emefcy may use local agents and partners in areas for sales. There may be a gap between when the partner is paid and when Emefcy is paid. This risk may increase as this business grows. In addition, sources of funds being relied upon by customers, such as grants, for payment to Emefcy may not materialise.

At the early stages of commercialisation, Emefcy will require progressive instalment payments for supply contracts. A debtors monitoring system will also be established to follow up overdue payments. Emefcy is exploring financing solutions provided by third parties for customers to also mitigate against this risk.

Financing Risk

Emefcy is entering the market and significant demand may mean there is an inability of customers to finance new installations. Emefcy receives staged payments prior to installation to reduce

this risk. If a customer finances the order then the risk is mitigated as Emefcy receives payment in advance. Background checks are conducted on every new customer.

Cash flow Risk

Emefcy's expansion plans will consume cash and the cash burn will exceed the revenue for the short to medium term at least. In addition, projects may go over budget and not expand at the rate expected. Furthermore, Government grants that Emefcy has been able to access in the past may not be available in the future.

The founders have experience in the execution of industrial technology projects and have an understanding of Emefcy's requirements if it is to achieve commercially meaningful revenues. The progress of Emefcy as against its target milestones, budgets and development plans will be monitored on a regular basis by the post-Transaction Board.

Company expenditures will be closely monitored relative to budget with contingency plans in place to reduce or defer costs if necessary. Access to potential sources of funds will also be closely monitored, including but not limited to a range of government grants, further capital by way of equity issues and debt facilities on acceptable terms.

Additional Capital Requirements

The capital requirements of the Company depend on numerous factors. Depending on the ability of the Company to generate revenue from its operations, the Company may require further financing in addition to amounts raised under the Equity Offer. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations.

Grant Obligations

Emefcy has in the past, and expects in the future, to finance part of its research and development costs through grants from the State of Israel via the Israel Office of the Chief Scientist ("OCS"). The total amount received by Emefcy in grants from the OCS to 30 June 2015 (including accrual for interest) is approximately \$1.7m. On generating revenue Emefcy will be required to commence repayment of grants made by the OCS at a rate ranging between 3% and 3.5% of revenue. These

obligations will reduce the Company's capacity to finance other activities.

Separately, Emefcy has also received grants from the State of Israel via the Ministry of National Infrastructure ("MNI"). These grants (including interest) total approximately \$400,000. On generating revenue Emefcy will be required to commence repayment of grants made by the MNI at a rate of 5% of revenue. These obligations will reduce the Company's capacity to finance other activities.

Upon full repayment of grants Emefcy will continue to be bound to comply with the requirements of Industrial Research and Development, 5744-1984, and related regulations ("the R&D Law"). The R&D Law can impose restrictions on the transfer outside of Israel of know-how or on the manufacture or manufacturing rights of products incorporating such know-how or technologies developed using grants without the prior approval of the relevant authority. Therefore, if aspects of Emefcy's technologies are deemed to have been developed with grant funding, the discretionary approval of a government committee will be required for any transfer to third parties outside Israel of the know-how or manufacturing or manufacturing rights related to those aspects of such technologies. If in the future Emefcy wishes to sell such technologies or rights to a third party there is a risk that the government may refuse to provide consent or impose prohibitive conditions to any consent. The transfer of OCS-supported technology or know-how or manufacturing or manufacturing rights related to aspects of such technologies outside of Israel may involve the payment of significant penalties and other amounts, depending upon the value of the transferred technology or know-how, the amount of OCS support, the time of completion of the OCS-supported research project and other factors. These restrictions may impair Emefcy's ability to sell the technology outside Israel or to outsource or transfer outside of Israel technology or know-how developed with grant funding. Furthermore, the ultimate consideration realisable from such transaction(s) may be reduced by amounts payable to the government.

The intended acquisition by the Company of all shares of Emefcy requires notification to the government of Israel (which will be provided) but does not require the consent of the government.

4.5 General Risks

Economic Risks

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's activities, as well as on its ability to fund those activities. Furthermore, share market conditions may affect the value of the Company's securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- ◆ general economic outlook;
- ◆ interest rates and inflation rates;
- ◆ currency fluctuations;
- ◆ changes in investor sentiment toward particular market sectors;
- ◆ the demand for, and supply of, capital; and
- ◆ terrorism, instability or other hostilities causing political stability in Israel and surrounding countries.

Taxation

There may be tax implications arising from applications for New Shares, the receipt of dividends both franked and unfranked (if any) from the Company, participation in any on-market buy-back and on the future disposal of Shares. Potential investors should consult their professional tax adviser before deciding whether to apply New Shares pursuant to this Prospectus.

Litigation Risk

Following the Transaction to acquire Emefcy some of the Company's executive officers and directors and all of the Israeli experts listed in this Prospectus will reside outside of Australia, and most of the Company's assets and most of the assets of the executive officers and directors will be located outside of Australia. Therefore, a judgment obtained against the Company, or any of these persons, in Australia, including one based on the civil liability provisions of Australian securities laws, may not be collectible in Australia and may not be enforced by an Israeli court. It may also be difficult to effect service of process on these persons in Australia or to assert Australian securities law claims in original actions instituted in Israel.

In accordance with the Israeli Law on Enforcement of Foreign Judgments, 5718-1958, and subject to specified time limitations and legal procedures, Israeli courts may enforce an Australian judgment in a civil matter which, subject to certain exceptions, is non-appealable, including judgments based upon the civil liability provisions of Australian securities laws and including a monetary or compensatory judgment in a non-civil matter, only if they find that:

- ◆ the judgment was rendered by a court which was, according to the laws of the state of the court, competent to render the judgment;
- ◆ the obligation imposed by the judgment is enforceable according to the rules relating to the enforceability of judgments in Israel and the substance of the judgment is not contrary to public policy; and
- ◆ the judgment is executory in the state in which it was given.

Even if these conditions are satisfied, an Israeli court will not enforce a foreign judgment if it was given in a state whose laws do not provide for the enforcement of judgments of Israeli courts (subject to exceptional cases) or if its enforcement is likely to prejudice the sovereignty or security of the State of Israel. The term "prejudice the sovereignty or security of the State of Israel" as used in the Israeli Law on Enforcement of Foreign Judgments has not been interpreted by Israeli courts. Furthermore, other authority under Israeli law with respect to such term is very limited, and does not provide guidance as to what criteria will be considered by an Israeli court in determining whether the enforcement of a foreign judgment would prejudice the sovereignty or security of the State of Israel.

In Israeli court also will not declare a foreign judgment enforceable if:

- ◆ the judgment was obtained by fraud;
- ◆ there is a finding of lack of due process;
- ◆ the judgment was rendered by a court not competent to render it according to the laws of private international law in Israel;
- ◆ the judgment is in conflict with another judgment that was given in the same matter between the same parties and that is still valid; or

- ◆ at the time the action was instituted in the foreign court, a suit in the same matter and between the same parties was pending before a court or tribunal in Israel.

If a foreign judgment is enforced by an Israeli court, it generally will be payable in Israeli currency, which can then be converted into non-Israeli currency and transferred out of Israel. Pending collection, the amount of the judgment of an Israeli court stated in Israeli currency ordinarily will be linked to the Israeli consumer price index plus interest at the annual statutory rate set by Israeli regulations prevailing at the time. Judgment creditors must bear the risk of unfavourable exchange rates.

Risk to Limited Liability

Emefcy as an Israel company has been incorporated with limited liability of its shareholders. However, liability may be placed upon an Israel company's shareholders in certain circumstances including where actions were to defraud a creditor or were undertaken in a manner against the purpose of the company and while putting the company's solvency at risk and the shareholder was aware of those activities. In these circumstances a Court in Israel may attribute the Company's debts to a shareholder thus allowing creditors to pursue that shareholder for collection of debts.

4.6 Speculative Investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company, the Emefcy business, or by investors in the Company. The above risk factors, and others not specifically referred to above, may materially affect the future financial performance of the Company and the value of the securities offered under this Prospectus.

Therefore, the New Shares and options to be issued pursuant to this Prospectus, and any Shares issued carry no guarantee with respect to the payment of dividends, returns of capital or market value. The Company does not expect to declare any dividends during the first two years following completion of the Transaction. Potential investors should consider that the investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for New Shares or options pursuant to this Prospectus.

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Independent Expert Opinion on Emefcy Ltd.



Written by:
Prof. Avner Adin
Dr. Avital Dror-Ehre
Raanan Adin

Submitted to:
Directors, Savcor Group Limited

September 8th, 2015

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Directors
Savcor Group Limited
Suite 1, 1233 High Street
Armadale Victoria 3143
Australia

Dear Sirs,

INDEPENDENT TECHNICAL EXPERT OPINION ON EMEFCY LIMITED

You have instructed me that Savcor Group Limited, (**SAVCOR**), an Australian publically listed company, announced on 20 July 2015 that it has entered into a binding terms sheet, subject to certain conditions, to acquire 100% of the issued share capital of Emefcy Limited (**Emefcy**), an Israeli technology company developing energy efficient waste water treatment solutions. SAVCOR propose to issue up to 110 million fully paid ordinary shares at a deemed issue price of A\$0.20 (20 cents) per share, subject to certain conditions and the satisfaction of milestones, for the acquisition of Emefcy.

Under instructions from Nexia Melbourne we have previously prepared an Independent Technical Expert Opinion for inclusion in the Independent Expert Report (**IER**).

Those instructions requested AH to perform a technical assessment of Emefcy's technologies, as detailed further below. Our opinion provided for the purpose of the IER opinion and as set out in this report may also be included in the Prospectus to be issued by SAVCOR in connection with a further issue of shares to raise capital to fund Emefcy's ongoing development and commercialisation activities.

A handwritten signature in blue ink, appearing to read 'A. Adin', written over a circular scribble.

Prof. Avner Adin
Chairman and Chief Scientist
Adin Holdings

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Executive Summary

1. Emefcy develops energy efficient solutions in biological wastewater treatment. The company's two main technologies are (a) Spiral Aerobic Biofilm Reactor (SABRE), a modular self-respiring attached aerobic process for wastewater treatment; and (b) Electrogenic Bio-Reactor (EBR) which uses electrogenic bacteria that generates electricity while performing the wastewater degradation process.
2. SABRE was tested in several pilots, including in which Emefcy designed, built and operated a complete municipal wastewater treatment process demonstrating that SABRE can be integrated and function as a component of a whole wastewater treatment plant, while the pre-treatment, sludge treatment and tertiary treatment processes are common-in-use solutions.

SABRE system has been operating for a period of about a year, showing stable performance with only minor technical failures that are reasonable in such kind of systems.

The effluent quality results of SABRE pilots complied with the new Israeli standards for unrestricted irrigation.

Parallel to the testing, Emefcy has built good engineering practice and industrial manufacturing ability.
3. Emefcy has proven EBR technology on several scales of prototypes and started building industrial manufacturing ability before the project was



put on hold when all resources were allocated to the completion of SABRE product.

4. This expert opinion was requested to address commercial readiness and expenditures related to SABRE and EBR. The following are concluded:
- SABRE technology is capable of being commercially deployed before 31 May, 2016.
 - Costs reasonably related to SABRE technology as it stands today were USD 6,382K, which are 57% of the company's total development related expenditures and 44% of the company's total expenditures.
 - A time frame reasonable to conclude that the EBR technology is capable of being commercially deployed, is approximately 2 years from renewing point.
 - Costs reasonably related to EBR technology as it stands today were USD 4,108K, which are 36% of the company's total development related expenditures and 28% of the company's total expenditures.
 - The development costs required to achieve commercialization of EBR technology are approximately USD 1,500K-2,500K.

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1. Reasons for the opinion

On July 20th, 2015 Savcor Group Limited announced that it has entered into a binding terms sheet to acquire 100% of the issued share capital of Emefcy Limited (Emefcy), an award-winning Israeli technology company developing innovative, energy efficient wastewater treatment solutions.

This transaction, if approved and completed, will form the basis of Savcor Group Limited applying for its ordinary shares to resume trading on ASX.

This expert opinion provides a technical assessment of Emefcy's technology as it currently stands, to support and assist decision makers within this transaction.

2. Declarations

Adin Holdings (AH) is an international consulting company specializing in water. Apart from the preparation of this expert opinion, AH does not have business relationship neither with Emefcy, SAVCOR, Nexia nor with any company that, known to AH, could reasonably be regarded as being prejudicial to its ability to give an unbiased and independent assessment.

The instructions and purpose of this expert opinion have been thoroughly discussed with Nexia and are clear to AH.

AH is remunerated for this work with a predefined fixed fee, independently from the contents of the expert opinion nor on the outcome of its usage.

3. Statement of competence

This expert opinion was prepared by Prof. Avner Adin assisted by Dr. Avital Dror-Ehre and Raanan Adin. Following are short resumes of the experts.

Prof. Avner Adin is a Chair Professor (Em.), heads the Water Treatment Technology Laboratory, Hebrew University of Jerusalem, Israel, and a PUBIEWI Visiting Professor at National University of Singapore. An environmental engineer and scientist in particle separation, water treatment and reuse. Member, American Academy of Environmental Engineers and Life



Member, AWWA. Chair, Israel's Water Standards Committees. Founder, Israeli Water Association and Adin Holdings 'water consulting' company. Board Member IWA. Advisor to international agencies, institutions, enterprises and start-ups, Chief Scientist of Adin Holdings.

Dr. Avital Dror-Ehre is a multidisciplinary entrepreneur and a practitioner in the fields of water and wastewater, environment and nanoparticles. Her work experience is diverse including operation, innovation and technology development, management, policy and regulation, training, R&D, funding and government support. Avital founded and directs Hydror consulting. Formerly she worked for the government of Israel in a senior position, consulted to ministers, managed a wastewater treatment plant and co-founded a professional training program. Avital is a reviewer of funds proposals (EU, Israel) and an active director in the Israeli water association.

Raanan Adin, CEO of Adin Holdings, is an experienced Business Development and R&D executive, bringing with him over 25 years of expertise in global Water and High Tech industries. Adin consults to start-up companies, investors and public authorities, addressing Israel's challenges in wastewater reuse, policy and regulation, water demand management and sea water desalination. Adin, as an inventor, is the author of 6 patents. Adin graduated from the prestigious academic Talpiot Program of the Israeli Defense Force at the Hebrew University of Jerusalem, with distinction. Adin served in leading positions in Israel Defense Force, Ministry of Defense and the private sector, including spending several years in the Far East.

4. Introducing Emefcy's technologies

Biological processes constitute main elements in most municipal wastewater treatment facilities and in some industrial facilities as well. The biological process aims at removing organic materials and in most applications includes the advanced two processes of nitrification and denitrification for nitrogen compounds removal. The biological process requires oxygen in order to enable favourable microorganisms to decompose organic and other contaminants.



Such a process is normally energy intensive, accounting for more than 30% of a plant's operation cost, since air is introduced into the reactor by mechanical apparatuses. Another product of the biological process, in addition to the effluent (treated wastewater) is sludge, the excess biomass that is produced by the microbial activity. This sludge needs to be treated and disposed of, which is also a highly intensive cost component, accounting for more than 20% of the operation costs.

Emefcy develops energy efficient technologies for biological wastewater treatment. The company's two main technologies are (a) Spiral Aerobic Biofilm Reactor (SABRE), a modular unit for biological wastewater treatment designed to reduce energy consumption and sludge production of the biological process, resulting in lower operation costs; and (b) Electrogenic Bio-Reactor (EBR) that uses electricity generating bacteria to treat wastewater, and produces electricity as a by-product.

The two technologies share the same basic principle, using a long sleeve made of a breathable membrane that is rolled into a compact spiral package and serves as the surface on which attached biological aeration processes or electrogenic processes take place. Emefcy's designed membrane and compact spiral package are presented in picture number 1.



Picture #1 - a) rolled semi permeable membrane b) compact package



5. Objective and scope

The objective of this work is to express an independent opinion in preparing a technical assessment of Emefcy's technology as it currently stands, and costs spent to date. The opinion is specifically requested to address the following questions:

- a. Whether it is reasonable to conclude that the SABRE modular waste water treatment technology is capable of being commercially deployed before 31 May 2016?
- b. By analysing Emefcy's actual costs incurred to date, what quantum of costs reasonably relate to the SABRE technology as it currently stands today. Costs should include direct development costs as well as a reasonable allocation of overheads costs.
- c. Over what time frame is it reasonable to conclude that the EBR modular Electrogenic bio-reactor technology is capable of being commercially deployed? What development costs are likely to be required to achieve this?
- d. By analysing Emefcy's actual costs incurred to date, what quantum of costs reasonably relate to the EBR technology as it currently stands today. Costs should include direct development costs as well as a reasonable allocation of overheads costs.

6. Method and approach

This professional opinion report is based on meetings and interviews with Emefcy's experts, visit to Emefcy's lab, production facility and field test and demonstration site, and presentations and other data documents provided by Emefcy.

In preparing this expert opinion, documents supplied by Emefcy containing the following information were reviewed and analysed:

- o Technical summary reports
- o Experimental work reports
- o Technical protocols



- Field tests reports
- Gantt and budget estimations
- Breakdown of expenditures (2008-August/2015)

Emefcy tracks the expenses of each project: (a) SABRE; (b) EBR; and (c) MEC (a project that was stopped and is not covered in this report). Emefcy also tracks expenses by type of expense: (a) Development; (b) Manufacturing and manufacturing infrastructure; and (c) Overheads which include management, finance, marketing and sales.

Costs related to technology development bringing it from an idea to a commercial product include (a) Engineers and technicians involved in developing the products, treatment processes and manufacturing abilities; (b) Raw materials, manufacturing and testing equipment, pilot systems; (c) Consultants in areas such as engineering methodologies implementation and biofilm analysis; and (d) A portion of the overheads related to development and manufacturing.

An inherent part of the development process are prototyping and resulting improvements and, if needed, re-design, particularly when developing a new technology. Emefcy's well planned pilot tests resulted with several technology and product improvements such as improving mixing regime, changing diffusers type and shifting to spiral packaging. It also resulted in re-design of the flow inside the membrane sleeve from water to air, which dramatically improved the product's stability.

During Emefcy's first two years of operation, 2008-2009, all resources were dedicated to EBR and reported accordingly. During the following two years, 2010-2011, EBR, SABRE and MEC (a project that was stopped and is not covered in this report) were developed in parallel. During the years 2012-2013, EBR and SABRE were developed in parallel. Since the beginning of 2014 EBR was put on hold and all company resources are dedicated to SABRE. During the years of developing more than one product simultaneously resources and



development efforts were split equally between them and reported accordingly, as commonly practiced in such cases.

7. Overview of Emefcy's technologies, products and R&D

Emefcy's technology and products are based on attached biological growth (Biofilm) and electrogenic processes that are documented and known in the scientific community. While Biofilm is well documented and known in the scientific community, there is less knowledge, confidence, agreement and experience on electrogenic processes. Emefcy has faced the engineering challenge of transforming the academic knowledge into commercial products - SABRE and EBR.

7.1 SABRE

SABRE, a self-respiring attached aerobic process for wastewater treatment, is implemented in a closed bioreactor as a modular system. SABRE involves process and engineering comprehension. Picture number 2 presents SABRE modules.

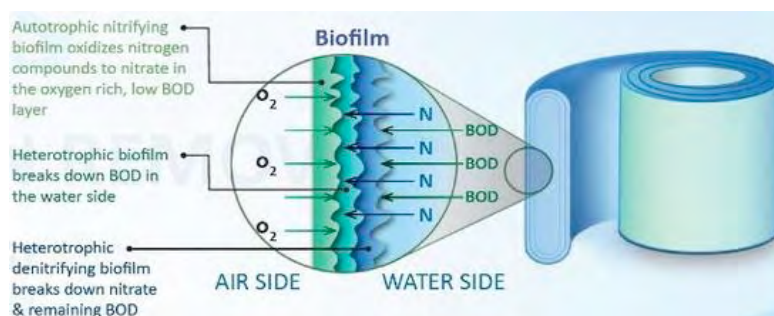


Picture #2 - SABRE modules in Emefcy's tests site in Ma'ayan Zvi WWTP

The principle of SABRE is a back aeration biofilm that develops on a breathable membrane. Air continuously flows through the breathable membrane sleeve



and oxygen diffuses through it into the wastewater. On the water side of the membrane, rich in autotrophic nitrifying bacteria, an aerobic biofilm develops. Deeper inside the water, rich in heterotrophic bacteria, an anoxic biofilm develops. The heterogenic microbial population allows the removal of organic matter and nitrogen. Nitrification by autotrophic bacteria in the layer attached to the membrane wall and de-nitrification by heterotrophic bacteria on the anoxic layer occurs simultaneously. Picture number 3 presents the principle of SABRE back aeration Biofilm process.



Picture #3 - SABRE back aeration biofilm process

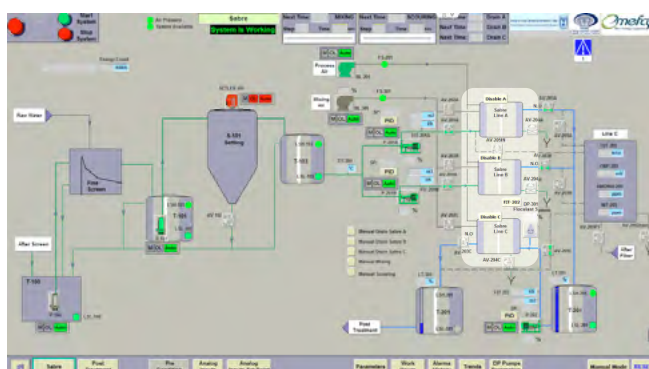
SABRE is an energy efficient technology with energy consumption of 0.15 kWh/Kg COD, which is significantly lower than the next best common aeration technology, i.e. fine bubble diffusers, having an energy consumption of 1.5 kWh/Kg COD.

Feasibility studies: SABRE was tested in the company's main test site and in a demonstration field site in which Emefcy designed, built and operates a complete municipal wastewater treatment process that receives raw sewage and produced effluents and sludge. Picture number 4 presents the control screen of the field test treatment system, including SABRE biological process. In this demonstration facility Emefcy tested the SABRE product using various modules and operation configurations in several ambient temperatures, including recently started cold condition. In these tests the company gained and developed knowhow on various design and operation parameters such as the

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required mixing intensity, retention time, process conditions, stages ratio, number of modules, start-up procedures and other technological relevant issues. This knowhow sets the company in a position where it can design a treatment system to address specific needs of a client.

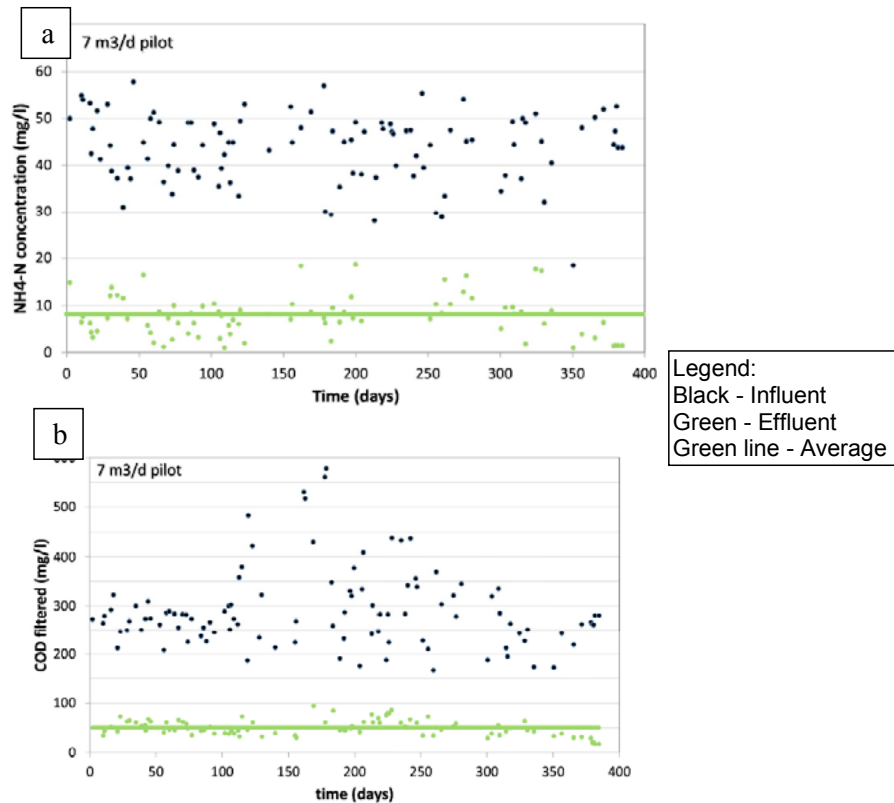


Picture #4 - Wastewater treatment process including SABRE (highlighted area)

Results: Effluent quality results of SABRE pilots complied with the new Israeli standards for unrestricted irrigation.

The two charts in picture number 5 show variation of input (wastewater) and output (treated wastewater) concentration over more than a year of operation of pilot 1 in Ma'ayan-Zvi WWTP. The horizontal green line in both charts is the average concentration. Concentration of ammonia (chart a) in the wastewater (influent) is typical to municipal wastewater in Israel. Effluent quality is most of the time in line with the unrestricted irrigation standard (average 10 mg/L). Concentration of organic matter presented as COD in the influent (chart b) is mostly typical to municipal wastewater in Israel. Effluent quality is in line with the standard (average 100 mg/L).

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Picture #5 - Influent and Effluent quality a) ammonia b) organic matters as COD. The green line is the average

SABRE is aimed at removing organic materials and nitrogen compounds in a secondary biological process and requires pre-treatment and complementary tertiary and sludge treatment processes. Emefcy has demonstrated that SABRE can be integrated and function as a component in a whole wastewater treatment plant while the pre-treatment, sludge treatment and tertiary treatment processes are common-in-use solutions.

Manufacturing: In addition to the process and process control knowhow, Emefcy has also built good engineering practice and convincing industrial manufacturing ability, integrating raw membrane sheets and spacers with the



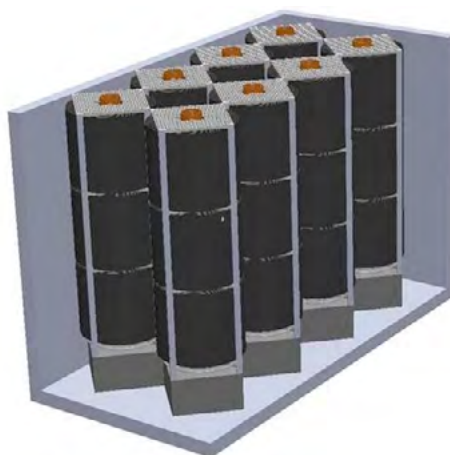
required coating layer into their special designed form as well as rolling the latter into a robust compact reactor unit. Picture number 6 presents SABRE membrane assembly manufacturing machine.



Picture #6 - SABRE membrane manufacturing machine in Emefcy's production facility

Moreover, during demonstration and experimental tests, SABRE system has been evolutionary developed and modified in response to notified malfunctions up to its current stand when the system has been working for a period of about a year in a field demonstration site; showing stable performance with only minor technical failures or shutdowns that are reasonable in such kind of systems.

Future developments: Emefcy's team has entrepreneurial characteristic and inherent drive to advance and innovate. The company is already planning the next product generations SABRE2 and SUBRE. SABRE2 aiming to decrease the product cost by increasing the capacity of each unit and reducing the number of units for a given wastewater flow. SURBE, schematically presented in picture number 7, is designed to use the membrane sleeve directly in a regular wastewater treatment reactor.



Picture #7 - Illustration of SURBE concept

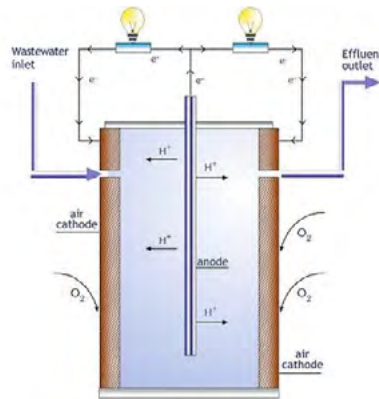
Succeeding with the development of these new products will enable addressing bigger wastewater treatment facilities.

7.2 EBR

EBR is also a wastewater treatment process. It is based on well-known microbial fuel cell technology and generates direct electricity from wastewater during wastewater treatment. As SABRE, EBR is designed as a modular system and based on similar core membrane practice, yet using different microbial community and different process to remove the organic materials. EBR requires additional knowhow in electrogenic processes and electrical engineering. Picture number 8 presents the EBR principle.

The EBR process works in a single chamber configuration wherein an anode and a cathode are in direct hydraulic communication, and the circuit is completed by an external wire.

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Picture #8 - Principle of EBR process

EBR technology is based on the same core membrane principle and materials of SABRE with necessary adjustments required to perform the electrogenic process. The company has already proved EBR on several scales of prototypes and started building industrial manufacturing ability before the project was put on hold when all resources were allocated to the completion of SABRE product. Picture number 9 presents two of EBR pilot systems.



Picture #9 - EBR pilot systems

In the last 2 years Emefcy has prioritized SABRE project and devoted the company's development budget and efforts to bring the technology to commercial readiness.



8. Expert opinion

8.1 On the question whether SABRE modular wastewater treatment technology is capable of being commercially deployed before 31 May 2016:

Emefcy has been operating a number of full-scale pilots demonstrating SABRE system for a period of several months and over a year; showing stable performance at variable conditions with only minor technical failures that are reasonable in such kind of systems.

Effluent quality results of these pilots complied with quality targets and complementary tertiary treatment proved as possible to apply.

The company's current knowhow comprises adequate process understating, engineering integration practice, techno-economic models, design methodology, starting-up and troubleshooting protocols, operation practice and other tools, is appropriate for developing, designing, manufacturing, installing, operating and maintaining of SABRE treatment system. Currently, SABRE is not far from readiness phase in which it can addresses a commercial order and be installed and successfully operated in a client site. Yet, the company's industrial current manufacturing capacity is limited as well as the variety of subcontractors and suppliers. Manufacturing capacity can be increased by four times and more, respectively to expected sales. The company plans to complete this process by training more employees and double shifts, before May 2016. Expanding the variety of subcontractors and suppliers is part of SABRE2 and SUBRE development targets. Major components in the product are currently supplied by a single source, yet it seems reasonably possible to find additional sources for them. Some product (e.g. QA instruction) and system (e.g. maintenance manual) documentation are still being prepared and are likely to be completed according to the company's work plan by February 2016.

Based on the aforesaid, we conclude that SABRE technology is capable of being commercially deployed before 31 May 2016.

8.2 On quantum of costs reasonably relate to the SABRE technology as it currently stands today

Costs reasonably related to SABRE technology as it stands today were USD 6,382K, which are 57% of the company's total development related expenditures and 44% of the company's total expenditures.



8.3 On the time frame reasonable to conclude that the EBR modular Electrogenic bio-reactor technology is capable of being commercially deployed

An EBR prototype had been installed, initialized and tested, confirming the feasibility of treating wastewater while producing electricity as a by-product.

Further development of EBR technology would rely on conclusions from the first prototype phase and the experience and knowhow Emefcy has gained in the SABRE project, which is relevant to EBR. SABRE experience is expected to be used in building-up the engineering and manufacturing capabilities during the next phases of EBR pilot testing.

Based on Emefcy testing of EBR pilots, considering development risks, technological challenges, complexity of the project, EBR as it currently stands today, Emefcy's knowhow and experience with SABRE, training of new employees and equipment needs, **we conclude that a time frame reasonable to conclude that the EBR technology is capable of being commercially deployed, is approximately 2 years from renewing point.**

8.4 On the development costs required to achieve commercialization of EBR technology

The development costs required to achieve commercialization of EBR technology are approximately USD 1,500K-2,500K.

8.5 On the quantum of costs reasonably relate to the EBR technology as it currently stands today

Costs reasonably related to EBR technology as it stands today were USD 4,108K, which are 36% of the company's total development related expenditures and 28% of the company's total expenditures.

6. Financial Information

6.1 Pro-Forma Consolidated Statement of Financial Position

The information set out below consists of the Historical Statements of Financial Position derived from the financial statements of Savcor (the Company) and Emefcy Limited as at 30 June 2015, the directors' estimate of subsequent events from this date to completion of the Offers and the Transaction and the pro forma adjustments associated with completion of the Offer at the minimum and maximum capital raising amounts and the Transaction (collectively referred to as the **Pro Forma Financial Information**).

The SAV Historical Financial Information has been derived from the reviewed financial statements of SAV for the half year ended 30 June 2015 which were reviewed by Ernst & Young in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity. Ernst & Young's review report contained a qualified conclusion and an emphasis of matter paragraph. The qualified conclusion was in respect of the possible effects on the current year and the comparative information of a disclaimer of opinion issued for the financial statements for the half year ended 30 June 2014 and year ended 31 December 2014. Ernst & Young's emphasis of matter paragraph indicated that a material uncertainty exists which casts significant doubt about SAV's ability to continue as a going concern.

Savcor Limited Historical and Pro Forma Consolidated Statement of Financial Position

| As at 30 June 2015 | Notes | Savcor Historical 30-Jun-15 \$ | Emefcy Historical (Reviewed) 30-Jun-15 \$ | Minimum Raising (\$13m) Subsequent events and pro forma adjustments | Savcor Pro Forma at the Minimum Raising of \$13m (a) 30 June 15 \$ | Savcor Pro Forma at the Maximum Capital Raising of \$16m (b) 30-Jun-15 \$ |
|-----------------------------------|-------|--------------------------------------|--|---|--|---|
| Current assets | | | | | | |
| Cash and cash equivalents | 3 | 1,500,619 | 869,208 | 9,990,000 | 12,359,827 | 15,145,626 |
| Restricted cash | | - | 31,533 | - | 31,533 | 31,533 |
| Trade and other receivables | | 25,385 | 65,807 | - | 91,192 | 91,192 |
| Total current assets | | 1,526,004 | 966,548 | 9,990,000 | 12,482,552 | 15,268,351 |
| Non-current assets | | | | | | |
| Trade and other receivables | | - | 9,597 | - | 9,597 | 9,597 |
| Other financial assets | | 168,400 | - | - | 168,400 | 168,400 |
| Property, plant and equipment | 9 | - | 1,131,067 | - | 1,131,067 | 1,131,067 |
| Intangible assets | 10 | - | 2,098,985 | - | 2,098,985 | 2,098,985 |
| Total non-current assets | | 168,400 | 3,239,649 | - | 3,408,049 | 3,408,049 |
| Total assets | | 1,694,404 | 4,206,197 | 9,990,000 | 15,890,601 | 18,676,400 |
| Current liabilities | | | | | | |
| Trade and other payables | 4 | 92,050 | 289,279 | (72,770) | 308,559 | 308,559 |
| Borrowings | | - | - | - | - | - |
| Total current payables | | 92,050 | 289,279 | (72,770) | 308,559 | 308,559 |
| Non-current payables | | | | | | |
| Provisions | | - | 988,484 | - | 988,484 | 988,484 |
| Total non-current payables | | - | 988,484 | - | 988,484 | 988,484 |
| Total Liabilities | | 92,050 | 1,277,763 | (72,770) | 1,297,043 | 1,297,043 |
| Net Assets | | 1,602,354 | 2,928,434 | 10,062,770 | 14,593,558 | 17,379,357 |
| Equity | | | | | | |
| Contributed equity | 5 | 276,061,994 | 13,243,456 | (254,128,798) | 35,176,652 | 38,013,463 |
| Reserves | 7 | (255,739,220) | 4,116,017 | 256,307,970 | 4,684,767 | 4,684,767 |
| Accumulated losses | 8 | (18,720,420) | (14,431,039) | 7,883,598 | (25,267,861) | (25,318,873) |
| Total equity | | 1,602,354 | 2,928,434 | 10,062,770 | 14,593,558 | 17,379,357 |

Table Notes:

- a) Being the summation of the 30 June 2015 columns for Savcor and Emefcy and the minimum capital raising and subsequent events and pro forma adjustments columns.
- b) Being column (a) adjusted for additional capital raised of \$3million to achieve a Maximum Raising of \$16 million, less transaction costs of \$214,201. A reconciliation of significant balances in the Savcor pro forma balance sheet assuming the Maximum Raising is provided in the notes to the Pro Forma Financial Information.

Notes to the Historical and Pro Forma Financial Information

1. Basis of preparation

(a) Pro forma adjustments

The Pro Forma Financial Information has been prepared on the basis of adjusting the Company's and Emefcy's Historical Statements of Financial Position as at 30 June 2015 for the financial effects of the following transactions:

- Issue of Company shares for \$72,770 of funds raised in July 2015.
- Emefcy capital raising of \$1,111,111 in four equal tranches, occurring on 30 July, 2015; 31 August, 2015; 30 September, 2015; and 31 October, 2015.
- Estimated working capital expenditure of Company and Emefcy for the period of July 2015 to November 2015, (being the estimated date of completion of the Transaction) estimated to be \$105,000 and \$1,455,000 respectively.
- The acquisition of 100% of issued capital of Emefcy through the issue of 65,000,000 shares at the price of \$0.20 per share, being the shares subject to the Vendor Offer.
- Preliminary Prospectus costs of \$300,012, which have been expensed.
- Reverse acquisition accounting entries to reflect the Transaction.
- The issue of 5,000,000 Director options exercisable at \$0.30 and \$0.40, expiring 3 and 4 years from issue date, respectively.

- Cash payment of USD\$1 million (AUD\$1,389,000) as consideration in the acquisition of Emefcy.
- The issue of a minimum of 65,000,000 and maximum of 80,000,000 ordinary shares at the offer price of \$0.20 per share to raise a minimum of \$13 million and a maximum of \$16 million (before costs), being the subject of the Equity Offer.
- Offer and other transaction costs total between \$1,012,600 and \$1,199,300, and have been deducted directly against equity. These costs include legal and compliance fees as well as the costs of professional advisors. No tax benefit has been recognised in respect of the offer and other transaction costs.
- The issue of 700,000 ordinary shares to advisors in consideration of services provided, at \$0.20 per share.

(b) Statement of Compliance

The Financial Information has been prepared:

- in accordance with the recognition and measurement principles of Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board, which are consistent with International Financial Reporting Standards as issued by the International Accounting Standards Board, as outlined in the significant accounting policies disclosed below, which the directors have determined are appropriate to meet the needs of members¹; and
- on an accruals basis; and
- vis based on historical costs unless otherwise stated in the notes; and
- the amounts presented in the Pro Forma Consolidated Statement of Financial Position has been rounded to the nearest dollar; and

(v) is presented in Australian Dollars.

The Financial Information set out in the Prospectus is presented in an abbreviated form and does not contain all the disclosures and other mandatory professional reporting requirements that are applicable to a general purpose financial report prepared in accordance with the *Corporations Act 2001* (Cth).

(c) Use of estimates & Judgements

The preparation of the Pro Forma Financial Information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

(d) Going Concern

The Financial Information has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

(e) Basis of Consolidation

Reverse acquisition accounting

The proposed acquisition of Emefcy (the legal subsidiary) by the Company (the legal parent) is deemed to be a reverse acquisition, since the substance of the transaction is such that the existing shareholders of Emefcy will obtain substantial control of Company.

AASB 3 *Business combinations* (AASB 3) sets out the accounting principles to be followed in a reverse acquisition transaction. However, the Directors have concluded that the Company does not meet the definition of a business as prescribed in AASB 3 and, as such, it has been deemed that the Acquisition cannot be accounted for in accordance with the guidance set out in AASB 3.

1 Savcor prepared in accordance with Australian Accounting Standards.

Therefore, consistent with the accepted practice for transactions similar in nature to the acquisition, the Company has accounted for the acquisition of Emefcy in the pro forma financial information of the legal acquirer (the Company) as a continuation of the financial statements of the legal acquired entity (Emefcy), together with a share based payment measured in accordance with AASB 2 Share Based Payments (AASB 2), which represents a deemed issue of shares by the legal acquired entity (Emefcy), equivalent to the current shareholders in the Company post the acquisition. The excess of the assessed value of the share based payment over the pro forma net assets of the Company as at acquisition date has been expensed to the income statement as a listing fee.

Further disclosed on the adopted accounting treatment for the acquisition is set out at Note 5.

(f) Principals of consolidation

The pro forma financial information incorporates the assets and liabilities of all subsidiaries of the Company and Emefcy ("the Group").

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statement from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

(ii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing consolidated financial statement.

(g) New accounting standards and interpretations

Certain new accounting standards and IFRIC interpretations have been published that are not mandatory for current reporting periods. The Company's assessment of the impact of these new standards and interpretations is that there would be no material impact on the pro forma financial information.

2. Significant accounting policies

(a) Income Tax

The income tax expense/(income) for the period comprises current income tax expense/(income) and deferred tax expense/(income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities/(assets) are measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense/(income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(b) Fair Value of Assets and Liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the pro forma financial information.

(c) Property, Plant and Equipment

(i) Plant and equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

(ii) Depreciation

The depreciable amount of all fixed assets, excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the company commencing from the time the asset is held ready for use.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised immediately in profit or loss. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(d) Foreign Currency Transactions and Balances

(i) Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The pro forma financial information is presented in Australian dollars, which is the Company's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income; otherwise the exchange difference is recognised in profit or loss.

(e) Employee Benefits

Short-term employee benefits

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The Group's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any re-measurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Group's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

All Emefcy's employees are included under section 14 of the Severance Compensation Law. Under this section, they are entitled only to monthly deposits, at a rate of 8.33% of their monthly salary, made on their behalf with insurance companies.

Payments in accordance with section 14 release the Company from any future severance payments in respect of those employees. Deposits under section 14 are not recorded as an asset in the Company's balance sheet.

(f) Equity-settled compensation

The Group operates an employee share and option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortised over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using the Black-Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

(g) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(h) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of 3 months or less, and bank overdrafts. Bank overdrafts are reported within short-term borrowings in current liabilities in the statement of financial position.

(i) Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. When the inflow of consideration is deferred, it is treated as the provision of financing and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue on product sales is recognised upon invoicing. Provision for estimated losses on uncollectable revenue is made in the period in which such uncollectable revenue is determined. The company bills subscriptions on a monthly basis and recognises revenue at the time. In times when clients elect to pay annually revenue is recognised each month with the remaining balance recorded as unearned revenue until earned. To date clients have chosen monthly invoice. The Company issues invoices on the same day each month and have 7 day payment terms.

(j) Trade and Other Receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets. Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

(k) Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(l) Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and

are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

(i) Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

(ii) Research and development

Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the consolidated entity is able to use or sell the asset; the consolidated entity has sufficient resources; and intent to complete the development and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

(iii) Patents and trademarks

Significant costs associated with patents and trademarks are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

(iv) Customer contracts

Customer contracts acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

(v) *Software*

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

(vi) *Capitalised development expenses*

Intangible assets include internally generated capitalised development expenses. The carrying amount of these assets is reviewed whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Recoverability of these assets is measured by comparison of the carrying amount of the asset to the future undiscounted cash flows the assets is expected to generate. If the asset is considered to be impaired, the amount of any impairment is measured as the difference between the carrying value and the fair value of the impaired asset.

Research costs are expensed net of grants received in the period on which they are incurred. Development costs are capitalised only where the expenditure will lead to new or substantially improved products, the products are technically and commercially feasible and the Company has sufficient resources to complete the development and reach the stage for which the product is ready for use and will be able to sell the assets. In addition, the company's intention is to complete the development stage and the costs can be reliably measured.

Capitalised development costs are amortised on a straight line basis over their estimated useful once the development is completed and the assets are in use. As of 30 June 2015 the asset is still not ready for use and therefore the asset is not amortised.

Subsequent expenditure on capitalised intangible assets is capitalised only where it clearly increases the economic benefits to be derived from the asset to which it relates. All other expenditure, including that incurred in order to maintain an intangible assets current level of performance, is expensed as incurred.

3. Cash and cash equivalents

The Pro-forma cash and cash equivalents comprise cash balances and adjustments as at 30 June 2015 assuming the maximum capital raising of \$16 million:

| Cash and cash equivalents | \$ | \$ |
|---|-------------|-------------------|
| Per Savcor as at 30 June 2015 | 1,500,619 | |
| Per Emefcy as at 30 June 2015 | 869,208 | 2,369,827 |
| <i>The following subsequent events and pro forma adjustments</i> | | |
| Estimated working capital expenditure – Savcor | (105,000) | |
| Capital raising – Emefcy | 1,111,111 | |
| Estimated working capital expenditure – Emefcy | (1,455,000) | |
| Cash cost associated with the pre prospectus | (300,012) | |
| Fully paid ordinary shares issued at \$0.20 pursuant to the Offer | 16,000,000 | |
| Cash consideration of acquisition | (1,389,000) | |
| Cash costs associated with the acquisition and the Offer | (1,086,300) | 12,775,799 |
| Cash and cash equivalents – Pro Forma | | 15,145,626 |

The Prospectus has provision for subscriptions of between 65,000,000 and 80,000,000 shares to raise between \$13 million and \$16 million. Should the minimum \$13 million be raised, the share issue costs would decrease by \$214,201, and the Pro-forma cash and cash equivalents would decrease by \$2,785,799 to \$12,359,827.

4. Trade and other payables

The pro-forma trade and other payables comprise payables and adjustments as at 30 June 2015:

| Trade and other payables | \$ | \$ |
|--|-----------|----------------|
| Trade and other payables – Savcor | 92,050 | |
| Trade and other payables – Emefcy | 289,279 | 381,329 |
| <i>The following subsequent events and pro forma adjustments</i> | | |
| Share issue in lieu of payment | | (72,770) |
| Trade and other payables – Pro Forma | | 308,559 |

6. Financial Information CONTINUED

5. Contributed Equity

The Pro-forma issued share capital as at completion of the acquisition of Emefcy and the Equity offer as at 30 June 2015 assuming the maximum capital raising of \$16 million:

| Share capital | Number of shares | \$ |
|--|--------------------|-------------------|
| Savcor issued capital as at 30 June 2015 | 40,994,683 | 276,061,994 |
| Emefcy issued capital as at 30 June 2015 | 4,434,599 | 13,243,456 |
| <i>The following subsequent events and pro forma adjustments</i> | | |
| Capital raising – Savcor | 1,676,674 | 72,770 |
| Capital raising – Emefcy | 359,420 | 1,111,111 |
| Elimination of issued share capital in Savcor | (42,671,357) | (276,134,764) |
| Elimination of issued share capital in Emefcy | (4,679,692) | |
| Deemed fair value of payment to Savcor shareholders on reverse acquisition | 42,671,357 | 8,534,272 |
| Issue of Savcor shares to Emefcy shareholders on reverse acquisition | 65,000,000 | - |
| Issue of Savcor shares \$0.20 pursuant to the Prospectus | 80,000,000 | 16,000,000 |
| Cost associated with pre prospect | - | (230,936) |
| Cost associated with the acquisition and the Offer | - | (757,440) |
| Issue of Savcor shares to advisors | 700,000 | 113,000 |
| <i>Total subsequent events and pro forma adjustments</i> | | (251,291,987) |
| Post Emefcy transaction and capital raising | 188,371,357 | 38,013,463 |

The Prospectus has provision for the subscription of between 65,000,000 and 80,000,000 shares to raise between \$13 million and \$16 million. Should the minimum \$13 million be raised, the share issue costs would decrease to \$163,189, and the share capital balance would decrease by \$2,836,811 to \$35,176,652. The total number of shares on issue would be 173,371,357.

6. Pro Forma listing expense

The proposed acquisition of Emefcy by the Company is deemed to be a reverse acquisition as the substance of the transaction is such that the existing shareholders of Emefcy will obtain substantial control of the Company. However, the Company is not considered to meet the definition of a business under AASB 3 Business Combinations (AASB 3) and, as such, it has been concluded that the acquisition cannot be accounted for in accordance with the guidance set out in AASB 3. Therefore consistent with the accepted practice for transactions similar in nature to the acquisition, the acquisition is accounted for in the pro forma financial information as a continuation of the financial statements of the legal acquiree (Emefcy), together with a share based payment measured in accordance with AASB 2 Share Based Payments (AASB 2), which represents a deemed issue of shares by the legal acquiree (Emefcy), equivalent to current shareholders interest in the Company post the acquisition. The excess of the assessed value of the share based payment over the net assets has been expensed to the income statement as a listing fee.

The fair value of 100% of the Company has been assessed at \$8,534,272 based on the 42,671,357 post-consolidation shares on issue, valued at 20 cents per share equivalent to the Capital Raising issue price. The Emefcy Vendors will be issued 65,000,000 shares in the Company on completion of the acquisition transaction.

The assessed fair value of the Company is credited as issued capital and consequently, a listing expense of \$6,964,148 has been expensed on the acquisition, which represents the excess of the deemed fair value of the Company shares on issue less the pro forma net assets of the Company on completion of the settlement of all transactions, as set out below:

| Net assets of Savcor at the completion date | \$ | \$ |
|--|------------|------------------|
| Net assets of Savcor eliminated on reverse acquisition | | 1,570,124 |
| Assessed fair value of assets acquired | | |
| Post-consolidation Savcor shares on issue | 42,671,357 | |
| Price of shares issued under the prospectus | \$0.20 | |
| Deemed fair value of share-based payment, assessed in accordance with AASB 2 | | 8,534,272 |
| Pro Forma listing expense recognised on reverse acquisition | | 6,964,148 |

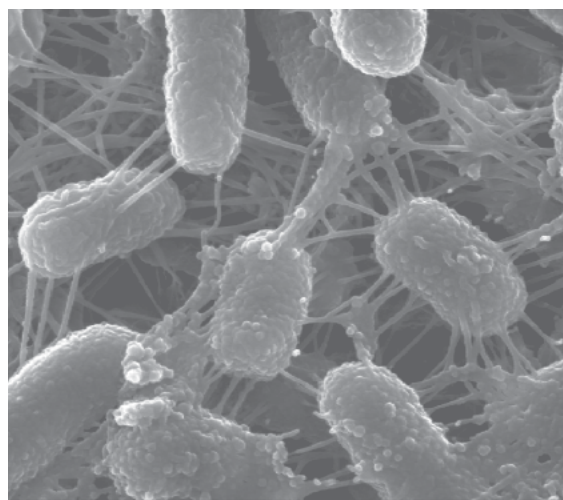
7. Reserves

The Pro-forma reserves as at 30 June 2015, accounted for under reverse acquisition principles, comprises:

| Reserves | \$ | \$ |
|--|---------------|------------------|
| Savcor reserves as at 30 June 2015 | (255,739,220) | |
| Emefcy reserves as at 30 June 2015 | 4,116,017 | (251,623,203) |
| <i>The following subsequent events and pro forma adjustments</i> | | |
| Elimination of reserves in Savcor | 255,739,220 | |
| Issue of Savcor management options | 568,750 | 256,307,970 |
| Reserves – Pro Forma | | 4,684,767 |
| Comprised of: | | |
| Foreign currency translation reserve | | 4,116,017 |
| Option reserve | | 568,750 |
| Total | | 4,684,767 |

As set out in the Prospectus, Director options have a strike price of \$0.30 and \$0.40. Options may be exercised subject to their vesting conditions being met and have a maximum life of 3 to 4 years post grant date. The Director options which have a fair value of \$568,750. The options have been valued based on the Black-Scholes option pricing model using the following assumptions:

| | | |
|--------------------|-----------|-----------|
| Number of options | 2,500,000 | 2,500,000 |
| Strike price | \$0.30 | \$0.40 |
| Stock price | \$0.20 | \$0.20 |
| Term (days) | 1,095 | 1,460 |
| Volatility (%) | 100.00% | 100.00% |
| Risk-free rate (%) | 3.00% | 3.00% |



EBR Electrogenic Bacteria with nano-wires.

6. Financial Information CONTINUED

8. Accumulated losses

The Pro-forma accumulated losses as at the completion of the acquisition of Emefcy is as follows assuming the maximum capital raising:

| Accumulated losses | \$ | \$ |
|--|--------------|---------------------|
| Per Savcor as at 30 June | (18,720,420) | |
| Per Emefcy as at 30 June 2015 | (14,431,039) | (33,151,459) |
| <i>The following subsequent events and pro forma adjustments</i> | | |
| Estimated working capital expenditure – Savcor | (105,000) | |
| Estimated working capital expenditure – Emefcy | (1,455,000) | |
| Elimination of pre-acquisition losses of on consolidation | 18,825,420 | |
| Cost associated with the pre prospectus | (69,076) | |
| Issue of Savcor management options | (568,750) | |
| Pro forma listing expense recognised on reverse acquisition | (6,964,148) | |
| Issue of Savcor shares to advisors | (113,000) | |
| Cost associated with the acquisition and the Offer | (328,860) | |
| Cash consideration of acquisition | (1,389,000) | |
| <i>Total subsequent events and pro forma adjustments</i> | | 7,832,586 |
| Accumulated losses – Pro Forma | | (25,318,873) |

The Prospectus has provision for the subscription of between 65,000,000 and 80,000,000 shares to raise between \$13 million and \$16 million. Should the minimum \$13 million be raised, the costs associated with the Offer and Transaction to be expensed would decrease by \$51,012, and the accumulated losses would decrease to \$25,267,861.

9. Property Plant and Equipment

Property plant and equipment with a net book value at 30 June 2015 of \$1.13m is represented by capitalisation of Emefcy's production line (circa 78% of the total) and the balance being computers and office equipment.

10. Intangible Assets

Intangible assets is wholly comprised of research and development costs recorded at cost for products that are considered technically and commercially feasible which have been capitalised in accordance with the accounting policies described in Note 2(l) to the Pro-Forma Financial Information. At the reporting dates, it is considered that the asset is not ready for use and as such no amortisation has been recorded.

6.2 Historical Financial Information

The Company is an ASX listed company whose historical audited financial statements are available have been lodged with ASIC, released to the ASX and are available for download via the ASX website (www.asx.com.au).

The historical reviewed Balance Sheet and Income Statement of Emefcy is set out below for the 6 month to 30 June 2015 along with the audited statements for the years ended 31 December 2014 and 31 December 2013. The Emefcy Historical Balance Sheet and Income Statement has been derived from the financial statements of Emefcy Limited, translated from its reporting currency of US dollars to Australian dollars at rates applicable for the reported dates. The financial statements of Emefcy for the years ended 31 December 2013 and 2014 were audited by BDO Ziv Haft (Israel) in accordance with International Auditing Standards and on which an unmodified opinion was issued. BDO Ziv Haft also issued a limited assurance review conclusion (which is not an audit) in respect of the half year ended 30 June 2015.

| | Six months ended June 30, 2015 | Year ended December 31, 2014 | Year ended December 31, 2013 |
|--|-----------------------------------|------------------------------------|------------------------------------|
| | Reviewed Actual | Audited Actual | Audited Actual |
| Operating expenses | | | |
| Research and development, net ¹ | - | 1,414,577 | 2,008,070 |
| Marketing | 61,951 | 83,965 | 436,582 |
| General and administrative | 303,304 | 656,560 | 696,254 |
| Total operating expenses | 365,255 | 2,155,102 | 3,140,906 |
| Operating loss | 365,255 | 2,155,102 | 3,140,906 |
| Finance income | (77,439) | (69,971) | (805,918) |
| Finance expense | 58,080 | 270,554 | 113,802 |
| Net loss | 345,896 | 2,355,685 | 2,448,790 |
| Other comprehensive loss | - | - | - |
| Total comprehensive loss | 345,896 | 2,355,685 | 2,448,790 |

1. Research and development costs for products not considered to be at a stage of technical and commercial feasibility were recorded in the profit and loss for the years ended 31 December 2014 and 31 December 2013. For the half year ended 30 June 2015 all research and development costs related to products that are considered technically and commercially feasible. On this basis, such costs were capitalised as an intangible asset.

| Emefcy Limited | Reviewed June 30, 2015 | Audited December 31, 2014 | Audited December 31, 2013 |
|--------------------------------------|------------------------------|---------------------------------|---------------------------------|
| | \$ | \$ | \$ |
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 869,208 | 1,971,470 | 2,268,663 |
| Restricted cash | 31,533 | 41,453 | 17,881 |
| Marketable securities | - | - | 2,397,184 |
| Other accounts receivable | 65,807 | 236,528 | 212,338 |
| Total current assets | 966,548 | 2,249,451 | 4,896,066 |
| Non-current assets | | | |
| Long-term lease deposit | 9,597 | 8,535 | 3,353 |
| Property and equipment, net | 1,131,067 | 1,094,855 | 913,053 |
| Intangible assets | 2,098,985 | 701,048 | - |
| Total non-current assets | 3,239,649 | 1,804,438 | 916,406 |
| Total assets | 4,206,197 | 4,053,889 | 5,812,472 |
| Current liabilities | | | |
| Trade and other payable | 289,279 | 398,683 | 428,029 |
| Total current liabilities | 289,279 | 398,683 | 428,029 |
| Non-current liabilities | | | |
| Provisions | 988,484 | 725,433 | 453,733 |
| Total non-current liabilities | 988,484 | 725,433 | 453,733 |
| Net assets | 2,928,434 | 2,929,773 | 4,930,710 |
| Equity | | | |
| Contributed equity | 13,243,456 | 13,243,456 | 13,243,455 |
| Reserve | 4,116,017 | 2,191,803 | 892,664 |
| Accumulated deficit | (14,431,039) | (12,505,486) | (9,205,409) |
| Total equity | 2,928,434 | 2,929,773 | 4,930,710 |

6.3 Forecast Financial Information

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings beyond the expected listing date on the basis that the operations of the Company and Emefcy are inherently uncertain. Any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

6.4 Dividend Policy

It is anticipated that following completion of the Transaction, the Company will focus on the development and commercialisation of the Emefcy products and technologies. The Company does not expect to declare any dividends during this period.

Any future determination as to the payment of dividends by the Company will be at the discretion of the Board and will depend on the availability of distributable earnings and operating results and financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Board. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

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MOORE STEPHENS

Moore Stephens (Vic) Pty Ltd

Level 18, 530 Collins Street
Melbourne VIC 3000

T +61 (0)3 9608 0100

F +61 (0)3 9608 0192

www.moorestephens.com.au

23 October 2015

The Directors
Savcor Group Limited
Suite 1, 1233 High Street
Armadale VIC 3143

Dear Sirs

INVESTIGATING ACCOUNTANTS REPORT

INDEPENDENT LIMITED ASSURANCE REPORT ON SAVCOR GROUP LIMITED HISTORICAL AND PRO FORMA FINANCIAL INFORMATION AND FINANCIAL SERVICES GUIDE

1. Introduction

Moore Stephens (Vic) Pty Ltd [ABN 17 386 983 833] (of which Moore Stephens Corporate Advisory is a division) (**Moore Stephens Corporate**) has been engaged by Savcor Group Limited (ACN 127 734 196) (**SAV**) to prepare this report for inclusion in the Replacement Prospectus to be issued by SAV on or about 23 October 2015 (**Prospectus**) in respect of the issue of between 65 million and 80 million shares of SAV at a price of 20 cents per share to raise between \$13 million to \$16 million (**Offer**).

The purpose of the Offer is to provide working capital and to fund the on-going operations of the SAV business following the acquisition of Emefcy Limited, a Israeli based water treatment company, (**Emefcy**). Further details concerning the operations and objectives of the Offer and SAV are set out in Sections 1 and 2 of the Prospectus.

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

The nature of this Report is such that it can only be issued by an entity that holds an Australian Financial Services License under the Financial Services Reform Act 2001. Moore Stephens Corporate holds the appropriate Australian Financial Services Licence. Moore Stephens Corporate's Financial Services Guide is attached as **Appendix A** to this Report.

2. Scope

You have requested Moore Stephens Corporate to perform a limited assurance engagement in relation to the following financial information included in the Prospectus:

a) **Historical Financial Information** being the:

- i. summarised historical statement of financial position of SAV as at 30 June 2015, (**SAV Historical Financial Information**).
- ii. summarised historical statements of:
 - a) financial performance of Emefcy for the years ending 31 December 2013, 2014 and the half year ended 30 June 2015, (**Emefcy Historical Statement of Financial Performance**); and
 - b) summarised historical statement of financial position of Emefcy as at 31 December 2013, 2014 and 30 June 2015, (**Emefcy Historical Statement of Financial Position**).

Liability limited by a scheme approved under Professional Standards Legislation. Moore Stephens (Vic) Pty Ltd ABN 17 386 983 833 is an independent member of Moore Stephens International Limited - members in principal cities throughout the world. The Victoria Moore Stephens firm is not a partner or agent of any other Moore Stephens firm.

Savcor Group Limited
Independent Limited Assurance Report
23 October 2015

(together, the **Emefcy Historical Financial Information**).

b) Pro Forma Financial Information being the:

- i. pro forma consolidated statement of financial position of SAV as at 30 June 2015 which assumes completion of the pro forma adjustments as described in Note 1 of Section 6.1 of the Prospectus.

The Historical Financial Information and the Pro Forma Financial Information are together the **Financial Information**.

The Financial Information is presented in the Prospectus 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 2001 (Cth)*.

Historical Financial Information

The SAV Historical Financial Information has been derived from the reviewed financial statements of SAV for the half year ended 30 June 2015 which were reviewed by Ernst & Young in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Ernst & Young's review report contained a qualified conclusion and an emphasis of matter paragraph. The qualified conclusion was in respect of the possible effects on the current year and the comparative information of a disclaimer of opinion issued for the financial statements for the half year ended 30 June 2014 and year ended 31 December 2014. Ernst & Young's emphasis of matter paragraph indicated that a material uncertainty exists which casts significant doubt about SAV's ability to continue as a going concern.

The Emefcy Historical Financial Information has been derived from the financial statements of Emefcy Limited, translated from its reporting currency of US dollars to Australian dollars at rates applicable for the reported dates.

The financial statements of Emefcy for the years ended 31 December 2013 and 2014 were audited by BDO Ziv Haft (Israel) in accordance with International Auditing Standards and on which an unmodified opinion was issued. BDO Ziv Haft also issued an unmodified limited assurance review conclusion (which is not an audit) in respect of the half year ended 30 June 2015.

The stated basis of preparation of the Historical Financial Information is the measurement and recognition principles contained in International Financial Reporting Standards¹ as set out in Section 6.1 of the Prospectus.

Pro Forma Financial Information

The Pro Forma Consolidated Statement of Financial Position as at 30 June 2015 has been derived from the Historical Financial Information of SAV and Emefcy after adjusting for the effects of the pro forma adjustments described in Note 1 of Section 6.1 of the Prospectus (**Pro forma Adjustments**). Those Pro Forma Adjustments include:

- i. The acquisition of Emefcy, accounted for as a reverse acquisition as described in Section 6.1 of the Prospectus; and
- ii. The effects of the Offer and other related transactions.

¹ SAV prepared in accordance with Australian Accounting Standards which are consistent with International Financial Reporting Standards.

MOORE STEPHENS

Savcor Group Limited
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The stated basis of preparation used in the preparation of the Pro Forma Financial Information is the measurement and recognition principles contained in International Financial Reporting Standards as set out in Section 6.1 of the Prospectus.

Due to its nature the Pro Forma Financial Information does not represent SAV's actual financial position.

3. Directors' Responsibility

The Directors of the SAV are responsible for the preparation of the Financial Information, including the basis of preparation and the selection and determination of any adjustments included in the SAV or Emefty Historical Financial Information and the selection and determination of the Pro Forma Adjustments. This includes responsibility for such internal control as the directors determine are necessary to enable the preparation of Financial Information that is free from material misstatement, whether due to fraud or error.

4. Our Responsibility

Our responsibility is to express limited assurance conclusions on the Historical Financial Information and the Pro Forma Financial Information, based on our review. We have conducted our engagement in accordance with the Standard on Assurance Engagements *ASAE 3450 Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*. The procedures we performed were based on our professional judgement and included:

- consideration of work papers, accounting records and other documents, including those dealing with the extraction of the historical financial information of Emefty and SAV from their respective audited or reviewed financial statements for the periods ended 31 December 2013, 2014 and 30 June 2015;
- consideration of the Pro Forma Adjustments as described in the Prospectus;
- enquiry of directors, management, personnel and advisors;
- the performance of analytical procedures applied to the Financial Information; and
- a review of accounting policies adopted by SAV as disclosed in Section 6.1 of the Prospectus for consistency of application.

The procedures performed in a limited assurance engagement vary in nature from and are less in extent than for, an audit. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed an audit. Accordingly, we do not express an audit opinion.

5. Conclusions

Historical Financial Information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention which causes us to believe that the Historical Financial Information, as described in Sections 6.1 and 6.2 of the Prospectus is not prepared fairly, in all material respects, in accordance with the stated basis of preparation as stated in Section 6.1 of the Prospectus being the measurement and recognition principles contained in International Financial Reporting Standards and SAV's adopted accounting policies.

Pro Forma Financial Information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention which causes us to believe that:

- a) In all material respects, the Pro Forma Consolidated Statement of Financial Position as at 30 June 2015:
 - a. is not prepared on the basis of the Pro Forma Adjustments as described in Note 1 of Section 6.1 of the Prospectus; and

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Savcor Group Limited
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- b. Is not presented fairly in accordance with the stated basis of preparation, being the recognition and measurement principles contained in International Financial Reporting Standards and SAV's adopted accounting policies; and
- b) The Pro Forma Consolidated Statement of Financial Position is not in itself unreasonable.

We have assumed, and relied on representations from the Directors, that all material information concerning the prospects and proposed operations of SAV and the pro forma adjustments arising from the Offer have been disclosed to us and that the information provided to us for the purpose of our work is true, complete and accurate in all respects. We have no reason to believe that those representations are false.

6. Restriction on Use

Without modifying our conclusions, we note that the purpose of the Financial Information is for inclusion in the Prospectus. As a result, the Financial Information may not be suitable for use for another purpose. We disclaim any assumption of responsibility for any reliance on this Report, or the Financial Information to which it relates, for any purposes other than for which it was prepared.

7. Consent

Consent to the inclusion of this Limited Assurance Report in the Prospectus in the form and context in which it appears has been given. At the date of this report, this consent has not been withdrawn.

8. Liability

SAV has agreed to indemnify and hold harmless Moore Stephens and its employees from any claims arising out of misstatement or omission in any material or information supplied by SAV to Moore Stephens for the purposes of preparation of this Report and the Prospectus.

9. Independence or Declaration of Interest

Neither Moore Stephens nor its Directors or employees have any pecuniary interests that could reasonably be regarded as being capable of affecting its ability to give an unbiased conclusion on this matter.

Moore Stephens has provided professional services to SAV in respect of an Independent Experts Report on the acquisition of Emefcy as a prelude to the Offer for which normal professional fees have been received.

Neither Moore Stephens nor its Directors or employees has any interest in the outcome of the Offer and Offer other than in the preparation of this Report and participation in the due diligence procedures for which normal professional fees will be received in accordance with its normal fee billing arrangements.

Yours faithfully

Moore Stephens (Vic) Pty Ltd

Holder of Australian Financial Services Licence No: 247262



GARY GRACO
Director & Authorised Representative

MOORE STEPHENS

APPENDIX A – Moore Stephens (Vic) Pty Ltd Financial Services Guide

**This Financial Services Guide is dated 23 October 2015
and forms part of the Independent Limited Assurance Report.**

Moore Stephens (Vic) Pty Ltd (ACN 052 362 348) (**Moore Stephens**) holds Australian Financial Services Licence no 247262 authorising it to provide general financial product advice in relation to various financial products such as securities, interests in managed investment schemes, and superannuation to wholesale and retail clients. Moore Stephens has been engaged by Savcor Group Limited (**SAV, or the Company**) to provide a report in the form of an Independent Limited Assurance Report (**this Report**) for inclusion with the Prospectus issued by the Company on or about 23 October 2015 to potential investors considering investing in the Company.

The *Corporations Act 2001* (Cth) requires Moore Stephens to provide this Financial Services Guide (**FSG**) in connection with its provision of this Report. Moore Stephens does not accept instructions from retail clients. Moore Stephens provides no financial services directly to retail clients and receives no remuneration from retail clients for financial services. Moore Stephens does not provide any personal retail financial product advice to retail investors nor does it provide market-related advice to retail investors.

Moore Stephens is only responsible for this Report and this FSG. Moore Stephens is not responsible for any material publicly released by the Company in conjunction with this Report or the Offer. Moore Stephens will not respond in any way that might involve any provision of financial product advice to any retail investor.

This Report contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs. You should consider your own objectives, financial situation and needs when assessing the suitability of this Report to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

When providing reports in the form of this Report, Moore Stephens's client is the Company to which it provides the report. Moore Stephens receives its remuneration from the Company. In respect of this Report, Moore Stephens will receive a fee of up to \$35,000 plus reimbursement of out-of-pocket expenses from the Company. Directors or employees of Moore Stephens or other associated entities may receive distributions, salary or wages from Moore Stephens. Moore Stephens and its authorised representatives, employees and associates may from time to time have relationships with the issuers of financial products.

Moore Stephens has professional indemnity insurance cover for reports of this nature under its professional indemnity insurance policy. This policy meets the compensation arrangement requirements of section 912B of the *Corporations Act 2001* (Cth).

Moore Stephens has internal complaints-handling mechanisms. If you have concerns regarding this Report, please contact us in writing to Mr Kevin Mullen, Moore Stephens (Vic) Pty Ltd, Level 18, 530 Collins Street, Melbourne, Vic, 3000. We will endeavour to satisfactorily resolve your complaint in a timely manner. In addition, a copy of our internal complaints handling procedure is available upon request.

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8. Intellectual Property Report



Reinhold Cohn & Partners
26A Habarzel St., Tel-Aviv 6971037, Israel
P.O.B. 13239, Tel-Aviv 6113102, Israel
Tel. +972 3 7109333 Fax. +972 3 5606405
info@rcip.co.il, www.rcip.co.il

October 1, 2015

The Directors and Secretary
Savcor Group Limited
PO Box 16109
Collins Street West
Melbourne VIC 8007
AUSTRALIA

Attention: The Board of Directors

Dear Sirs,

Re: Emefcy Ltd: Intellectual Property Report
Our Ref: 233297-7

This report on intellectual property (IP) matters ("*the Report*") relating to Emefcy Limited ("*Emefcy*" or "*the Company*") is hereby prepared for the Board of Directors of Savcor Group Limited ("*Savcor*") in relation to a contemplated transaction between Emefcy and Savcor, and with the understanding that this Report is intended for inclusion in a prospectus, preparatory to listing of Savcor's shares on the Australian Stock Exchange (ASE).

Reinhold Cohn and Partners ("*RC&P*"), through the undersigned, serve as the patent attorneys on behalf of Emefcy, since May 6, 2015. The information provided herein is based on review and/or acquaintance with the Company's patent portfolio, as well as technological and business review of Emefcy, presented to us by Emefcy's management. This Report is provided with the belief that the information at hand is complete and accurate.

I. THE EMEFCY TECHNOLOGY

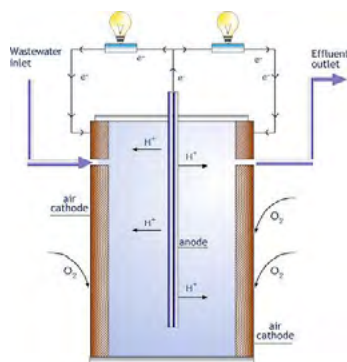
1. Emefcy operates in the wastewater treatment space and has unique and innovative and proprietary technologies for wastewater treatment. There are two technological solutions developed by the Company: one is a wastewater treatment solution, particularly suitable for the treatment of industrial waste – termed by it Electrogenic Bio Reactor ("*EBR*"); and the other is a wastewater treatment solution particularly suitable for the treatment of municipal wastewater, termed by it Spiral Aerobic Biofilm Reactor ("*SABRE*"). In the following, we will refer to these two technologies as *EBR* and *SABRE*, respectively.

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2. The EBR Technology

(a) The EBR technology is a wastewater treatment solution based on microbial fuel cell technology. In addition to leading to a breakdown of organic waste, there is also generation of electricity in this process. An EBR system is illustrated schematically in the following Figure:



(b) The system includes anodes that are immersed within the wastewater and cathodes that face the water at their one face and air at the opposite face. An oxygen-permeable and water-impermeable layer permits oxygen to enter into the wastewater. The electrodes are coated by an electrically conducting layer that is operative to seal the electrodes from the water.

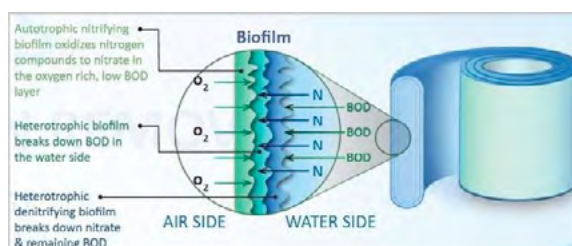
(c) A biofilm naturally develops on the anodes and oxidizes the organic matter into carbon dioxide. In this oxidation process electrons and protons are generated, the electrons flowing from the anode to the cathode through an electric circuit and the protons travelling through the water to the cathode. Consequently, the reaction causes both breakdown of organic matter and generation of electricity.

2. SABRE

(a) The SABRE technology is based on a water-impermeable and air-permeable membrane that defines an elongated sleeve enclosure which is rolled or folded, e.g. into a spiral¹. A SABRE system is illustrated in the following Figure:

¹ In principle, the sleeve may be formed into other compact spatial configurations, e.g. an undulated zig zag form.

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(b) Wastewater flows axially through the sleeve, with air being fed into and exists within the space between adjacent sleeve windings. Spacers both within and outside the sleeves ensure open passage for wastewater and air, respectively. Air can permeate through the membrane into the water, where it is utilized by a bacterial biofilm that builds on the sleeve's membrane and its heterogenic nature provides for the breakdown of organic matter and nitrogen compounds.

II. Intellectual Property (IP)

1. Emefcy' IP consists of several patent families² as well as a considerable base of know-how relating to the construction, operation and optimization of the EBR and SABRE systems. In addition, the know-how in the Company is also the basis for improvements in the EBR and SABRE technologies and of new innovations, some of which are embodied in recently filed US provisional applications (see below).

2. This Report will focus on the patent aspects of the Company's technologies. We would like to note in passing that, based on our understanding and belief, the Company has measures in place to guard its know-how and secret information.

3. A Status Report of the Company's published patent families is attached as *Annex A*, with a breakdown into three patent families, which are listed as Patent Families 1-3. In addition, the Company has four non-published patent families currently consisting, each, of a single US Provisional patent application, listed as Patent Families 4-7. Each of these Provisional patent applications will form the basis of an International PCT application, to be filed by the one year anniversary from the filing date of an application and claiming priority therefrom.

4. In the following, we provide a description relating to the three published Patent Families 1-3. The other four patent families 4-7 have not yet been published and are still considered to constitute confidential information, but as the Report may be made public we will refrain from relating specifically to the contents of the latter four patent families. Suffice it to say, however, that we believe these four patent families provide additional layers of protection, adding to the proprietary position of the Company, discussed below.

² "Patent Family" is a group of one or more patents and patent applications all of which relate to one another by their subject matter and priority date.

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5. Patent Families 1 and 2

(a) These patent families relate to the EBR technology. Patent Family 1 describes and claims the basic EBR principles and includes issued patents in Australia, Japan, Mexico, Singapore, South Africa and the USA; and pending patent applications in a number of different jurisdictions, as detailed in Annex A.

(b) Patent Family 1 discloses a number of different embodiments of the basic EBR system design unit defined as "fuel cell" in this patent family. Also disclosed are electrode configurations.

(c) US Patent Serial No. 8,932,770 from Patent Family 1 claims bacterial fuel cells. Claim 1 of this patent very broadly defines the fuel cell system's design and its basic elements that include anodes and cathodes electrically-linked through an electric load circuit, with electrodes being coated by an electrically conductive coating to "*seal the electrodes from the liquid*". The claim is limited by the type of metal that is used, which is defined to be copper, aluminum or their alloys. It should be noted that this is not a narrowing limitation since the combination of these conventional electrodes and the coating provides for the superiority of the system over others that make use of more expensive solutions, or less conductive to combine electrical conductivity and corrosion-resistance.

(d) Claims for the electrodes themselves are being prosecuted in the US within the framework of a divisional application in Patent Family 1, identified in Annex A.

(e) Claims of a similar or even broader scope have been granted in other patents of this Patent Family 1. In Australia, there is a granted patent that includes claims for both the bacterial fuel cell and the electrode.

(f) Patent Family 2 describes an EBR system where the electrodes are spirally wound. Specifically, this patent family claims an innovative design where liquid to be treated flows within a sleeve that comprises the cathodes, and the anode is enclosed within the sleeve. The anode and cathodes are separated from each other by electrically insulating spacers and are formed from a flexible material permitting their winding in a spiral configuration.

(g) Patent Family 2 has patents granted in New Zealand, Singapore and South Africa, and several patent applications pending as detailed in Annex A.

(h) We believe, based on our understanding of the EBR technology and acquaintance with these patent families that: (i) the existing patents provide strong and enforceable patent protection for the EBR technology; and that (ii) based on the art already cited and that known to us, claims of similar scope will be granted in the pending patent applications and will then provide broad and enforceable patent rights.

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6. Patent Family 3

(a) This patent family relates to the SABRE technology and discloses and claims a system and method for wastewater treatment comprising the sleeve enclosure through which wastewater to be treated flows.. Patents in Family 3 have been granted in China, Singapore, South Africa and the USA and a patent is about to be granted in Hong Kong (based on the Chinese patent). Patents are pending in many other countries, as can be seen in Annex A.

(b) We first focus on the granted US Patent Family 3 – Patent No. 8,940,171. Claim 1 of this patent very broadly defines a wastewater treatment system that includes a horizontally arranged conduit or sleeve (defined broadly as "pathway" in the patent), through which the wastewater flows. This "pathway", as defined in that claim, is formed with walls or membranes that are oxygen-permeable and water-impermeable and are adapted to support the formation of a biofilm on their interior, wastewater facing face. The system also defines a wastewater inlet, a wastewater outlet, and conduits leading wastewater in and treated water out of this treatment "pathway". Thus, this claim very broadly covers all types of configurations of the SABRE system discussed above, including the spiral configuration, but is not limited thereto. Accordingly, all possible configurations of the sleeve in the SABRE system are encompassed within this claim.

(c) US 8,940,171 also includes claims for a method of treating wastewater. These method claims may provide an additional layer of protection for the system claimed.

(d) Patent Family 3 provides broad coverage for the SABRE technology.

(f) We hence believe, based on our understanding of the SABRE technology and acquaintance with these patent families that: (i) the existing patents provide strong and enforceable patent protection for the SABRE technology; and that (ii) based on the art already cited and that known to us, claims of similar scope will be granted in the pending patent applications and will then provide broad and enforceable patent rights as well.

7. Patent Families 4-7

(a) For reasons discussed above, we will refrain from detailing the contents of these four patent families. However, it may be noted that in Patent Family 4, we are in the midst of preparing a PCT application that will claim priority from the Provisional application and will be filed by 9 September 2015.

(b) Nonetheless, we would like to say, very briefly, that we believe these patent families relate to various improvements and would add valuable layers of patent protection for the Company's IP.

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III. OWNERSHIP AND RENEWALS

1. We confirm that Assignments of rights from the inventors in each case to the Company were recorded at the USPTO. Also, to the best of our knowledge and belief all inventions were made by Company personnel and are thus service inventions that under Israeli Patents Law or legally owned by the Company. All patent applications outside the US were filed and remain in the name of Emefcy.

2. We also confirm that all renewal fees relating to the family members of each of Families 1 to 3 have been duly paid and no fees are currently overdue.

IV. THIRD PARTY RIGHTS

1. Based on information we have, we are not aware of:

(a) any third party's IP rights, including patent rights, that is being infringed by the Company's systems; and/or

(b) any entity that asserts rights against Emefcy, claims ownership over any piece of its IP, and/or considers the filing of an opposition or invalidation action against any of the Company's patents or patent applications.

V. CONCLUSIONS

1. To the best of our understanding of the technologies and the patent portfolio, we believe that Emefcy enjoys and will enjoy very broad patent protection over its technologies.

2. We further believe that the aforesaid patent families will provide Emefcy with the means to guard exclusivity and maintain competitive edge over competitors.

3. We also believe that the patent families define design features of the respective systems that can relatively easily be identified at a third party installation in the event of patent infringement and, thus, the Company's patents are readily enforceable.

4. In summing up all the above, we believe that Emefcy's patent portfolio is a valuable asset that significantly enhances the value of the Company.

Yours very truly,
REINHOLD COHN AND PARTNERS
By:



Ilan Cohn, Ph.D., Patent Attorney
Senior Partner



Tamar Morag-Sela, Patent Attorney
Partner

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Reinhold Cohn & Partners
 26A Habarzel St., Tel-Aviv 69710, Israel
 P.O.B. 13239, Tel-Aviv 61131, Israel
 Tel. +972 3 7109333 Fax. +972 3 5606405
 info@rcip.co.il, www.rcip.co.il

STATUS REPORT – 30/07/2015

1. Patent ELECTRODES FOR USE IN BACTERIAL FUEL CELLS AND BACTERIAL ELECTROLYSIS CELLS AND BACTERIAL FUEL CELLS AND BACTERIAL ELECTROLYSIS CELLS EMPLOYING SUCH ELECTRODES

A bacterial fuel cell including a plurality of anodes and a plurality of cathodes in liquid communication with a liquid to be purified, the plurality of anodes and the plurality of cathodes each including a metal electrical conductor arranged to be electrically coupled across a load in an electrical circuit and an electrically conductive coating at least between the metal electrical conductor and the liquid to be purified, the electrically conductive coating being operative to mutually seal the liquid and the electrical conductor from each other

| Country | App. No. | Our Ref. | Filed | Patent No./ Publication No. | Grant Date/ Pub. Date | Next Renewal | Status/Next action |
|------------------------------|-------------------|----------|------------|--------------------------------|--------------------------|--------------|---|
| Patent Cooperation Treaty | PCT/IL2009/001017 | 2335428 | 01/11/2009 | WO 2010/049936 | 06/05/2010 | | National phase entered |
| Australia | 2009309280 | 2335437 | 01/11/2009 | 2009309280 | 25/06/2015 | 01/11/2015 | Granted |
| Brazil | BR 0920161-0 | 2335441 | 01/11/2009 | | | 01/11/2015 | Examination requested; Awaiting Examination Report |
| Canada | 2,741,560 | 2335450 | 01/11/2009 | | | 01/11/2015 | Examination in progress; Awaiting next Office Action |
| China | 200980147975.4 | 2335460 | 01/11/2009 | CN102227839A | 26/10/2011 | | Examination in progress; Notification of Reexamination issued. Response due: Oct 01, 2015 |
| Eurasian Patent Organization | 201170621 | 2335473 | 01/11/2009 | | | | Examination in progress; Office Action issued. |
| European Patent Office | 09823184.8 | 2335484 | 01/11/2009 | 2351130 | 03/08/2011 | 30/11/2015 | Response due: Oct 04, 2015 Response to Search Report filed; Awaiting Examination Report |

Please note that this report is for internal use only and may not be relied on.

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STATUS REPORT – 30/07/2015**1. Patent ELECTRODES FOR USE IN BACTERIAL FUEL CELLS AND BACTERIAL ELECTROLYSIS CELLS AND BACTERIAL FUEL CELLS AND BACTERIAL ELECTROLYSIS CELLS EMPLOYING SUCH ELECTRODES**

A bacterial fuel cell including a plurality of anodes and a plurality of cathodes in liquid communication with a liquid to be purified, the plurality of anodes and the plurality of cathodes each including a metal electrical conductor arranged to be electrically coupled across a load in an electrical circuit and an electrically conductive coating at least between the metal electrical conductor and the liquid to be purified, the electrically conductive coating being operative to mutually seal the liquid and the electrical conductor from each other

| Country | App. No. | Our Ref. | Filed | Patent No./ Publication No. | Grant Date/ Pub. Date | Next Renewal | Status/Next action |
|--------------------------------|------------------|----------|------------|--------------------------------|--------------------------|--------------|--|
| India | 3327/DELNP/2011 | 2335490 | 01/11/2009 | | | | Examination requested; Awaiting Examination Report |
| Israel | 212312 | 2335506 | 01/11/2009 | | | | Application filed; Awaiting Notification prior to Examination |
| Japan | 2011-533933 | 2335510 | 01/11/2009 | 5774485 | 10/07/2015 | 10/07/2018 | Granted |
| Mexico | MX/a/2011/004321 | 2335529 | 01/11/2009 | 308604 | 10/04/2013 | 01/11/2018 | Granted |
| Republic of Korea | 10-2011-7012126 | 2335542 | 01/11/2009 | | | | Examination requested; Awaiting Examination Report |
| Singapore | 201101869-3 | 2335551 | 01/11/2009 | 170553 | 15/11/2013 | 01/11/2015 | Granted |
| South Africa | 2011/03418 | 2335561 | 01/11/2009 | 2011/03418 | 11/11/2011 | 01/11/2015 | Granted |
| United States of America | 13/124,535 | 2335572 | 01/11/2009 | 8,932,770 | 13/01/2015 | 13/07/2018 | Granted |
| United States of America | 14/566,182 | 2335583 | 01/11/2009 | | | | Application filed; Awaiting Examination Report |
| Hong Kong | 12103701.0 | 2335606 | 01/11/2009 | HK1163364 | 07/09/2012 | 01/11/2019 | Published; Registration fee payment due upon grant of the European or Chinese counterpart |

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STATUS REPORT – 30/07/2015**2. Patent****SPIRALLY WOUND MICROBIAL FUEL CELL**

A bacterial fuel cell including at least one anode and at least two cathodes in liquid communication with a liquid to be treated, the at least one anode being separated from the at least two cathodes by at least first and second electrically insulating spacers and the at least one anode and the at least two cathodes being electrically connected across an external load and the at least one anode and the at least two cathodes being wound together generally in a spiral configuration together with at least a third electrically insulating spacer.

| Country | App. No. | Our Ref. | Filed | Patent No./ Publication No. | Grant Date/ Pub. Date | Next Renewal | Status/Next action |
|------------------------------|-------------------|----------|------------|--------------------------------|--------------------------|--------------|--|
| Patent Cooperation Treaty | PCT/IL2010/001051 | 2335075 | 14/12/2010 | WO 2012/081001 | 21/06/2012 | | National phase entered |
| Australia | 2010365635 | 2335086 | 14/12/2010 | | | 14/12/2015 | Application filed; Deadline for requesting examination: Dec 14, 2015 |
| Brazil | BR112013013952-8 | 2335091 | 14/12/2010 | | | 14/12/2015 | Examination requested; Awaiting Examination Report |
| Canada | 2,820,663 | 2335101 | 14/12/2010 | | | 14/12/2015 | Application filed; Deadline for requesting examination: Dec 14, 2015 |
| China | 201080070713.5 | 2335116 | 14/12/2010 | 103262323 | 21/08/2013 | | Examination in progress; 2 nd Office Action issued. Response due: Sep 16, 2015 |
| Eurasian Patent Organization | 201390854 | 2335124 | 14/12/2010 | | | | Examination requested; Awaiting Examination Report |
| European Patent Office | 10860724.3 | 2335133 | 14/12/2010 | 2652830 | 23/10/2013 | 31/12/2015 | Response to Search Report filed; Awaiting Examination Report |
| India | 5954/DELNP/2013 | 2335148 | 14/12/2010 | | | | Examination requested; Awaiting Examination Report |

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STATUS REPORT – 30/07/2015**SPIRALLY WOUND MICROBIAL FUEL CELL****2. Patent**

A bacterial fuel cell including at least one anode and at least two cathodes in liquid communication with a liquid to be treated, the at least one anode being separated from the at least two cathodes by at least first and second electrically insulating spacers and the at least one anode and the at least two cathodes being electrically connected across an external load and the at least one anode and the at least two cathodes being wound together generally in a spiral configuration together with at least a third electrically insulating spacer

| Country | App. No. | Our Ref. | Filed | Patent No./ Publication No. | Grant Date/ Pub. Date | Next Renewal | Status/Next action |
|--------------------------|------------------|----------|------------|--------------------------------|--------------------------|--------------|---|
| Israel | 226470 | 2335157 | 14/12/2010 | | | | Response to Notification prior to Examination filed; Awaiting Examination Report |
| Japan | 2013-543965 | 2335167 | 14/12/2010 | | | | Examination in progress; Awaiting next Office Action |
| Mexico | MX/a/2013/006842 | 2335177 | 14/12/2010 | | | | Examination requested; Awaiting Examination Report |
| New Zealand | 612482 | 2335188 | 14/12/2010 | 612482 | 02/09/2014 | | Granted |
| Republic of Korea | 10-2013-7017819 | 2335193 | 14/12/2010 | 10-2013-0132526 | 04/12/2013 | | Published; Requesting examination due: Dec 14, 2015 |
| Singapore | 201303929-2 | 2335202 | 14/12/2010 | 190366 | 20/07/2015 | 14/12/2015 | Granted |
| South Africa | 2013/04994 | 2335217 | 14/12/2010 | 2013/04994 | 09/01/2014 | 14/12/2015 | Granted |
| Thailand | 1301003269 | 2335225 | 14/12/2010 | 130427 | 20/12/2013 | | Published; Requesting examination due: Dec 19, 2018 |
| United States of America | 13/989,691 | 2335234 | 14/12/2010 | US-2013-0266876-A1 | 10/10/2013 | | Published; Awaiting Examination Report |
| Hong Kong | 14101539.0 | 2335249 | 14/12/2010 | HK1188517 | 02/05/2014 | 14/12/2019 | Published; Registration fee payment due upon grant of the European or Chinese counterpart |

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STATUS REPORT – 30/07/2015

3. Patent

DIFFUSION AERATION FOR WATER AND WASTEWATER TREATMENT

A system for treating wastewater including at least one water-treatment pathway having at least one wastewater inlet, at least one oxygen-permeable, water-impermeable wall, separating an interior of the pathway from outside air, and at least one treated wastewater outlet and arranged for at least aerobic treatment of the wastewater as it flows from the at least one wastewater inlet to the at least one treated wastewater outlet, at least one wastewater supply conduit, supplying the wastewater to the at least one wastewater inlet of the water-treatment pathway and at least one treated wastewater conduit, supplying treated wastewater from the at least one treated wastewater outlet of the at least one water-treatment pathway

| Country | App. No. | Our Ref. | Filed | Patent No./ Publication No. | Grant Date/ Pub. Date | Next Renewal | Status/Next action |
|---------------------------|-------------------|----------|------------|--------------------------------|--------------------------|--------------|---|
| Patent Cooperation Treaty | PCT/IL2010/001052 | 2335258 | 14/12/2010 | WO 2011/073977 | 23/06/2011 | | National phase entered |
| Australia | 2010331741 | 2335268 | 14/12/2010 | | | 14/12/2015 | Examination requested; Awaiting Examination Report |
| Brazil | BR112012014460-0 | 2335276 | 14/12/2010 | | | 14/12/2015 | Examination requested; Awaiting Examination Report |
| Canada | 2,784,130 | 2335287 | 14/12/2010 | | | 14/12/2015 | Application filed; Deadline for requesting examination: Dec 14, 2015 |
| China | 201080056908.4 | 2335292 | 14/12/2010 | ZL 201080056908.4 | 29/04/2015 | 14/12/2015 | Granted |
| European Patent Office | 10837161.8 | 2335302 | 14/12/2010 | 2512995 | 24/10/2012 | 31/12/2015 | Response to Search Report filed; Awaiting Examination Report |
| India | 6196/DELNP/2012 | 2335317 | 14/12/2010 | | | | Examination requested; Awaiting Examination Report |
| Israel | 220377 | 2335325 | 14/12/2010 | | | | Application filed; Awaiting Notification prior to Examination |
| Japan | 2012-542688 | 2335334 | 14/12/2010 | | | | Examination in progress; Awaiting next Office Action |

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Reinhold Cohn and Partners

Patent Attorneys

STATUS REPORT – 30/07/2015**DIFFUSION AERATION FOR WATER AND WASTEWATER TREATMENT**

A system for treating wastewater including at least one water-treatment pathway having at least one wastewater inlet, at least one oxygen-permeable, water-impermeable wall, separating an interior of the pathway from outside air, and at least one treated wastewater outlet and arranged for at least aerobic treatment of the wastewater as it flows from the at least one wastewater inlet to the at least one treated wastewater outlet, at least one wastewater supply conduit, supplying the wastewater to the at least one wastewater inlet of the water-treatment pathway and at least one treated wastewater conduit, supplying treated wastewater from the at least one treated wastewater outlet of the at least one water-treatment pathway

3. Patent

| Country | App. No. | Our Ref. | Filed | Patent No./ Publication No. | Grant Date/ Pub. Date | Next Renewal | Status/Next action |
|--------------------------|-----------------|----------|------------|--------------------------------|--------------------------|--------------|---|
| Republic of Korea | 10-2012-7018361 | 2335349 | 14/12/2010 | 10-2012-0103710 | 19/09/2012 | | Published; Deadline for requesting examination: Dec 14, 2015 |
| Singapore | 201204279-2 | 2335358 | 14/12/2010 | 181629 | 05/05/2015 | 14/12/2015 | Granted |
| South Africa | 2012/05191 | 2335368 | 14/12/2010 | 2012/05191 | 27/03/2013 | 14/12/2015 | Granted |
| Thailand | 1201002869 | 2335376 | 14/12/2010 | 127433 | 20/09/2013 | | Published; Deadline for requesting examination: Sep 19, 2018 |
| United States of America | 13/515,722 | 2335387 | 14/12/2010 | 8,940,171 | 27/01/2015 | 27/07/2018 | Granted |
| United States of America | 14/579,452 | 2335405 | 14/12/2010 | | | | Application filed; Awaiting Examination Report |
| Hong Kong | 13103238.1 | 2335410 | 14/12/2010 | HK1176051 | 19/07/2013 | 14/12/2018 | Published; Awaiting Registration. Request for Registration upon Chinese counterpart was filed on Jul 24, 2015 |

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STATUS REPORT – 30/07/2015

5. Patent BIOFOLM BASED WATER TREATMENT SYSTEM AND METHOD-(061964)

| Country | App. No. | Our Ref. | Filed | Patent No./ Publication No. | Grant Date/ Pub. Date | Next Renewal | Status/Next action |
|--------------------------|------------|----------|------------|--------------------------------|--------------------------|--------------|--|
| United States of America | 62/047,267 | 2336280 | 08/09/2014 | | | | Application filed. PCT application filing due on Sep 08, 2015 |

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Reinhold Cohn and Partners

Patent Attorneys

STATUS REPORT – 30/07/2015
NON CLOGGING HOLLOW FIBER MEMBRANE BIOFILM REACTOR

6. Patent

| Country | App. No. | Our Ref. | Filed | Patent No./ Publication No. | Grant Date/ Pub. Date | Next Renewal | Status/Next action |
|--------------------------|------------|----------|------------|--------------------------------|--------------------------|--------------|--|
| United States of America | 62/097,089 | | 28/12/2014 | | | | Application filed; PCT filings due by Dec 28, 2015 |

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STATUS REPORT – 30/07/2015

Emefcy Ltd.

A CATALYST SYSTEM FOR BACTERIAL FUEL CELLS

7. Patent

| Country | App. No. | Our Ref. | Filed | Patent No./ Publication No. | Grant Date/ Pub. Date | Next Renewal | Status/Next action |
|--------------------------|------------|----------|------------|--------------------------------|--------------------------|--------------|--|
| United States of America | 62/119,347 | | 23/02/2015 | | | | Application filed; PCT filings due by Feb 23, 2016 |

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STATUS REPORT – 30/07/2015

8. Patent A METHOD FOR ACCLIMATION OF MEMBRANE BIOFILM REACTOR (062053)

| Country | App. No. | Our Ref. | Filed | Patent No./ Publication No. | Grant Date/ Pub. Date | Next Renewal | Status/Next action |
|--------------------------|------------|----------|------------|--------------------------------|--------------------------|--------------|--|
| United States of America | 62/172,293 | 2346950 | 08/06/2015 | | | | Application filed; PCT filings due by Jun 08, 2016 |

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9. Key People, Interests and Benefits

9.1 Directors and Proposed Directors

Upon successful completion of the Transaction, the Board will be reconstituted.

Peter Marks and Phillip Hains will remain as Directors following completion of the Transaction. In addition, resolutions for the election of the following Proposed Directors:

- ◆ Richard Irving;
- ◆ Eytan Levy; and
- ◆ Ross Haghighat.

The profiles of each of the Directors proposed to constitute the post-Transaction Board of Directors the Transaction are provided below:

Richard Irving *Proposed Executive Chairman*

Richard has a M. Sc. (Electrical Engineering) from Manchester University, United Kingdom. Based in Silicon Valley, he was one of the co-founders of Pond Venture Partners in 1997.

Richard has worked in technology companies since 1982 including chip design at AT&T Bell Labs (1982-86), Marketing Department Manager at AMD (1986-89), VP Graphics, Imaging & Multimedia at Brooktree (1990-94) and has been self-employed at Irving International (technology consulting 1989 & 1994-97).

Richard brings over 30 years' experience in venture capital, business management, marketing and engineering. He has been involved in over 30 startups and has participated in over \$3 billion of IPO's, acquisitions and private financings.

Eytan Levy *Proposed Director & Chief Executive Officer*

Eytan brings 25 years of technical experience and is recognised as one of Israel's leading water entrepreneurs. He has a BSc (cum laude) in Chemical Engineering from Technion, Israel and an MBA from Bar-Ilan University, Israel.

As co-founder and CEO, Eytan led AqWise's successful entry into the wastewater treatment market, building strategic relationships with integrators and key market participants and positioning AqWise as a recognised leader in advanced biological wastewater

treatment. AqWise currently has over 350 installations in 30 countries.

Eytan was a part of the founding team and a Venture Partner in Israel Cleantech Ventures, the leading venture capital fund focussed on backing Israel's emerging cleantech technology companies.

Ross Haghighat *Proposed Non-Executive Director*

Ross has an MBA, B.Sc. and a Masters in Material Science in Organometallic Chemistry from Rutgers University, United States. Ross has over 25 years' experience in Product Venturing with 10 startups, 5 exits and over \$4 billion in shareholder value created.

Ross is based in Boston. He is currently a Director of NASDAQ-listed Aduro Biotech, Managing Partner of Triton Systems, Inc. and served on the Board of S12 Technologies and is currently Chairman of FRX Polymers.

Peter Marks

Peter holds a Bachelor of Economics, Bachelor of Laws and a Graduate Diploma in Commercial Law from Monash University, Australia. He also holds an MBA from the University of Edinburgh, Scotland.

Peter brings over 30 years' experience in corporate finance, specialising in capital raisings (for listed and unlisted companies), underwriting, IPO's and venture capital transactions, including KPMG Corporate Finance Ltd (Australia) and Merrill Lynch. Peter has acted as Director and Chairman for a number of listed entities on the ASM and AIM.

Phillip Hains

Phillip holds a Masters of Business Administration from RMIT and a Public Practice Certificate from the Institute of Chartered Accountants.

Phillip has been a Director of the Company since 12 March 2015. As a Chartered Accountant, Phillip operates his own specialist public practice, The CFO Solution. The CFO Solution provides back-office support, financial reporting and compliance systems for public companies.

A specialist in the public company environment, Mr. Hains has served the needs of a number of company boards and their related committees.

He has over 20 years' experience in providing businesses with accounting, administration, compliance and general management service.

Phillip is also the Company's secretary.

9.2 Key Management

Following completion of the Transaction, Ronen Shechter will continue to act as the Chief Technical Officer of Emefcy and Yaron Bar Tal will continue to act as Vice President of Engineering of Emefcy. The Company considers that both Ronen and Yaron will be key people in the management and operation of the Emefcy business following completion of the Transaction. The profiles of Ronen and Yaron are set out below:

Ronen Shechter

Ronen is accredited as one of Israel's leading technological executives in the water industry. His engineering and scientific capabilities enable him to understand theoretical and practical aspects of applied technological R&D. Ronen has spent the last 17 years on research and development in water and wastewater treatment, and is the primary inventor in several patents in this field.

He is the co-founder of AqWise, where he was CTO for seven years. At AqWise Ronen led all R&D activity and engineering development. Prior to AqWise, Ronen was the head of the Desalination Department in Tami, the central R&D Institute of Israel Chemicals, where he provided R&D support to IDE Technologies Ltd., a global leader in the desalination market. Ronen holds a BSc (cum laude) in Chemical Engineering from the Technion – Israel Institute of Technology.

Yaron Bar Tal

Yaron joined Emefcy is the VP in Engineering, leading Emefcy's products and project engineering, production and installations. He brings with him extensive experience of over 15 years in managing large scale, advanced, multi-disciplinary R&D projects as well as senior operational positions, in leading companies as Elbit Systems, Orbotech and Matan digital printers.

Yaron Holds a B.Sc. and M.Sc. in mechanical engineering and business administration from Tel-Aviv University.



Co-Founder Eytan Levy with Emefcy demonstration plant.

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9.3 Interests of advisers

The Company and Emefcy have engaged the following advisers in relation to the Offers and/or the Transaction:

- ◆ Henslow Pty Ltd has been engaged as Lead Manager to the Equity Offer. The details and terms of Henslow's engagement, including the fees it will receive, are set out in Section 13.1(h). Peter Marks, an Existing Director of the Company who is proposed to remain on the post-Transaction Board, is engaged by, and named as a Principal of, Henslow however is neither a director or shareholder in Henslow and will not derive a benefit from the fees payable to Henslow as an advisor.
- ◆ Quinert Rodda & Associates Pty Ltd has been engaged as solicitors for the purposes of preparation of this Prospectus. Quinert Rodda & Associates will receive fees of approximately \$160,000 plus GST in connection with the preparation of this Prospectus and advice in connection with the Transaction.
- ◆ Moore Stephens (Vic) Pty Ltd has been engaged to prepare the Limited Assurance Report on the Pro-Forma Financial Information set out in Section 7 of this Prospectus. Moore Stephens was separately engaged to prepare an independent expert's report for the purposes of the Explanatory Memorandum which was dispatched with the notice to convene the General Meeting. The aggregate of fees received by Moore Stephens is anticipated to approximate \$35,000 plus GST.
- ◆ Euronet Securities Ltd, an Israeli based company, has been engaged to provide corporate advisory services and assist in completion of due diligence enquiries in connection with the acquisition of Emefcy. Euronet Securities will receive fees of approximately \$20,000 plus taxes (if applicable) in connection with its engagement. In addition, the Company has agreed to issue 200,000 New Shares to Euronet Securities or its nominee, which shares form part of the Advisor Offer.
- ◆ Reinhold Cohn & Partners has been engaged to prepare the Intellectual Property Report on the intellectual property of Emefcy, that report is set out in Section 8. Reinhold Cohn & Partners will receive fees of approximately \$7,500 plus taxes (if applicable) in connection with the preparation of the report.
- ◆ Milvian Bridge Pty Ltd as trustee for the R & R Kennedy Family Trust has been engaged to assist the Company in the overall management of the Transaction, including provision of assistance in respect of the Company's due diligence enquiries. It is anticipated that Milvian Bridge will receive fees of approximately \$20,000 plus GST in connection with its engagement. In addition, the Company has agreed to issue 200,000 New Shares to Milvian Bridge or its nominee, which shares form part of the Advisor Offer.
- ◆ Adin Holdings Ltd, an Israeli based company, has been engaged to provide the Technical Assessment Report on the current and projected technologies developed by Emefcy, that report is set out in Section 5. Adin Holdings will receive approximately \$55,000 plus taxes (if applicable) in connection with the preparation of the Technical Assessment Report.
- ◆ Alphastation Group Pty Ltd has been engaged as a consultant in relation to the preparation and presentation of this Prospectus. Alphastation Group will receive approximately \$20,000 plus GST in connection with its engagement. In addition, the Company has agreed to issue 300,000 New Shares to Alphastation Group or its nominee, which shares form part of the Advisor Offer.

9.4 Interests of directors and key management in the Company

9.4.1 Interests of directors and key management in the Company

Immediately prior to completion of the Transaction, the Existing Directors are expected to have direct and indirect interests in the Company's securities as set out in the table below:

| Existing Directors Relevant Interests – Pre-Transaction | | | | |
|---|--------|-----------|------------|---------|
| Name | Shares | | % Interest | Options |
| | Direct | Indirect | | |
| Peter Marks | Nil | 1,297,052 | 3.04% | 707,351 |
| Phillip Hains | Nil | 418,111 | 0.98% | 326,870 |
| Vincent Savage | Nil | 187,500 | 0.44% | 250,000 |

None of the Proposed Directors or key management of Emefcy presently have a current relevant interest in Shares of the Company.

Following the successful completion of the Transaction, the Existing Directors, Proposed Directors and key management will have direct and indirect interests in the Company's shares as set out in the table below:

| Name | Shares | | % Interest minimum capital raising | % interest maximum capital raising |
|--|-----------|------------|------------------------------------|------------------------------------|
| | Direct | Indirect | | |
| Existing Directors – Post Transaction | | | | |
| Peter Marks | Nil | 1,297,052 | 0.75% | 0.69% |
| Phillip Hains | Nil | 418,111 | 0.24% | 0.22% |
| Vincent Savage | Nil | 187,500 | 0.11% | 0.10% |
| Proposed Directors – Post-Transaction | | | | |
| Richard Irving | Nil | 21,629,388 | 12.48% | 11.48% |
| Eytan Levy | 6,409,416 | Nil | 3.70% | 3.40% |
| Ross Haghghat | Nil | Nil | Nil | Nil |
| Key Management | | | | |
| Ronen Shechter | 6,409,416 | Nil | 3.70% | 3.40% |
| Yaron Bar Tal | 538,366 | Nil | 0.31% | 0.29% |

Table Notes:

- Post-Transaction percentages do not take into account potential future issue of Deferred Consideration Shares. Assuming both Milestones are achieved and there are no further issues of Shares, the maximum percentage interest of the Post-Transaction Board and management would be as follows: Richard Irving 16.61%, Eytan Levy 5.67%, Ross Haghghat Nil, Peter Marks 0.59%, Phillip Hains 0.18%, Ronen Shechter 5.67% and Yaron Bar Tal 0.42%.
- Approval will be sought at the General Meeting for the Existing Directors to participate in the Equity Offer by subscribing for New Shares. Subject to approval, each Existing Director may subscribe up to the following amounts of New Shares: Peter Marks \$50,000 (250,000 New Shares), Phillip Hains \$10,000 (50,000 New Shares) and Vincent Savage \$10,000 (50,000 New Shares). If shareholder approval is obtained, the Existing Directors will have the ability (but not the obligation) to subscribe for additional shares up to the approved limits. If the Existing Directors successfully subscribe for the full approved amount their maximum respective percentage relevant interests in the Company immediately upon completion of the Transaction (assuming the Minimum Raising) would be: Peter Marks 0.89%, Phillip Hains 0.27% and Vincent Savage 0.14%.

9. Key People, Interests and Benefits CONTINUED

The post-Transaction Board will also have the following option interests:

| Director | Number of Options | Exercise Price | Expiry Date |
|--|-------------------|----------------|--|
| Existing Directors – Post Transaction | | | |
| Eytan Levy | 1,000,000* | \$0.30 | 3 years from completion of the acquisition of Emefcy |
| | 1,000,000* | \$0.40 | 4 years from completion of the acquisition of Emefcy |
| Richard Irving | 500,000* | \$0.30 | 3 years from completion of the acquisition of Emefcy |
| | 500,000* | \$0.40 | 4 years from completion of the acquisition of Emefcy |
| Peter Marks | 500,000* | \$0.30 | 3 years from completion of the acquisition of Emefcy |
| | 500,000* | \$0.40 | 4 years from completion of the acquisition of Emefcy |
| | 400,000 | \$0.15 | 5 June 2017 |
| | 307,351 | \$0.06 | 1 December 2016 |
| Ross Haghghat | 500,000* | \$0.30 | 3 years from completion of the acquisition of Emefcy |
| | 500,000* | \$0.40 | 4 years from completion of the acquisition of Emefcy |
| Phillip Hains | 76,870 | \$0.06 | 1 December 2016 |
| | 250,000 | \$0.15 | 5 June 2017 |

Table Notes:

* Denotes options which are proposed to be issued pursuant to the Option Offer, subject to shareholder approval and completion of the Transaction.

9.4.2 Remuneration of directors and management

On completion of the Transaction:

- Richard Irving will commence as Executive Chairman of the Company. Richard will receive remuneration comprised of A\$140,000 per annum. A summary of Richard's employment arrangements is set out in Section 13.1.
- Eytan Levy will commence as Chief Executive Officer of the Company. Eytan will receive remuneration comprised of NIS720,000 (approximately A\$265,000) per annum. A summary of Eytan's employment arrangements is set out in Section 13.1. By agreement with effect from 1 January 2014, in order to reduce Emefcy's costs, Eytan agreed to reduce his salary 10% of his salary on the basis that the aggregate reduced amount would accrue and be repayable as a bonus payment upon completion of Emefcy's next equity raising. Accordingly, on completion of the Transaction Eytan will receive a bonus payment of approximately NIS137,000 (\$50,000).
- The remaining non-executive members of the Company's Board will receive remuneration of \$60,000 per annum. The Company's Constitution provides that remuneration of Non-Executive Directors will not be more than the aggregate fixed sum determined by resolution passed by shareholders at a general meeting. The current approved aggregate Non-Executive Director pool is \$500,000 per annum.
- Ronen Shechter will continue to be engaged as Emefcy's Chief Technical Officer. Ronen will receive remuneration comprised of NIS480,000 per annum (approximately A\$175,000). A summary of Ronen's employment arrangements is set out in Section 13.1. By agreement with effect from 1 January 2014, in order to reduce Emefcy's costs, Ronen agreed to reduce his salary 10% of his salary on the basis that the aggregate reduced amount would accrue and be repayable as a bonus payment upon completion of Emefcy's next equity raising. Accordingly, on completion of the Transaction Ronen will receive a bonus payment of approximately NIS137,000 (\$50,000).
- Yaron Bar Tal will continue to be engaged as Emefcy's Vice President of Engineering. Yaron will receive remuneration comprised of NIS480,000 (approximately A\$175,000) per annum. A summary of Yaron's employment arrangements is set out in Section 13.1. By agreement with effect from 1 January 2014, in order to reduce Emefcy's costs, Yaron agreed to reduce his salary 10% of his salary on the basis that the aggregate reduced amount would accrue and be repayable as a bonus payment upon completion of Emefcy's next equity raising. Accordingly, on completion of the Transaction Yaron will receive a bonus payment of approximately NIS137,000 (\$50,000).

The remuneration received by the Existing Directors in the past two years is set out in the table below:

| | FY 2014 | FY2015 | 1 July 2015 to date |
|----------------|---------|----------|---------------------|
| Peter Marks | Nil | \$20,000 | \$15,000 |
| Phillip Hains | Nil | \$12,000 | \$9,000 |
| Vincent Savage | Nil | \$21,000 | \$10,500 |

Phillip Hains is a Director and sole shareholder of The CFO Solution HQ Pty Ltd. The CFO Solution provides company secretarial, accounting, and other back office services to the company at normal commercial rates. These rates range between \$100 - \$250 per hour, depending on skills engaged. As a director of Savcor, fees of \$3,000 per month are charged by The CFO Solution. The CFO Solution was appointed in March 2015 and has received aggregate fees of \$84,000 since that date.

10. Corporate Governance

10.1 ASX Corporate Governance Council Principles and Recommendations

The Company has adopted systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity commensurate with Company's needs.

The Board seeks, where appropriate, to provide accountability levels that meet or exceed the ASX Corporate Governance Council's Principles and Recommendations. Section 9.2 contains a table setting out information in respect of the Company's compliance with *The Corporate Governance Principles and Recommendations (3rd Edition)* as published by ASX Corporate Governance Council on 27 March 2014 (**Recommendations**). The Company anticipates that its corporate governance policies may be further reviewed and amended following completion of the Transaction to take into account changes to the Company's activities and Board structure. Its corporate governance policies would also be reviewed and where necessary updated and amended to address the revised Recommendations at that time.

Copies of the Company's corporate governance procedures, policies and practices are available the Company website at www.savcorgroup.net

Board of Directors

The Board is responsible for corporate governance of the Company. The Board is responsible for the following matters:

- ◆ ensuring the Company's conduct and activities are ethical and carried out in accordance with the Company's charters, policies and for the benefit of its stakeholders;
- ◆ development of corporate strategy, implementation of business plans and performance objectives;
- ◆ approval of Company budgets;
- ◆ monitoring and reviewing at regular intervals the Company's performance towards meeting its stated objectives;
- ◆ reviewing, ratifying and monitoring systems of risk management, codes of conduct, internal control systems and legal and regulatory compliance;
- ◆ the appointment (and removal) of the Chair of the Board;
- ◆ the appointment of new Directors to fill a vacancy or as additional Directors;
- ◆ the appointment, and where appropriate, the removal of the:
 - CEO;
 - CFO;
 - Company Secretary; and
 - Ratifying the appointment or removal of other Senior Management of the Company.
- ◆ oversight of all matters delegated to Managing Director & CEO and Senior Management;
- ◆ managing succession planning for the position of Managing Director & CEO and overseeing succession planning for his or her direct reports;
- ◆ approving overall Company, Director and specific senior executive remuneration and related performance standards and their evaluation;
- ◆ regular review of the Code of Conduct, the Communication and Disclosure Policy, the Securities Trading Policy, the Diversity Policy, the Risk Management Policy and Remuneration Policy to ensure the policies meet the standards of corporate governance the Board is committed to;
- ◆ review and oversight of compliance with ASX Listing Rules, financial reporting obligations, including periodic and continuous disclosure, legal compliance and related corporate governance matters;
- ◆ approving and monitoring major Company financing matters including approving and monitoring major capital expenditure, capital management, acquisitions and divestitures, material contracts and incurring material debt obligations;
- ◆ monitoring and reviewing the operational performance of the Company including the viability of current and prospective operations and exploration opportunities; and
- ◆ proposing and recommending to shareholders any changes in the capital structure of the Company.

The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate Directors' participation in the Board discussions on a fully-informed basis.

Composition of the Board

Election of Board members is substantially the province of the shareholders in a general meeting. However, subject thereto, the Company is committed to the following principles:

- ◆ the Board is to comprise Directors with a blend of skills, experience and attributes appropriate for the Company and its business; and
- ◆ the principal criterion for the appointment of new Directors is their ability to add value to the Company and its business.

Board Charter and policies

The Board has adopted a Charter, which formally recognised its responsibilities functions, power and authority and composition. This Charter sets out other things which are important for effective corporate governance including:

- (a) a detailed definition of 'independence';
- (b) a framework for the identification of candidates for appointment to the Board and their selection (including undertaking appropriate background checks);
- (c) a framework for individual performance review and evaluation;
- (d) proper training to be made available to Directors both at the time of their appointment and on an on-going basis;
- (e) basic procedures for meetings of the Board and its committees including frequency, agenda, minutes and private discussion of management issues among non-executive Directors;

- (f) ethical standards and values (in a detailed code of corporate conduct);
- (g) dealings in securities (in a detailed code for securities transactions designed to ensure fair and transparent trading by Directors and senior management and their associates); and
- (h) communications with shareholders and the market.

Independent professional advice

Under the Board Charter, subject to approval from the Chairman, each Director has the right to seek independent legal or other professional advice at the Company's expense on all matters necessary for that Director to make fully informed and independent decisions.

Remuneration arrangements

The total maximum remuneration of Non-Executive Directors is determined by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of Non-Executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each Non-Executive Director. The aggregate remuneration for Non-Executive Directors is set at \$500,000 per annum. Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

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. The policy generally provides that written notification to the Company Secretary must be obtained prior to trading.

External audit

The Company in general meetings is responsible for the appointment of the external auditors of the Company, and the Board from time to time will review the scope, performance and fees of those external auditors.

Audit and Risk committee

The Audit and Risk Committee will consist of at least two independent Non-executive Directors and such other members so that overall Audit and Risk Committee will comprise:

- at least one member who has an understanding of the industry in which the Company operates; and
- members who can read and understand financial statements and are otherwise financially literate.

The Executive Chairman, CEO and CFO have standing invitations to attend all meetings.

The committee's responsibilities include:

- reviewing the overall conduct of the external audit process, including the independence of all parties to the process;
- reviewing the performance of external auditors including the reappointment and proposed fees of the external auditor;
- where appropriate, seeking tenders for the audit and where a change of external auditor is recommended, arrange submissions to the shareholders for shareholder approval;
- undertaking a regular corporate risk assessment (including economic, environmental and social sustainability risks), overseeing the risk management system and ensuring compliance with internal controls;
- overseeing the risk management system;
- monitor and review the propriety of any related party transactions;
- reviewing the quality and accuracy of all published financial reports; and
- reviewing the accounting function and ongoing application of appropriate accounting and business policies and procedures.

Meetings shall be held at least quarterly to review and discuss financial issues and the financial statements. A broad agenda is laid down for each regular meeting according to an annual cycle. The committee may invite the external auditors to attend each of its meetings.

Remuneration and Nomination Committee

The purpose of this committee is to

- assist the Board and report to on remuneration and related policies and practices (including remuneration of senior management and non-executive Directors); and
- assist the Board and make recommendations to it about the appointment of new Directors (both executive and non-executive) and senior management.

The committee's functions include:

- review and evaluation of market practices and trends on remuneration matters;
- recommendations to the Board about the Company's remuneration policies and procedures;
- recommendations to the Board about remuneration of senior management and non-executive Directors;
- oversight of the performance of senior management and Non-executive Directors;
- maintaining succession planning for Directors, the CEO and Senior Management; and
- review the Company's reporting and disclosure practices in relation to the remuneration of Directors and senior executives.

Meetings shall be held at least annually and more often as required

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.

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10.2 Departures from Recommendations

Following re-admission to the Official List of ASX, the Company will be required to report any departures from the Recommendations in its annual financial report. The Company's corporate governance statement is set out below.

| Principles and Recommendations | Comply (Yes/No) | Explanation |
|---|-----------------|--|
| Principle 1: Lay solid foundations for management and oversight | | |
| <p>Recommendation 1.1</p> <p>A listed entity should have and disclose a charter which sets out the respective roles and responsibilities of the Board, the chair and management; and includes a description of those matters expressly reserved to the Board and those delegated to management.</p> | Yes | <p>The Company has adopted a Corporate Governance Charter, which is available on the Company's website (www.savcorgroup.net).</p> <p>The Corporate Governance Charter sets out, among other things, specific responsibilities of the Board, requirements as to the Board's composition, the roles and responsibilities of the Chairman and management, Director's access to Company records and information, details of the Board's relationship with management.</p> |
| <p>Recommendation 1.2</p> <p>A listed entity should:</p> <ul style="list-style-type: none"> • undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and • 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. | Yes | <p>Appropriate checks have been undertaken in respect of each proposed Director named in Section 9.1 and information will be provided to security holder at the time of election or re-election as appropriate.</p> |
| <p>Recommendation 1.3</p> <p>A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</p> | Yes | <p>The Company has entered into written agreements with each director and senior executives.</p> |
| <p>Recommendation 1.4</p> <p>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.</p> | Yes | <p>This is consistent with the Charter and corporate structure of the Company. The Company Secretary has a direct relationship with the Board in relation to these matters and operates independently of the executives.</p> |
| <p>Recommendation 1.5</p> <p>A listed entity should:</p> <ul style="list-style-type: none"> • have a diversity policy which includes requirements for the Board: <ul style="list-style-type: none"> i] to set measurable objectives for achieving gender diversity; and ii] to assess annually both the objectives and the entity's progress in achieving them; • disclose that policy or a summary of it; and • disclose as at the end of each reporting period: <ul style="list-style-type: none"> i] the measurable objectives for achieving gender diversity set by the Board in accordance with the entity's diversity policy and its progress towards achieving them; and ii] either: <ul style="list-style-type: none"> a] the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or b] the entity's "Gender Equality Indicators", as defined in the Workplace Gender Equality Act 2012. | Partially | <p>The Company has adopted a diversity policy, copy of which is available on the Company's website (www.savcorgroup.net).</p> <p>The Company believes that all categories of diversity are as equally as important within its organisation and due to its size and nature of the business, the Company has not set any gender specific diversity objectives.</p> <p>The Board, in consultation with the Remuneration & Nomination Committee, will set measurable objectives for achieving diversity, in particular gender diversity, in accordance with this policy and the diversity targets set by the Board from time to time and will review the effectiveness and relevance of these measurable objectives on an annual basis.</p> <p>The Board will include in the Annual Report each year:</p> <ul style="list-style-type: none"> • Measurable objectives, if any, set by the Board; progress against achieving the objectives; and • The proportion of women employees in the whole organisation, at senior management level and at Board level. <p>As at the date of this Prospectus, 100% of the company's Board, CEO and Senior Management are male.</p> |

10. Corporate Governance CONTINUED

| Principles and Recommendations | Comply (Yes/No) | Explanation |
|---|-----------------|---|
| <p>Recommendation 1.6 A listed entity should:</p> <ul style="list-style-type: none"> have and disclose a process for periodically evaluating the performance of the Board, its committees and individual directors; and disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process. | Yes | <p>The Corporate Governance Charter sets out a process for performance evaluation processes. The Chairman determines the evaluation criteria and process, based on inputs from the Board and the Remuneration and Nomination Committee.</p> <p>The Board reviews at least annually its overall performance, as well as the performance of its committees and individual directors.</p> <p>The Company will disclose in its Annual Report whether an evaluation has been undertaken.</p> |
| <p>Recommendation 1.7 A listed entity should:</p> <ul style="list-style-type: none"> have and disclose a process for periodically evaluating the performance of its senior executives; and disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process. | Yes | <p>The Chairman, with assistance and inputs from the Remuneration and Nomination Committee, assesses the performance of senior executives at least annually.</p> <p>The Company will disclose in its Annual Report whether an evaluation has been undertaken.</p> |
| Principle 2: Structure the Board to add value | | |
| <p>Recommendation 2.1 The Board of a listed entity should:</p> <ul style="list-style-type: none"> have a nomination committee 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, <p>and disclose:</p> <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 <ul style="list-style-type: none"> if it does not have a nomination committee, disclose that fact and the processes it employs to address Board succession issues and to ensure that the Board has the appropriate balance of skills, experience, independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively. | Partially | <p>A Remuneration and Nomination Committee has been established with its own Charter.</p> <p>Given the current number of Board members, the committee does not comply with recommendation 2.1 (i) and (ii).</p> <p>The Company will make necessary appointments after the completion of the Transaction in order to meet this Recommendation and for the committee to effectively fulfil its role.</p> <p>Copy of the Remuneration and Nomination Committee Charter is available from the company's (www.savcorgroup.net).</p> |
| <p>Recommendation 2.2 A listed entity should have and disclose a Board skill matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.</p> | Yes | <p>Full details of each Director (or Proposed Director) and senior executive's relevant skills and experience are set out in this Prospectus and will be published in the Annual Report.</p> <p>The Company's Corporate Governance Charter sets out the procedures for selecting and appointment of Directors which include a commitment to ensuring a balance of skill and experience necessary for the conduct of the Company's activities.</p> |
| <p>Recommendation 2.3 A listed entity should disclose:</p> <ul style="list-style-type: none"> the names of the directors considered by the Board to be Independent Directors; if a director has an interest, position, association or relationship of the type described in Box 2.3 of the ASX Corporate Governance Principles and Recommendation (3rd Edition), but the Board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the Board is of that opinion; and the length of service of each director. | Yes | <p>The Company considers the following Directors to be independent after the completion of the Transaction:</p> <ul style="list-style-type: none"> Phillip Hains Peter Marks Ross Haghighat <p>The Board notes the following directors are deemed not independent for the purposes of the Guidelines:</p> <ul style="list-style-type: none"> Richard Irving Eytan Levy <p>The length of service of each existing Director is set out in Section 9.1 of this Prospectus.</p> |

| Principles and Recommendations | Comply (Yes/No) | Explanation |
|--|-----------------|--|
| Recommendation 2.4 A majority of the Board of a listed entity should be Independent Directors. | Yes | Upon completion of the Transaction, Peter Marks, Ross Haghghat and Phillip Hains will be independent. The Company will reconsider its position in relation to the new appointments in the future and make any appointment it deems necessary. |
| 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. | No | The Company currently does not comply to this Recommendation. Upon completion of the Transaction the Chair of the Company will be Richard Irving and the Chief Executive Officer will be Eytan Levy. |
| Recommendation 2.6 A listed entity should have a program for inducting new directors and providing appropriate professional development opportunities for continuing directors to develop and maintain the skills and knowledge needed to perform their role as a director effectively. | Yes | This is consistent with the Board Charter. The Company is committed to procuring appropriate professional development opportunities for Directors so that they may develop and maintain the skill and knowledge need to perform their roles effectively, whether this be by informal program or otherwise. |
| Principle 3: Act ethically and responsibly | | |
| Recommendation 3.1 A listed entity should: <ul style="list-style-type: none"> ◆ have a code of conduct for its directors, senior executives and employees; and ◆ disclose that code or a summary of it. | Yes | The Company's Corporate Governance Charter includes a Code of Conduct, which sets out a framework to enable Directors to achieve the highest possible standards in the discharge of their duties and to give a clear understanding of best practice in corporate governance. A copy of the Corporate Governance Charter is available at the Company's website (www.savcorgroup.net). |
| Principle 4: Safeguard integrity in corporate reporting | | |
| Recommendation 4.1 The Board of a listed entity should: <ul style="list-style-type: none"> ◆ have an audit committee which: <ul style="list-style-type: none"> i] has at least three members, all of whom are Non-Executive Directors and a majority of whom are Independent Directors; and ii] is chaired by an Independent Director, who is not the chair of the Board, and disclose: <ul style="list-style-type: none"> iii] the Charter of the Committee; iv] the relevant qualifications and experience of the members of the committee; and v] in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or ◆ 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. | Partially | The Company has established an Audit and Risk Management Committee to assist and report to the Board. The Committee does not currently comply to Recommendations 4.1 (i) and (ii) due to the current number of Board numbers. The Company will make necessary new appointments after the completion of the Transaction in order to meet this Recommendation and for the committee to effectively fulfil its role. Copy of the Audit and Risk Committee Charter can be obtained from the company's website (www.savcorgroup.net). Details of the qualifications and experience of the Directors and the number of meetings held will be disclosed in the Company's annual reports. |
| Recommendation 4.2 The Board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively. | Yes | This is consistent with the approach adopted by the Audit and Risk Committee and Board. |
| Recommendation 4.3 A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit. | Yes | Savcor's auditor will be requested to attend the AGM and shareholders will be entitled to ask questions in accordance with the Corporations Act and these Guidelines. |

10. Corporate Governance CONTINUED

| Principles and Recommendations | Comply (Yes/No) | Explanation |
|---|-----------------|---|
| Principle 5: Make timely and balanced disclosure | | |
| Recommendation 5.1 A listed entity should: <ul style="list-style-type: none"> ◆ have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and ◆ disclose that policy or a summary of it. | Yes | The Company has a written Continuous Disclosure Policy which forms part of its Corporate Governance Charter, copy of which can be obtained from the Company's website www.savcorgroup.net . |
| Principle 6: Respect the rights of security holders | | |
| Recommendation 6.1 A listed entity should provide information about itself and its governance to investors via its website. | Yes | Information about the Company and its governance is available in the Corporate Governance Charter which can be found on the Company's website www.savcorgroup.net . |
| Recommendation 6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors. | Yes | The Company has adopted a Communication and Disclosure Policy which forms part of its Board Charter, copy of which is available at the Company's website www.savcorgroup.net . |
| Recommendation 6.3 A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders. | Yes | The Communication and Disclosure Policy referred to above, contains policies and processes aimed to facilitate and encourage participation at meetings. Links are made available at the Company's website to information released to the ASX. Shareholders are encouraged to participate in, and raise questions at, all shareholder meetings. |
| Recommendation 6.4 A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically. | Yes | The Company has instructed its share registry to facilitate this option for investors, as well as future shareholders at appropriate times. Shareholders can elect to receive communications from the Company by email and the majority of communications to the Company can be made by email. |
| Principle 7: Recognise and manage risk | | |
| Recommendation 7.1 The Board of a listed entity should: <ul style="list-style-type: none"> ◆ have a committee or committees to oversee risk, each of which: <ul style="list-style-type: none"> vii] has at least three members, a majority of whom are independent directors; and viii] is chaired by an independent director, and disclose: <ul style="list-style-type: none"> i] the charter of the committee; ii] the members of the committee; and iii] 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 process it employs for overseeing the entity's risk management framework. | Partially | The Company has a combined Audit and Risk Committee to oversee risk. However, the Committee does not yet comply to Recommendation 7.1 (i) and (ii). The Company will make necessary new appointments after the completion of the Transaction in order to meet this Recommendation and for the committee to effectively fulfil its role. |
| Recommendation 7.2 The Board or a committee of the Board should: <ul style="list-style-type: none"> ◆ review the entity's risk management framework with management at least annually to satisfy itself that it continues to be sound, to determine whether there have been any changes in the material business risks the entity faces and to ensure that they remain within the risk appetite set by the Board; and ◆ disclose in relation to each reporting period, whether such a review has taken place. | Yes | The risk management framework is established within the Audit and Risk Committee Charter. The Committee review the Company's risk profile and processes at least quarterly and report to the Board. The Company will disclose the number of reviews conducted in its annual report. |

| Principles and Recommendations | Comply (Yes/No) | Explanation |
|---|-----------------|--|
| <p>Recommendation 7.3</p> <p>A listed entity should disclose:</p> <ul style="list-style-type: none"> ◆ if it has an internal audit function, how the function is structured and what role it performs; or ◆ if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes. | Yes | <p>The Company does not have an internal audit function due to the Company's limited number of employees and relative nature and scale of its operations, and the costs of having an internal audit function.</p> <p>Adequate risk management policies and internal control processes are in place. The Audit and Risk Committee is responsible to evaluate the effectiveness of its risk management systems and internal control processes, and it reports directly to the Board.</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> | Yes | <p>The entity does not have material exposure in these areas, other than as disclosed in the key risks section of this Prospectus. The Company will review risks applicable to its operations in accordance with its risk management policies.</p> |
| <p>Principle 8: Remunerate fairly and responsibly</p> | | |
| <p>Recommendation 8.1</p> <p>The Board of a listed entity should:</p> <ul style="list-style-type: none"> ◆ have a remuneration committee which: <ul style="list-style-type: none"> i] has at least three members, a majority of whom are independent directors; and ii] is chaired by an independent director, <p>and disclose:</p> <ul style="list-style-type: none"> iii] the charter of the committee; iv] the members of the committee; and v] as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or ◆ 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. | Partially | <p>The Board has established a Remuneration&Nomination Committee to assist the Board to discharge its responsibilities in relation to remuneration and issues relevant to remuneration policies and practices, including those for senior management and non executive Directors.</p> <p>However, the Committee currently does not comply to Recommendation 8.1 (i) and (ii).</p> <p>The Company will make necessary new appointments after the completion of the Transaction in order to meet this.</p> |
| <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 and ensure that the different roles and responsibilities of Non-Executive Directors compared to executive directors and other senior executives are reflected in the level and composition of their remuneration.</p> | Yes | <p>The remuneration polices are set out in the Board Charter and the remuneration report of the Company's annual report disclose the Company's policies and practices regarding the remuneration of executive, non-executive and senior management.</p> |
| <p>Recommendation 8.3</p> <p>A listed entity which has an equity-based remuneration scheme should:</p> <ul style="list-style-type: none"> ◆ 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 ◆ disclose that policy or a summary of it. | Yes | <p>In accordance with the Company's share trading policy, participants in any equity based incentive scheme are prohibited from entering into any transaction that would have the effect of hedging or otherwise transferring the risk of any fluctuation in the value of any unvested entitlement in the Company's securities to any other person.</p> |

11. Details of the Offer

11.1 The Offers

11.1.1 Equity Offer

This Prospectus invites investors to apply for a minimum of 65,000,000 and up to 80,000,000 New Shares at an issue price of \$0.20 per New Share to raise a minimum of \$13,000,000 and a maximum of \$16,000,000. The Equity Offer of New Shares to investors under this Prospectus consists of:

- the Priority Offer exclusively to shareholders eligible to apply for New Shares under this Prospectus and who are SAV shareholders at the Priority Offer Record Date;
- the Broker Offer to retail investors who have received a firm allocation of New Shares from their broker and who are eligible to participate in the Equity Offer; and
- a General Offer, which is available to all eligible investors.

Details of how to apply for New Shares under the Equity Offer are set out in Section 12.

11.1.2 Vendor Offer

This Prospectus contains an offer of 65,000,000 New Shares to the Emefcy Vendors which are to be issued in part consideration of the Company's acquisition of all of the equity interests of Emefcy. No funds will be raised through the Vendor Offer.

11.1.3 Advisor Offer

This Prospectus contains an offer of a total of 700,000 New Shares to Alphastation Group Pty Ltd (300,000 New Shares), Milvian Bridge Pty Ltd (200,000 New Shares) and Euronet Securities Ltd (200,000 New Shares) who are advisors engaged by the Company in connection with the Transaction.

11.1.4 Option Offer

This Prospectus contains an offer of 5 million options to four members of the proposed post-Transaction Board. The options the subject of the Option Offer are subject to shareholder approval which will be sought through Resolutions 10A to 10D at the General Meeting. The options are proposed to be issued as follows:

- 2,000,000 options to Eytan Levy;
- 1,000,000 options to Peter Marks;
- 1,000,000 options to Richard Irving; and
- 1,000,000 options to Ross Haghghat.

11.2 Terms of Securities Offered

All New Shares issued pursuant to this Prospectus will be issued as fully paid ordinary shares and will rank equally in all respects with the ordinary shares already on issue. The rights attaching to the shares are contained in the Company's constitution and summarised in Section 13.3 of this Prospectus.

The options offered under the Option Offer have the terms set out in Section 13.4.

11.3 Conditions of the Offers

Completion of the Offers is conditional upon:

- shareholders of the Company passing each of the Acquisition Resolutions at the General Meeting which has been called to seek these approvals;
- the Company securing subscriptions from investors of a minimum of \$13 million and up to \$16 million under the Equity Offer made through this Prospectus;
- the Company completing the acquisition of Emefcy;
- ASX conditionally confirming that it will re-admit the Company to the Official List of ASX;

- all material consents required from government authorities for the Transaction being obtained, including in the case of Emefcy rulings (or interim rulings) required under Israeli tax laws; and
- the non-occurrence of any event having a material adverse effect on SAV or Emefcy prior to completion of the Transaction.

In the event that the conditions above are not satisfied, the Offers will not proceed and no New Shares or options will be issued pursuant to this Prospectus. If this occurs, applicants under the Equity Offer will be reimbursed their application monies (without interest).

11.4 Purpose of this Prospectus and the Offers

This Prospectus has been issued to assist the Company to meet the re-admission requirements of ASX under Chapters 1 and 2 of the ASX Listing Rules (including, for example, shareholder spread) and to qualify the New Shares issued under the Equity Offer, New Shares issued to the Emefcy Vendors under the Vendor Offer and Share issued upon exercise of the options under the Option Offer for secondary trading (subject to any escrow arrangements imposed by ASX).

The purpose of the Equity Offer under this Prospectus is to enable the Company to raise funds for the commercialisation of the Emefcy products and the fund the ongoing administration of the Company.

The Company is intending to apply the funds raised under the Equity Offer in the manner detailed in the Section 11.5 below. The Board believes that the funds raised from the Equity Offer, will provide the Company with sufficient working capital at anticipated expenditure levels to achieve the objectives as shown in the table in that Section.

11.5 Use of Proceeds

The Company intends to apply funds raised from the Equity Offer, in the next two years following re-admission to the Official List of the ASX in accordance with the table below. In addition to proceeds from the Equity Offer, other sources of funds include cash balances at Completion and estimated grants. These sources of funds and use of proceeds are outlined below:

| Min Subscription – \$13M | Year 1 | Year 2 | Total |
|--------------------------------|------------|------------|-------------|
| SOURCES OF FUNDS | | | |
| Capital raising | 13,000,000 | 0 | 13,000,000 |
| Cash balance at start | 816,000 | 5,774,000 | 816,000 |
| Grants ² | 586,000 | 535,000 | 1,121,000 |
| Sub total ¹ | 14,402,000 | 6,309,000 | 14,937,000 |
| USES OF FUNDS | | | |
| Costs of Capital Raising/Offer | -890,000 | - | -890,000 |
| Purchase of True North Shares | -1,378,000 | - | -1,378,000 |
| Administration Costs | -2,435,000 | -2,548,000 | -4,983,000 |
| Research and Development | -2,202,000 | -2,084,000 | -4,286,000 |
| Marketing | -592,000 | -509,000 | -1,101,000 |
| Manufacturing | -1,131,000 | -862,000 | -1,993,000 |
| Sub total | -8,628,000 | -6,003,000 | -14,631,000 |
| Working capital at end | 5,774,000 | 306,000 | 306,000 |

| Min Subscription – \$16M | Year 1 | Year 2 | Total |
|--------------------------------|------------|------------|------------|
| SOURCES OF FUNDS | | | |
| Capital raising | 16,000,000 | 0 | 16,000,000 |
| Cash balance at start | 816,000 | 8,568,000 | 816,000 |
| Grants ² | 586,000 | 535,000 | 1,121,000 |
| Sub total ¹ | 17,402,000 | 9,103,000 | 17,937,000 |
| USES OF FUNDS | | | |
| Costs of Capital Raising/Offer | -1,073,000 | - | -1,073,000 |
| Purchase of True North Shares | -1,378,000 | - | -1,378,000 |
| Administration Costs | -2,458,000 | -2,548,000 | -4,983,000 |
| Research and Development | -2,202,000 | -2,084,000 | -4,286,000 |
| Marketing | -592,000 | -509,000 | -1,101,000 |
| Manufacturing | -1,131,000 | -862,000 | -1,993,000 |
| Sub total | -8,834,000 | -6,003,000 | -1,186,000 |
| Working capital at end | 8,568,000 | 3,100,000 | 3,100,000 |

Table Notes:

1. Whilst Emefcy has a product, SABRE, ready for sale at this point no sales have been concluded. The Directors have considered ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company and Emefcy are uncertain. Any forecast would involve such a broad range of potential outcomes and possibilities that it is not possible to provide a reliable forecast or projection. If sales revenue is achieved those amounts will augment working capital and become available for use to increase expenditure on research and development, marketing and/or administration costs at the Boards discretion.
2. The source of funds above includes annual amounts which Emefcy expect to receive in research grants from the State of Israel. Emefcy's expectations with regards to the availability and quantum of government grants are based on existing conditional approvals, the stated criteria for eligibility, its experience in applying for and obtaining such funding and its interactions with government agencies. However, funds made available for such grants out of the annual budget of the State of Israel may be reduced and therefore there is a risk as to the availability or the amounts of such grants in the future. In the event that anticipated grants were reduced the Company will reassess its use of funds plans to reduce planned expenditure accordingly.

3. As part of the consideration for the acquisition of Emefcy the Company will issue the Redeemable Note with a maximum redemption cost of USD2 million. As the Redeemable Note is repayable 30 months from completion of the Transaction this cost is not included in the above use of funds tables. However as detailed in Section 13.1(b) the quantum of the redemption cost is linked to the achievement of the Milestones (refer Section 1.1). The Milestones are linked to successful deployment of product and revenue generation by Emefcy. Thus it is reasonable to assume that on achievement of one or both of the Milestones the Company will have additional funds available to assist with the redemption of the Redeemable Note. If such revenue were not sufficient to fund the redemption in full the Company would need to then reassess its expenditure plans and/or look to raise additional capital (if available). Conversely if the Milestones are not achieved the redemption cost of the Redeemable Note will reduce to the nominal amount of USD1.
4. The costs of offer and the cash balance at completion of the Transaction shown in the above table assume that advisor fees have been paid from existing Company funds. A full breakdown of the Costs of the Offer is set out in later in this section.

5. Exchange rate assumptions applied are:

| | |
|---------|--------|
| NIS-USD | 3.863 |
| USD-AUD | 1.3783 |
| NIS-AUD | 2.8027 |

The estimate of Emefcy expenditure set out in the tables above is based on budgets provided by Emefcy. The actual level and break-up of expenditure may change on an ongoing basis depending on factors which may include changes in market conditions, the development of new or existing opportunities and other factors (including the risk factors set out in Section 4).

As noted in Section 4 of this Prospectus, the future capital requirements of the Company depend on numerous factors and the Company may require further financing in addition to amounts raised under the Equity Offer. Any additional equity financing will dilute shareholdings. Debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations.

11. Details of the Offer CONTINUED



SABRE demonstration plant in operation for one year.

Set out in the table below is a breakdown of the costs of the Offer:

| Costs of the offer | Minimum (13 mil) cap raising (A\$) | Maximum (16 mil) cap raising (A\$) |
|--|------------------------------------|------------------------------------|
| Capital raising fees (6%) | \$780,000 | \$960,000 |
| Listing and lodgement fees | \$85,000 | \$87,500 |
| Printing, typesetting, postage and miscellaneous | \$25,000 | \$25,000 |
| Advisor fees | \$362,500 | \$362,500 |
| TOTAL | \$1,252,500 | \$1,435,000 |

11.6 Capital Structure

As at the date of this Prospectus, the Company has 42,671,357 Shares on issue. The expected capital structure of the Company immediately following completion of the Offers, is summarised below.

| Shares | Minimum Raising \$13 million | Maximum Raising \$16 million |
|---|------------------------------|------------------------------|
| Existing SAV Shares | 42,671,357 (24.61%) | 42,671,357 (22.65%) |
| Vendor Offer | 65,000,000 (37.49%) | 65,000,000 (34.51%) |
| Equity Offer | 65,000,000 (37.49%) | 80,000,000 (42.47%) |
| Advisor Offer | 700,000 (0.41%) | 700,000 (0.37%) |
| Total Shares following Transaction | 173,371,357 | 188,371,357 |

The table above does not take into account the potential issue of the Deferred Consideration Shares. For illustrative purposes the table below shows the dilutive effect of the issue of the Deferred Consideration Shares on the capital structure of the Company, assuming no other Shares are issued.

| Shares | Minimum Raising \$13 million | Maximum Raising \$16 million |
|---|---------------------------------|---------------------------------|
| Existing SAV Shares | 42,671,357 (19.54%) | 42,671,357 (18.28%) |
| Vendor Offer | 65,000,000 (29.77%) | 65,000,000 (27.85%) |
| Deferred Consideration Shares | 45,000,000 (20.61%) | 45,000,000 (19.28%) |
| TOTAL HELD BY EMEFCY VENDORS | 110,000,000 (50.37%) | 110,000,000 (47.14%) |
| Equity Offer | 65,000,000 (29.77%) | 80,000,000 (34.28%) |
| Advisor Offer | 700,000 (0.32%) | 700,000 (0.30%) |
| Total Shares following Transaction | 218,371,357 | 233,371,357 |

In addition to the above, the table below sets out the existing options on issue and the additional options proposed to be issued on completion of the Transaction under the Option Offer.

| Number | Exercise Price | Expiry Date |
|-------------------------|----------------|--|
| Existing Options | | |
| 7,313,645 | \$0.06 | 1 December 2016 |
| 900,000 | \$0.15 | 5 June 2017 |
| Proposed Options | | |
| 2,500,000 | \$0.30 | 3 years from the issue date, expected to be issued on completion of the Transaction. |
| 2,500,000 | \$0.40 | 4 years from the issue date, expected to be issued on completion of the Transaction. |

Table Notes:

The proposed options identified in the table above are the options which are the subject of the Option Offer. The full terms of the proposed options, including vesting condition, are set out in Section 13.4.

11.7 Minimum Subscription – Equity Offer

The Minimum Subscription for the Equity Offer of New Shares to investors is \$13,000,000. No New Shares will be issued pursuant to the Equity Offer made under this Prospectus until the Minimum Subscription is reached. Should the Minimum Subscription not be reached, all application monies will be dealt with in accordance with the Corporations Act.

If the New Shares are not admitted to Official Quotation by ASX before the expiration of three months after the date of issue of this Prospectus, or such period as varied by ASIC, the Company will not issue any New Shares and will repay all application monies for the New Shares within the time prescribed under the Corporations Act, without interest.

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12. How to apply for New Shares

12.1 Applying under the Equity Offer

Applications for New Shares under the Equity Offer must be made either:

- By accepting the Priority Offer by returning the personalised Priority Offer acceptance form prior to the close of the Equity Offer, which will be sent to eligible SAV shareholders with a copy of this Prospectus upon request. Priority Offer acceptance forms must be accompanied by payment of the application amount, or applicants may make payment by BPAY using the personalised reference number of the Priority Offer acceptance form. The personalised Priority Offer acceptance form can also be used to apply for additional New Shares above the priority entitlement of 10,000 New Shares.
- Pursuant to the Broker Offer if you have received a firm allocation of New Shares from your broker and you are eligible to participate in the Equity Offer.
- In respect of the General Offer, by returning an application form attached to or accompanying this Prospectus to the Company's Share Registry together with payment of the application amount prior to the close of the Equity Offer.

Further details in respect of each method of applying for New Shares under the Equity Offer are set out below.

Applications for New Shares under the Equity Offer must be for a minimum of 10,000 New Shares (\$2,000) and thereafter in multiples of 2,500 New Shares. Payment for New Shares must be made in full at the issue price of \$0.20 per Share:

- when accepting the Priority Offer or applying for New Shares under the General Offer; or
- in accordance with your broker's instructions in the case of the Broker Offer.

The allocation of New Shares between the Broker Offer and General Offer will be determined by the Company at its discretion in consultation with the Lead Manager.

(a) Priority Offer

Under the Priority Offer, eligible SAV shareholders will be guaranteed an allocation of 10,000 New Shares if they submit a valid Priority Offer application form with payment of the application amount for 10,000 New Shares or make payment by BPAY as provided for below.

Eligible SAV shareholders may also apply and pay for additional New Shares above the Priority Offer of 10,000 New Shares, but will not be guaranteed an allocation of the additional New Shares. Acceptance for fewer than 10,000 New Shares, and applications for additional New Shares above 10,000 New Shares, will be treated as applications under the General Offer and may be allocated under the General Offer at the discretion of the Directors in consultation with the Lead Manager.

If you are an eligible SAV shareholder and wish to apply for New Shares under the Priority Offer, you can either:

- Complete the Priority Offer acceptance form (which will be sent to you upon request) and return it together with your cheque, bank draft or money order made payable to "**Savcor Group Limited**" drawn on an Australian bank and in Australian dollars, by post to the address shown on the Priority Offer application form such that your application and payment are received by no later than 5.00pm (AEDT) on the Closing Date; or
- For eligible SAV shareholders with an Australian bank account, make a BPAY payment on the internet or by telephone banking by using the personalised reference number shown on your Priority Offer acceptance form, which is required to identify your holding. If you make your payment using BPAY, you do not need to return your Priority Offer acceptance form, but are taken to make the representations and statements described in this Prospectus and on the form. If applying by BPAY, you need to ensure your payment is received by no later than 5.00pm (AEDT) on the Closing Date.

Applicants should be aware that financial institutions may implement early cut off times with regards to electronic payments and therefore should take this into consideration when making payment.

It is the responsibility of the applicant to ensure the funds submitted through BPAY are received by the close of the Priority Offer. If you have more than one eligible shareholding and consequently receive more than one Priority Offer acceptance form, when applying for New Shares under the Priority Offer in respect of one of those shareholdings you must only use the personalised reference number specific to that shareholding as set out in the relevant application form. Do not use the same personalised reference number for more than one of your shareholdings. This can result in your application monies being applied to your application in respect of only one of your shareholdings (with the result that any application in respect of your remaining shareholdings will not be recognised as valid).

In the event that a SAV shareholder applies for New Shares under the Priority Offer and is ineligible to participate in the priority offer, such application will be treated as if made under the General Offer. Applicants should not forward cash. Receipts for payments will not be issued. Applications will not be accepted at SAV's offices. Applications and payments must be received by 5.00pm (AEDT) on the Closing Date and applications and payments received after this time may not be accepted.

(b) Broker Offer

If you have received a firm allocation of New Shares from your broker, you will be treated as a Broker Offer applicant in respect of that allocation if you apply using a personalised Broker Offer application form.

You should contact your broker to determine whether you can receive an allocation of New Shares from them under the Broker Offer.

If you have received an allocation of New Shares from your broker under the Broker Offer and wish to apply for those New Shares, you should contact your broker for information about how to submit your Broker Offer application form and for payment instructions.

Applicants under the Broker Offer must lodge their personalised Broker Offer Application Form and application monies with the relevant broker in accordance with the relevant broker's directions in order to receive their firm allocation.

If you are an investor applying under the Broker Offer, you should complete and lodge your Broker Offer Application form with the broker from whom you received your firm allocation. Broker Offer application forms must be completed in accordance with the instructions given to you by your broker and the instructions set out on the Broker Offer application form.

Applicants under the Broker Offer must not send their Broker Offer application forms or payment to the Share Registry.

The Company, the Lead Manager and the Share Registry take no responsibility for any acts or omissions committed by your broker in connection with your application.

The Company in consultation with the Lead Manager reserve the right to reject any application which is submitted by a person who they believe is ineligible to participate in the Broker Offer.

Payment methods

Applicants under the Broker Offer must pay the application amount for the New Shares applied for under the Broker Offer to their broker in accordance with instructions provided by their broker.

Allocation policy under the Broker Offer

New Shares that have been allocated to brokers for allocation to their Australian resident clients will be issued to the applicants nominated by those brokers. It will be a matter for each broker as to how they allocate firm New Shares among their clients, and they (and not the Company or the Lead Manager) will be responsible for ensuring that retail clients who have received a firm allocation from them receive the relevant New Shares.

(c) Equity Offer – General Offer

Applications under the Equity Offer (other than by eligible SAV shareholders using the personalised Priority Offer acceptance form or application made under the Broker Offer) may be made, and will only be accepted, in one of the following forms:

- on the General Offer application form attached to or accompanying this Prospectus; or

- on a paper copy of the relevant electronic General Offer application form which accompanied an electronic version of this Prospectus, which can be found at and downloaded from www.savcorgroup.net.

Instructions for completing and lodging General Offer application Forms and paying the application amount are set out in the General Offer application form. Unless you have made arrangements with your broker or the Lead Manager, the completed General Offer application form and payment should be sent to:

**Savcor Group Limited
C/- Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001**

Payments are to be made in Australian currency by a cheque drawn on an Australian branch of an Australian bank. Do not send cash. Applications under the General Offer cannot be made by BPAY.

(d) Acceptance of the Equity Offer generally

It is your responsibility to ensure that application and acceptance forms and payment are mailed in time to allow for delivery before the Closing Date. It is also your responsibility to ensure sufficient funds are available upon presentation of cheques and/or for DvP settlement, as applicable. If returning your acceptance or application to your broker please allow sufficient time for your broker to receive and process your acceptance, application or bid. The Company, the Lead Manager and the Share Registry take no responsibility for lost or delayed mail, or misprocessed acceptances and payments, or errors or delays by brokers. The Company, in consultation with the Lead Manager may, but is not obliged to, accept late applications and acceptances.

To the extent permitted by law, an acceptance or application under the Equity Offer is irrevocable. If the amount received as application amount is less than the amount payable for the New Shares accepted or applied for, the Company may (but is not obliged to) treat the acceptance or application as being for the number of New Shares represented by the amount received and issue fewer New Shares than were applied for. The Company, in consultation

with the Lead Manager, may correct or fill in any application or acceptance form and/or treat as valid and give effect to an application or acceptance form notwithstanding any error or that any information is incomplete.

The Company, in consultation with the Lead Manager, may reject or not accept an application in part or in whole or to allocate fewer New Shares than applied for. If acceptances and applications in excess of \$16 million are received, the Board reserves the right not to accept (in whole or in part) or to scale back applications at its discretion in consultation with the Lead Manager. However valid Priority Offer acceptances will not be rejected or scaled back (provided that applications for New Shares in addition to the priority entitlement may be rejected in part or in whole, or scaled back). If an application is rejected or not accepted in whole or in part or is scaled back, the relevant amount will be refunded to the applicant as soon as practicable after completion of the Equity Offer without interest.

12.2 Applying under the Vendor Offer

The Vendor Offer of New Shares is made solely to and only capable of acceptance by the Emefcy Vendors.

12.3 Applying for option under the Option Offer

The Option Offer is made solely to the members of the proposed post-Transaction Board named in Section 11.1.4 and is capable of acceptance only by those parties through the submission of a personalised option application form which will be provided by the Company to the Emefcy Vendors together with a copy of this Prospectus.

12.4 Applying for Shares under the Advisor Offer

The Advisor Offer is made solely to the advisors named in Section 11.1.3 and is capable of acceptance only by those parties through the submission of a personalised advisor application form which will be provided by the Company to the proposed recipients together with a copy of this Prospectus.

12. How to apply for New Shares CONTINUED

12.5 ASX Listing

Application for Official Quotation by ASX of the New Shares offered pursuant to this Prospectus will be made within 7 days after the date of this Prospectus.

If the New Shares are not admitted to Official Quotation by ASX before the expiration of three months after the date of issue of this Prospectus, or such period as varied by ASIC, the Company will not issue any New Shares and will repay all application monies for the New Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the New Shares is not to be taken in any as an indication of the merits of the Company or the New Shares offered under this Prospectus.

12.6 Issue

Subject to the conditions to completion of the Transaction being satisfied and the Offers not being withdrawn, allotment of the New Shares offered under this Prospectus will take place as soon as practicable after the Closing Date. The Company reserves the right not to proceed with all or part of the Offers at any time before the issue of New Shares to applicants. If the Equity Offer does not proceed, all application amounts will be refunded to the applicants without interest.

12.7 Not Underwritten

The Offer is not underwritten.

12.8 Commissions Payable

The Company will pay an aggregate fee to the Lead Manager of 6% (ex GST) of the total amount raised by it under this Prospectus.

12.9 CHESS

The Company participates in the Clearing House Electronic Sub-register System (CHESS). ASX Settlement Pty Ltd, a wholly owned subsidiary of ASX, operates CHESS. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company.

Electronic sub-registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with holding statements (similar to a bank account statement) that set out the number of New Shares issued to them under this Prospectus. The holding statements will also advise holders of their Holder Identification Number (if the holder is broker sponsored) or Security Holder Reference Number (if the holder is issuer sponsored) and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Electronic sub-registers also mean ownership of shares or options can be transferred without having to rely upon paper documentation. Further, monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month. Security holders may request a holding statement at any other time, however a charge may be made for such additional statements.

12.10 Applicants Outside Australia

This Prospectus does not, and is not intended to, constitute an offer in any place or jurisdiction, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus. 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. Any failure to comply with such restrictions may constitute a violation of applicable securities law.

No action has been taken to register or qualify the New Shares or otherwise permit a public offering of the New Shares the subject of this Prospectus in any jurisdiction outside Australia. Applicants who are resident in countries other than Australia should consult their professional advisors as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

If you are outside Australia it is your responsibility to obtain all necessary approvals for the Company to allot and issue the New Shares to you pursuant to this Prospectus. The return of a completed application or acceptance form will be taken by the Company to constitute a representation and warranty by you that you are a person whom the Company's securities can be offered and issued lawfully, that all relevant laws have been complied with and that all relevant approvals have been obtained.

This Prospectus has not been registered, filed with or approved by any New Zealand regulatory authority under or in accordance with the Securities Act 1978 (New Zealand). The New Shares are not being offered or sold in New Zealand, or allotted with a view to being offered for sale in New Zealand, and no person in New Zealand may accept a placement of New Shares unless otherwise permitted by law.

13. Additional Information

13.1 Material Contracts

Set out below is a summary of the material contracts entered into by the Company and Emefcy:

(a) Share Purchase Agreement

On 8 October 2015 the Company, Emefcy and the share and equity holders of Emefcy entered into a Share Exchange and Purchase Agreement (SPA). The SPA sets out the terms and conditions upon which the Company proposes to complete its acquisition of Emefcy.

As noted in this Prospectus, the consideration payable in respect of the acquisition of Emefcy is the issue of:

- 65,000,000 Shares to the Emefcy Vendors on completion of the Transaction;
- a right for the Emefcy Vendors to receive an issue of up to a further 45,000,000 Shares subject to the satisfaction of the Milestones;
- a cash payment of US\$1 million to True North; and
- the issue of the Redeemable Note to True North (the terms of which are summarised further below).

The SPA includes warranties from Emefcy typical for agreements of a similar kind, including warranties regarding the accuracy of financial statements, accuracy of disclosed liabilities and debts, the provision of all relevant material to the Company, status of currently held intellectual property, the provision of all material contracts and the absence of false statements. Similarly, the SPA contains warranties from the Company, including in respect of the accuracy of financial information, the ability to issue consideration shares (subject to shareholder approval), the provision of all relevant material to Emefcy including any material contracts, the accuracy of information in connection with the Company as included in the Prospectus and the absence of false statements.

The SPA also includes warranties from the Emefcy equity holders including warranties regarding ownership of and title to equity interest which are to be acquired by the Company, the sufficiency of experience, sophistication and knowledge to evaluate the risks of the Transaction.

The SPA contains a number of pre-completion covenants agreed to by the parties. These include Emefcy providing the Company with information so the Company can comply with its obligations to the ASX, Emefcy covenanting to conduct its business in the ordinary practice until completion of the Transaction and Emefcy and the Company using its best efforts to obtain consents, authorisations, orders and approvals to ensure the SPA proceeds to completion.

As noted earlier in this Prospectus completion of the SPA, and the Transaction, is conditional upon:

- shareholders of the Company passing each of the Acquisition Resolutions at the General Meeting to be held on 17 November 2015;
- the Company securing subscriptions from investors of not less than \$13 million under this Prospectus;
- ASX conditionally confirming that it will re-admit the Company to the Official List;
- all materials consents required from government authorities for the Transaction being obtained, including in the case of Emefcy rulings (or interim rulings required under Israeli tax laws); and
- the non-occurrence of any event having a material adverse effect on SAV or Emefcy prior to completion of the Transaction.

Various post-completion covenants are mutually given by the parties, including the promise to use all commercially reasonable efforts to effect completion of the Transaction. The Company agrees to appoint Eytan Levy as Chief Executive Officer and to appoint both Eytan Levy and Richard Irving to the Board of Directors of the Company, to occur concurrently with completion (these appointments are subject to shareholder approval at the General Meeting).

Under the SPA, the Emefcy shareholders severally agree to indemnify the Company against loss arising from or relating to any breach of representation, warranty or nonfulfillment of a covenant or agreement given by them under the SPA. A mutual indemnity is given by the Company All indemnifications are extinguished upon expiry of the first day of the first anniversary of completion of the Transaction.

Each Emefcy shareholders' indemnification is limited to the lower of the value of the consideration shares, valued at the time of completion of the Transaction and the Milestones, or the value of the consideration shares when the indemnifiable event occurs. The Emefcy Vendors may satisfy any indemnification debt, at their discretion, by either forfeiture to the Company of shares held by the Emefcy shareholder or payment in cash or a combination of cash and shares. True North may satisfy any indemnification by cash payment alone.

The Agreement contains provisions that specifically relate to Israeli tax laws and the requirement of Emefcy to obtain certain tax rulings in connection with the SPA. The Company is obliged to assist with any application process pertaining to these tax rulings.

The SPA may be terminated by the written consent of all parties, or upon completion of the Transaction not having occurred prior to 30 December 2015 which date may be extended by agreement between the Company and the majority of Emefcy shareholders. Termination does not affect the operation of certain clauses, including confidentiality and soliciting business for Emefcy, as well as not effecting liability for any agreement or breach made under the SPA.

The SPA otherwise contains general terms pertaining to confidentiality, exclusivity, the SPA forming the entirety of the Transaction between the parties, governing law, severance and provision of notice to all parties.

(b) Redeemable Note

The agreed form of the Redeemable Note forms an annexure to the SPA.

The Redeemable Note Deed (RND) sets out the terms and conditions on which the Company has agreed to issue to True North and on which True North has agreed to acquire a redeemable note (RN).

Emefcy is also a party to the RND to provide a mutual release to True North (details of which are set out below).

Under the terms of the RND the RN is issued for an issue price of USD \$2 million and must be (subject to any automatic reduction or redemptions discussed below) redeemed for cash on a date which is 30 months after completion of the Transaction.

The issue of the RN to True North is conditional upon and subject to completion of the Transaction under the SPA and in the event that the Transaction is terminated the RN will be of no force and effect.

The RND provides that the RN is a subordinate, interest free and unsecured obligation of the Company and provided in consideration of True North agreeing to sell and transfer all of the equity interest which it holds in the share capital of Emefcy (which on a diluted basis is approximately 15% of Emefcy) to the Company.

Under the terms of the RND True North provides a release to the Company and Emefcy for all claims, demands, causes of action, fees, liabilities and expenses which True North may have against the Company and Emefcy and in return the Company and Emefcy provide a release to True North for all claims, demands, causes of action, fees, liabilities and expenses which the Company and/or Emefcy may have against True North.

The RN does not entitle True North to attend, participate in, speak at or vote at meetings of shareholders of the Company and the RN will not be quoted on the ASX.

The RND provides the specific terms for the issue of then RN as follows:

- ◆ The face value of the RN is subject to automatic reduction upon the occurrence of the following:
 - (a) The outstanding face value of the RN will reduce by USD \$1 million if either Milestone 1 or Milestone 2 under the SPA are not satisfied by their due dates;
 - (b) If neither Milestone 1 or Milestone 2 under the SPA are satisfied by their due date, the face value of the RN will automatically reduce to USD \$1 and shall be redeemed by the Company for that sum whereupon it will be deemed cancelled.
- ◆ In the event that the Company completes a capital raising (other than the capital raising provided for under the SPA) within eighteen months from completion of the Transaction, then the Company must within 10 business days from completion of the said capital raising redeem a portion of the face value of the RN equal to 15% of the net proceeds of the capital raising subject to the following:

- (a) There is no obligation on the Company to make any redemption in the event that Milestone 1 nor Milestone 2 are satisfied at the time of completion of the capital raising;
- (b) In the event that only one of the milestones has been met at the time of completion of the capital raising the maximum redemption obligation on the Company is USD \$1 million.
- (c) In the event that both milestones have been achieved by the time of completion of the capital raising the maximum redemption obligations on the Company is USD \$1.5 million.

(c) Terms of Grants from Israel Ministry of National Infrastructure and Israel Office of Chief Scientist

Agreements with the Ministry of National Infrastructure

The Ministry of National Infrastructure (MNI) invited interested parties to tender for grants to be used in developing innovative technologies. Emefcy has made multiple successful tenders to MNI, receiving funding for projects aimed at developing Emefcy's wastewater treatment technologies.

At the date of this Prospectus, Emefcy has entered into grant arrangements with MNI for the following projects:

- ◆ Installation of a pilot plant for treatment of wastewater through SABRE. MNI agreed to bear 49.39% of the project costs, or up to 50% if Emefcy completed the project for less than budgeted (so long as the amount did not exceed the total of the original grant), up to a sum not exceeding NIS 875,703 (approximately \$AUD312,500).

Emefcy issued MNI a bank guarantee for 5% of the total grant as security for fulfilment of its obligations to install the pilot plant. The guarantee was to stay in place until the finalisation of the project, but was extended until 28 February 2015 by letter from MNI dated 10 August 2014. This guarantee has been removed.

Payment is staggered, with 5% received upon execution of the agreement, 75% based on six month financial reports submitted by Emefcy and the remaining 20% upon completion of the financial and scientific report.

- ◆ Installation of respringing membranes to increase energy efficiency in wastewater plants and eliminate the need for compressors. MNI agreed to bear 62.50% of the costs of the project, or up to 50% if Emefcy completed the project for more than the allocated budget (amount not exceeding the original grant) up to a sum not exceeding NIS 312,500 (approximately AUD\$111,500).

Emefcy issued MNI a bank guarantee for 7.5% of the total grant as security for fulfilment of its obligation to install the respringing membranes. The guarantee remains in place until finalisation of the project.

Payment is staggered, with 5% received upon execution of the agreement and the remainder paid based on the six month financial reports submitted by Emefcy. Any balance of grant funds is payable upon final approval and completion of financial and scientific report.

Emefcy was obligated under the grants to provide the following documentation to MNI within specific time limits:

- ◆ half-yearly and annual financial and scientific reports;
- ◆ final financial report 30 days after conclusion of the projects;
- ◆ draft final scientific report 30 days before the end of the projects;
- ◆ final scientific report 30 days after receipt of draft report comments; and
- ◆ revenue report for developed technologies every six months, commencing upon receipt of first revenue.

Changes of up to 10% for the use of proceeds can be approved by the MNI representative on the project, with requests exceeding this percentage requiring submission to MNI for preapproval.

Emefcy requires the approval of MNI to sell or transfer technologies developed during the MNI funded projects to third parties outside Israel (other than for commercial sales in the ordinary course of business). If Emefcy forms the view that a project does not have viability it is obliged to inform MNI. Emefcy must inform MNI if it believes any know-how produced as a result of the projects has practical applications and when granting a licence to such know-how.

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The State of Israel reserves the right to use technology developed by Emefcy from these Projects, at the discretion of the Israeli Ministers of Finance, Justice and Science & Technology, for defence of national interests of the State of Israel.

5% of revenues generated by Emefcy developments under the projects is payable to MNI, capped at the total of the grant. The grant principal sum is linked to the CPI and is also subject to interest of 1.6% per annum. Emefcy cannot publish information pertaining to projects funded by MNI without the approval of MNI. Any publication upon approval must reference MNI as having funded the project.

Jerusalem, Israel is the sole jurisdiction to determine disputes relating to grants from MNI to Emefcy.

Agreements with the Office of the Chief Scientist

The Office of the Chief Scientist (Israel) ("OCS") provide grants to Israeli companies to assist in developing innovating technologies across a broad spectrum of industries. Emefcy has applied for and received 8 grants from OCS since 2008. These grants provide funding for Projects aimed at developing Emefcy's wastewater treatment technologies.

The OCS grant system sets a budget for each Project, with OSC funding up to 50% of the approved budget and the remainder being accounted for by the company. Of the eight grants provided to Emefcy, OCS has agreed to fund 40% of the budget in seven of the projects and 50% of the budget in the remaining project.

At the date of this Prospectus, Emefcy has entered into grant arrangements with OCS for the following projects:

- ◆ OCS agreed to provide Emefcy with grants in respect of four Projects for the development of micro-bacterial fuel cells for wastewater treatment.
- ◆ OCS agreed to provide Emefcy with a grant for the development of bacterial fuel cells and passive aeration for wastewater treatment.
- ◆ OCS agreed to provide Emefcy with grants in respect of two Projects for the development of biological treatment of wastewater through passive aeration using a membrane reactor.

As at the date of this Prospectus, Emefcy has received a total of NIS 4,730,358 (approximately A\$1,700,000) by way of grants from the OCS. These grants reflect a percentage of the total approved budgets of 12,720,682 (approximately A\$4,540,000).

In addition to these projects, Emefcy received approval for an additional Project in the sum of NIS 2,212,639 (approximately A\$789,500), for the development of a biofilm membrane reactor for reduction of energy consumption of wastewater. The grant is subject to Emefcy demonstrating it has finances of at least NIS 6 million and sufficient funding to operate for 24 months. OCS agreed to bear 40% of the proposed budget, with Emefcy accounting for the balance.

Grants are payable upon submission of invoices, receipts and proof of payment arising from the relevant project. This amount is capped at 90% of the respective grant, with the remaining 10% payable upon approval of the final report provided at the conclusion of the Project term.

A base of 3% of all revenue of Emefcy is payable to OCS, which increases to 3.5% as of the fourth year, up until the repayment of all the grants.

Emefcy must provide quarterly financial reports on the prospective budget status of each project to OCS. A scientific report, outlining the project's progress, is to be submitted to OCS every six months.

Emefcy must provide a financial report at the conclusion of each project, certified by the Certified Practicing Accountant of Emefcy. All reporting obligations arise separately for each project. All reports filed by Emefcy are to be in a standardised form provided for by OCS.

The books and records of Emefcy must be maintained for the later of six years following the conclusion of the project, or seven years from the commencement of any project. This obligation arises for each grant.

Emefcy must inform OCS of any change of control event, such as the purchase of Emefcy, any rights to nominate directors vesting in a party or any vote conducted in a shareholder meeting. There is a further obligation on Emefcy to obtain OCS approval for the transfer of intellectual property developed during the terms of the grants, with penalty/redemption fees payable on any transfer.

(d) Agreement with Israeli Water Authority

In March 2014 the Israeli government water authority issued resolutions inviting interested parties to tender for grants to be used to fund upgrades to existing wastewater treatment facilities with new technologies. In response to this call for tender, on 9 September 2014, Emefcy entered into an agreement with Yuvalei Ha'emek Ltd (Yuvalei) relating to the proposed installation of the SBARE technology at the Hayogev Wastewater Treatment Plant located in Hayogev, Israel (Hayogev Project).

Yuvalei is a company established by the Israel Valley Regional Council in order to handle all water and wastewater issues in the areas of the Israel Valley Regional Council.

Under the terms of the agreement with Yuvalei, the parties have agreed to jointly pursue the Hayogev Project on the basis that 60% of the projects costs would be funded by a government grant and that the remaining 40% of costs will be borne equally by Emefcy and Yuvalei. On 18 January 2015 the parties received confirmation of the award of a grant sufficient to fund 60% of the anticipated costs of the Hayogev Project, which was a fundamental condition to the proposed project proceeding.

The agreement with Yuvalei remains subject to a number of conditions, including:

- ◆ Yuvalei entering into an agreement with the Israeli government for the installation of the SABRE technology at the Hayogev Wastewater Treatment Plant.
- ◆ Written consent being obtained at a government level confirming that the Hayogev Project is exempt from further tender requirements.
- ◆ Approvals required by the respective boards of Emefcy and Yuvalei.

It is the intention of the parties to pursue the Hayogev Project in accordance with the following indicative timeline:

- ◆ Completion of the installation of the water treatment facility at the Hayogev Wastewater Treatment Plant within 8 months of the satisfaction of the conditions precedent. The parties have agreed to certain key benchmark energy reduction and water quality indicators which are to be met in order for the Hayogev Project to be deemed successful.

- ◆ A training and supervision period of 2 months to following completion of the installation, during which time the Company will, on behalf of Yuvalei, train the operators of the wastewater plant in the use and operation of the technology.

- ◆ A warranty period of 12 months commencing following completion of the training period described above.

The agreement originally required that the conditions be satisfied within 90 days of the award of the grant funding referred to above, however this date has since been extended by mutual agreement to 180 days with a right for Yuvalei to extend for a further 180 days.

Assuming the conditions are satisfied, and assuming the Hayogev Project proceeds and completes as planned, it is anticipated to generate revenue for Emefcy of approximately \$300,000. Given the conditional nature of the agreement and the uncertainty regarding completion dates, the Company has not included this potential revenue in its use of funds budgets in Section 11.5.

Under the terms of the agreement Yuvalei is entitled to receive a royalty of two percent (2%) of future sales received by Emefcy in respect of any technology underlying the project covered by this agreement (namely the deployment of SABRE modules to upgrade existing wastewater treatment plants) completed in Israel during the period of 48 months commencing upon completion of the installation of the Hayogev Project. There is a capped payment of up to 3 times the amount invested in the project by Yuvalei.

All intellectual property developed during the cooperation is the sole property of Emefcy, however Yuvalei is entitled to use such intellectual property, for no consideration and without limitation, as required for operating the Hayogev Project.

In the event Emefcy transfers the intellectual property developed during the Hayogev Project outside of Israel, Emefcy will be required to pay to the State of Israel an amount equal to the amount of the grant. The transaction with Company does not result in a repayment obligation as the intellectual property remains wholly owned by Emefcy.

(e) Employment arrangements with Eytan Levy

Eytan is engaged by Emefcy as its full-time Chief Executive Officer pursuant to a written employment agreement entered into in 7 October 2015. Eytan commenced his role as CEO of Emefcy in November 2007.

Under the terms of his engagement, in addition to providing services as the CEO of Emefcy, Eytan agrees to provide management services to the Company in his capacity as a Proposed Director and CEO of Savcor Group Limited.

Eytan is entitled to receive an annual salary of NIS 720,000 (approximately \$265,000 per annum).

It is also proposed that Eytan will receive an issue of 2,000,000 options under the Option Offer as part of his remuneration package.

Eytan receives various entitlements arising under Israeli law, including annual leave, payment into a continuing study fund and executive insurance. These entitlements are included within, rather than additional to, the amount specified above. The agreement also provides for Eytan being reimbursed for expenses incurred, both in Israel and abroad in accordance with the Company's instructions, in the course of performance his position.

Eytan's employment with Emefcy may be terminated upon 90 days written notice, or immediately by Emefcy for cause which include a material breach of the employment agreement, commission of a dishonest act (for example, theft) and conviction for a crime involving dishonesty. During the course of his employment with Emefcy, Eytan must not engage in work outside of the scope of his employment with Emefcy, other than as expressly set out in the employment agreement, without the prior written consent of Emefcy.

Eytan is bound by confidentiality provisions contained within the employment agreement and has executed an agreement which acknowledged that all proprietary information and intellectual property rights concerning Emefcy or its business, which he holds or acquires, are assigned to and owned by Emefcy.

Eytan is bound by a non-competition clause whereby he is prohibited from competing with, or approaching clients of, Emefcy for 12 months

following termination of employment agreement. Eytan expressly agrees to the reasonableness of these protective covenants. Eytan has further signed an acknowledgement that he agrees to adhere to and comply with all company rules and policies as outlined in the employment agreement.

(f) Employment arrangement with Richard Irving

It is proposed that Richard Irving be appointed Executive Chairman and as a Director of the Company.

Richard will receive \$50,000 as Executive Chairman, with a further \$90,000 payable in connection with his role as an Executive Director, making his total remuneration package \$140,000. Richard will also be reimbursed for out-of-pocket expenses reasonably incurred in the course of his duties.

Any interests held by Richard that may affect his independence as a Director of the Company must be disclosed to the other Directors. This requirement is ongoing, with disclosure to be made as soon as possible after matters effecting Richard's independence arise.

The agreement expressly require Richard to acknowledge and confirm his duties and powers as a company director as provided for in the Corporations Act. This includes duties to act with due care and diligence, duty to act in good faith and not to misuse information gained in his position as a Director.

There is provision for dealing with confidential information. Richard is bound by various confidentiality obligations, including obligations which prevent disclosure, misuse and return of such information.

(g) Employment arrangements with Ronen Shechter

Ronen is engaged by Emefcy as its full-time Chief Technology Officer pursuant to a written employment agreement entered into in November 2007.

Ronen receives an annual salary of NIS480,000 per annum (approximately A\$175,000).

Ronen receives various entitlement arising under Israeli law including annual leave, payment into a continuing study fund and executive insurance. These

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entitlements are included within, rather than additional to, the salary specified above. The agreement provides for Ronen being reimbursed for expenses incurred, both in Israel and abroad in accordance with the Company's instructions, in the course of performance of his position.

Ronen's employment with Emefcy may be terminated upon 90 days written notice by either party, or immediately by Emefcy for cause which include a material breach of the employment agreement, commission of a dishonest act (for example, theft) and conviction for a crime involving dishonesty.

During the course of his employment with Emefcy, Ronen must not engage in work outside of the scope of his employment with Emefcy, other than as expressly set out in the employment agreement, without the prior written consent of Emefcy.

Ronen is bound by confidentiality provisions contained within the employment agreement. He acknowledges that all proprietary information and intellectual property rights concerning Emefcy or its business, which he holds or acquires, are assigned to and owned by Emefcy. The confidentiality provisions survive the termination of the employment agreement.

Ronen is bound by a non-competition clause whereby he is prohibited from competing with, or approaching clients of, Emefcy for 12 months following termination of his employment agreement.

(h) Employment arrangements with Yaron Bar Tal

Yaron is engaged by Emefcy as its full-time Vice President of Engineering pursuant to a written employment agreement entered into on 3 April 2013.

Yaron receives an annual salary of NIS 480,000 per annum (approximately A\$175,000).

Yaron receives various entitlement arising under Israeli law including annual leave, payment into a continuing study fund and manager's insurance. These entitlements are included within, rather than additional to, the amount specified above. The agreement also provides for Yaron to be reimbursed for expenses incurred where prior written consent has been obtained from Emefcy and valid invoices are furnished.

Yaron's employment with Emefcy may be terminated upon 90 days written notice by either party. Yaron's employment may be terminated immediately by Emefcy for cause which include a material breach of the employment agreement, commission of a dishonest act (for example, theft) and conviction for a crime involving dishonesty. During the course of employment with Emefcy, Yaron must not engage in paid or unpaid work outside of the scope of their employment with Emefcy without the prior written consent of Emefcy.

Yaron is bound by confidentiality provisions contained within the employment agreement and has executed an agreement which acknowledges that all proprietary information and intellectual property rights concerning Emefcy or its business, which he holds or acquires, are assigned to and owned by Emefcy. Yaron has specifically agreed that he has created no current or prior patentable inventions prior to employment with Emefcy.

Yaron is bound by a non-competition clause whereby he is prohibited from competing with, or approaching clients of, Emefcy for 12 months following termination of his employment agreement. Yaron expressly agrees to the reasonableness of these protective covenants. Yaron has further signed an acknowledgement that he agrees to adhere to and comply with all company rules and policies as outlined in the employment agreement.

(i) Engagement arrangements with non-executive Directors

The remaining non-executive directors are proposed to be engaged on terms which include an annual remuneration of \$60,000 per annum, with provision to be reimbursed for out-of-pocket expenses. The agreements with the non-executive directors are proposed to provide for resignation upon three months written notice to the Board and otherwise contain provisions typical for agreements of this kind, including provision which acknowledge and confirm director's duties to the Company, requires for disclosure of matters affecting independence and obligations regarding confidential information.

(j) Henslow Mandate Agreement

On 21 August 2015 the Company engaged Henslow Pty Ltd to provide corporate advisory and capital raising services under the terms of a corporate advisory engagement letter.

Pursuant to the terms of the engagement letter, Henslow has agreed to provide corporate advisory services which include overall project management, assistance with drafting of documents and participation in the due diligence process.

Henslow has also agreed to act as Lead Manager to the Equity Offer and, in this capacity, to provide various services which include seeking to place the New Shares offered under the Equity Offer with its network of wholesale and professional investors, introducing brokers and agents (where appropriate), assisting with the preparation of relevant marketing materials and coordinating investor presentations.

In consideration of the provision of the services outlined above, the Company has agreed to pay Henslow a monthly retainer fee of \$15,000, payable from September 2015 for a minimum period of 3 months or until lodgement of the Prospectus (whichever is sooner).

The Company has further agreed to pay Henslow capital raising fees equal to 6% of the amount raised under the Equity Offer (comprising a management fee of 2% and commission of 4% which may be paid, at Henslow's discretion, to other brokers and other parties).

Additionally, a post-listing retainer of \$10,000 per month for the first three months following completion of the Transaction is payable. The post-listing retainer will be on-going beyond the first three months following completion of the Transaction until terminated by the giving of three months written notice by either party. The engagement letter may be terminated by either party where the other commits a material breach or persistently breaches its terms, becomes insolvent or upon one month's notice being given to the other party in writing.

In the event that the engagement letter is terminated in writing prior to completion of the Transaction, and within the initial three month engagement period, Henslow is entitled to receive all out-of-pocket expenses (including those that are yet to be invoiced) and the Company agrees to provide Henslow the same role should it attempt a capital raising in the 12 months subsequent to the engagement letter's termination. If the company fails to re-appoint Henslow for a subsequent capital raising within 12 months then Henslow is entitled to fees in full as if they had been reappointed to the same role in respect of that raising.

The corporate advisory engagement letter otherwise contains terms which are consistent with similar arrangements, including provisions relating to confidentiality, limitation of liability and indemnity in favour of Henslow in the event of a breach by the Company of its obligations under the engagement letter, breaches of the Australian Securities and Investments Commission Act 2001 (Cth), breaches of the Corporations Act 2001 (Cth) or any negligent or wrongful act or omission by the Company.

13.2 Litigation

As at the date of this Prospectus, neither the Company nor Emefcy is engaged in any litigation. Furthermore, neither the existing Directors nor the Proposed Directors are aware of any legal proceedings pending or threatened against the Company or Emefcy.

13.3 Rights and liabilities attaching to SAV shares (including New Shares offered under the Equity Offer and Vendor Offer)

The New Shares offered under this Prospectus will be fully paid Ordinary Shares in the issued capital of the Company and will, upon issue, rank equally with all other New Shares then on issue.

The rights and liabilities attaching to New Shares are regulated by SAV's Constitution, the Corporations Act, the ASX Listing Rules, the ASX Settlement Rules and common law. The following is a summary of the more significant rights and obligations attaching to the New Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of shareholders. To obtain such a statement, persons should seek

independent legal advice.

Further details of the rights attaching to New Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

General meetings

Shareholders are entitled to attend and vote at general meetings of the Company, in person, or by proxy, attorney or representative.

For so long as the Company remains a listed entity, Shareholders will be entitled to receive at least 28 days' prior written notice of any proposed general meeting.

Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act and the Constitution.

Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at a general meeting of Shareholders or a class of Shareholders:

- on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him or her, or in respect of which he or she is appointed a proxy, attorney or representative, have one vote for the Share, but in respect of partly paid Shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

Dividend rights

Subject to the rights of any preference Shareholders and to the rights of the holders of any Shares created or raised under any special arrangement as to dividend, the Board may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

No dividend shall carry interest as against the Company. The Board may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Board, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Board by resolution passed at a general meeting, implement a dividend reinvestment plan which provides for any dividend which the Board may declare from time to time, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares to be issued to the relevant Shareholder.

Winding-up

If the Company is wound up, the liquidator may, with the authority of a special resolution of the Company, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he or she considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution of the Company, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability.

Shareholder liability

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

Transfer of Shares

Generally, Shares are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the ASX Listing Rules.

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Variation of rights

The rights attaching to Shares may only be varied or cancelled by the sanction of a special resolution passed at a meeting of Shareholders or with the written consent of holders of three quarters of all Shares on issue. A special resolution is passed only where approved by at least 75% of all votes cast (and entitled to be cast) on the resolution at the meeting.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the authorisation by a special resolution passed at a separate meeting of the holders of the shares of that class.

Alteration of Constitution

The Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting.

13.4 Rights and liabilities attaching to options offered under the Option Offer

The terms of the options to be issued under the Option Offer as set out below:

(a) Terms applying to options to be issued to Peter Marks, Richard Irving and Ross Haghight

PART A: TERMS APPLICABLE TO OPTIONS WITH 30 CENT EXERCISE PRICE

- (a) The Options will expire at 5:00pm (AEDT) on the date which is 3 years after their issue date (Expiry Date). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (b) The amount payable upon exercise of each Option will be \$0.30 (Exercise Price).

PART B: TERMS APPLICABLE TO OPTIONS WITH 40 CENT EXERCISE PRICE

- (a) The Options will expire at 5:00pm (AEDT) on the date which is 4 years after their issue date (Expiry Date). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (b) The amount payable upon exercise of each Option will be \$0.40 (Exercise Price).

PART C: COMMON TERMS TO BOTH CLASSES OF OPTIONS

The Options entitle the holder to subscribe for Shares on the following terms and conditions:

- (a) Each Option gives the Optionholder the right to subscribe for 1 Share. To obtain the right given by each Option, the Optionholder must exercise the Options in accordance with these terms and conditions.
- (b) The Options will vest upon the 12 month anniversary of the issue date provided that the recipient remains a Director of the Company (however the retirement of a recipient by rotation pursuant to the ASX Listing Rules of the Constitution of the Company will not prevent the future vesting of the Options provided the recipient is re-elected).
- (c) The Options may be exercised in whole or in part, and if exercised in part, multiples of 100,000 must be exercised on each occasion.
- (d) Optionholders may exercise their Options by lodging with the Company, before the Expiry Date:
 - i] a written notice of exercise of Options specifying the number of Options being exercised; and
 - ii] a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised;
- (e) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (f) Within 10 business days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice.
- (g) The Options are non-transferrable.
- (h) All Shares allotted upon the exercise of Options will upon allotment rank *pari passu* in all respects with other Shares.
- (i) The Company will not apply for quotation of the Options on ASX. However, the Company will apply for quotation of all Shares allotted pursuant to the exercise of the Options on ASX within 10 business days after the allotment of those Shares.
- (j) If at any time the issued capital of the Company is reconstructed, all rights of the Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- (k) There are no participating rights or entitlements inherent in the Options and the Optionholder will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 6 business days after the issue is announced. This will give the Optionholder the opportunity to exercise the Options prior to the date for determining entitlements to participate in any such issue.
- (l) In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to shareholders after the date of issue of the Options, the exercise price of the Options may be reduced in accordance with the formula set out in ASX Listing Rule 6.22.2.
- (m) In the event the Company proceeds with a bonus issue of securities to Shareholders after the date of issue of the Options, the number of securities over which an Option is exercisable may be increased by the number of securities which the Optionholder would have received if the Option had been exercised before the record date for the bonus issue.

(b) Terms applying to options to be issued to Eytan Levy

PART A: TERMS APPLICABLE TO OPTIONS WITH 30 CENT EXERCISE PRICE

- (a) The Options will expire at 5:00pm (AEDT) on the date which is 3 years after their issue date (Expiry Date). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (b) The amount payable upon exercise of each Option will be \$0.30 (Exercise Price).

PART B: TERMS APPLICABLE TO OPTIONS WITH 40 CENT EXERCISE PRICE

- (a) The Options will expire at 5:00pm (AEDT) on the date which is 4 years after their issue date (Expiry Date). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (b) The amount payable upon exercise of each Option will be \$0.40 (Exercise Price).

PART C: COMMON TERMS TO BOTH CLASSES OF OPTIONS

The Options entitle the holder to subscribe for Shares on the following terms and conditions:

- (a) Each Option gives the Optionholder the right to subscribe for 1 Share. To obtain the right given by each Option, the Optionholder must exercise the Options in accordance with these terms and conditions.
- (b) The Options may be exercised in whole or in part, and if exercised in part, multiples of 100,000 must be exercised on each occasion.
- (c) Optionholders may exercise their Options by lodging with the Company, before the Expiry Date:
 - i] a written notice of exercise of Options specifying the number of Options being exercised; and
 - ii] a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised;

(Exercise Notice)

- (d) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (e) Within 10 business days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice.
- (f) The Options are non-transferrable.
- (g) All Shares allotted upon the exercise of Options will upon allotment rank *pari passu* in all respects with other Shares.
- (h) The Company will not apply for quotation of the Options on ASX. However, the Company will apply for quotation of all Shares allotted pursuant to the exercise of the Options on ASX within 10 business days after the allotment of those Shares.
- (i) If at any time the issued capital of the Company is reconstructed, all rights of the Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- (j) There are no participating rights or entitlements inherent in the Options and the Optionholder will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 6 business days after the issue is announced. This will give the Optionholder the opportunity to exercise the Options prior to the date for determining entitlements to participate in any such issue.
- (k) In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to shareholders after the date of issue of the Options, the exercise price of the Options may be reduced in accordance with the formula set out in ASX Listing Rule 6.22.2.
- (l) In the event the Company proceeds with a bonus issue of securities to Shareholders after the date of issue of the Options, the number of securities over which an Option is exercisable may be increased by the number of securities which the Optionholder would have received if the Option had been exercised before the record date for the bonus issue.

PART D: VESTING CONDITIONS

500,000 of the Options exercisable at 30 cents and 500,000 of the Options exercisable at 40 cents will vest immediately upon issue. Of the remaining Options, 500,000 Options exercisable at 30 cents will vest on 1 January 2017 and the remaining 500,000 Options exercisable at 40 cents will vest on 1 January 2018.

13.5 Summary of Option Plan

In connection with the Transaction the Company intends to adopt an Employee Share Option Plan (ESOP). Shareholder approvals for the ESOP will be sought at the General Meeting. A summary of the ESOP will be set out in the Company's Notice of Meeting which will be lodged with ASX.

13.6 Emefcy Vendors

The shareholders of Emefcy are set out in the table below. The table below also sets out their anticipated percentage interest in the Company following completion of the Transaction.

| Emefcy Vendor ^a | Interest in SAV immediately on completion of Transaction | | |
|--|--|----------------------|----------------------|
| | Consideration Shares | % on Minimum Raising | % on Maximum Raising |
| Israel Cleantech Ventures (Cayman), I (A) L.P | 7,603,392 | 4.39% | 4.04% |
| Israel Cleantech Ventures (Cayman), I (B) L.P | 659,320 | 0.38% | 0.35% |
| Plan B Ventures I, LLC and Plan B Ventures II, LLC | 12,032,371 | 6.94% | 6.39% |
| Pond Venture Nominees III Limited | 21,629,388 | 12.48% | 11.48% |
| Energy Technology Ventures, LLC | 5,683,277 | 3.28% | 3.02% |
| GE Ventures Limited | 3,259,554 | 1.88% | 1.73% |
| Eytan Levy | 6,409,416 | 3.70% | 3.40% |
| Ronen Schechter | 6,409,416 | 3.70% | 3.40% |
| Michael Gutman | 64,164 | 0.03% | 0.03% |
| Eyal Gutman | 64,177 | 0.03% | 0.03% |
| Emefcy Employees ⁺ | 1,185,525 | 0.68% | 0.63% |
| TOTAL | 65,000,000 | 37.49% | 34.50% |

Table Notes

- The above table does not include the shareholding of True North Venture Partners LP in Emefcy which holds approximately 15% of the shareholding in Emefcy. True North will receive the cash consideration of US\$ 1 million and be issued the Redeemable Note in consideration of the sale of their equity interest in Emefcy.
 - All percentage figures are subject to rounding adjustments.
- ⁺ Comprised of 23 Emefcy employees, who were issued options under an employee share option plan, have agreed to exercise their options prior to completion of the Transaction and sell the resulting shares in Emefcy in exchange for an entitlement to New Shares under the Vendor Offer and Deferred Consideration Shares.

13. Additional Information CONTINUED

In addition to the above, in the event that the Milestones are satisfied and the Deferred Consideration Shares are issued (and assuming no further shares are issued prior to the satisfaction of those Milestones, whether as a result of the exercise of options or otherwise) the maximum percentage interests of each of the Emefcy Vendors other than True North is set out in the table below:

| Emefcy Vendor | Interest in SAV on completion of the Deferred Consideration Shares – Milestone 1 | | | Interest in SAV on completion of the Deferred Consideration Shares – Milestone 2 | | |
|--|--|------------------------------|------------------------------|--|------------------------------|------------------------------|
| | Number of Shares | % on Minimum Capital Raising | % on Maximum Capital Raising | Number of Shares | % on Minimum Capital Raising | % on Maximum Capital Raising |
| Israel Cleantech Ventures (Cayman), I (A) L.P | 10,247,195 | 5.23% | 4.86% | 13,745,039 | 6.30% | 5.89% |
| Israel Cleantech Ventures (Cayman), I (B) L.P | 886,408 | 0.45% | 0.42% | 1,186,854 | 0.54% | 0.51% |
| Plan B Ventures I, LLC and Plan B Ventures II, LLC | 16,018,178 | 8.18% | 7.60% | 20,007,151 | 9.16% | 8.57% |
| Pond Venture Nominees III Limited | 28,944,080 | 14.78% | 13.73% | 36,264,579 | 16.61% | 15.54% |
| Energy Technology Ventures, LLC | 7,001,707 | 3.57% | 3.32% | 7,392,083 | 3.39% | 3.17% |
| GE Ventures Limited | 4,015,719 | 2.05% | 1.90% | 4,239,613 | 1.94% | 1.82% |
| Eytan Levy | 9,267,810 | 4.73% | 4.40% | 12,372,361 | 5.67% | 5.30% |
| Ronen Shechter | 9,267,810 | 4.73% | 4.40% | 12,372,361 | 5.67% | 5.30% |
| Michael Gutman | 92,780 | 0.05% | 0.04% | 123,861 | 0.06% | 0.05% |
| Eyal Gutman | 92,798 | 0.05% | 0.04% | 123,884 | 0.06% | 0.05% |
| Emefcy Employees | 1,665,515 | 0.85% | 0.79% | 2,172,214 | 0.99% | 0.93% |

Table Notes

- The above table does not include the shareholding of True North Venture Partners LP in Emefcy which holds approximately 15% of the shareholding in Emefcy. True North will receive cash consideration of US\$1 million and be issued the Redeemable Note in consideration of the sale of their equity interest in Emefcy.
- All percentage figures are subject to rounding adjustments.

In addition to any ASX imposed mandatory escrow, the Emefcy Vendors have agreed that the New Shares held issued to them under the Vendor Offer and any Deferred Consideration Shares subsequently issued will be subject to a period of voluntary escrow for 2 years commencing on the date of the Company's re-instatement to trading on the Official List of ASX. Under the terms of the voluntary escrow arrangements, a portion of those Shares will be released from voluntary escrow upon, and subject to, satisfaction of the Milestones. The table below summarises the agreed voluntary escrow which will apply to the Emefcy Vendors at completion of the Transaction and upon the satisfaction of each Milestone:

| Emefcy Vendor | Shares held at completion of Transaction | | Shares held if one Milestone is satisfied | | Shares held if both Milestones are satisfied | |
|--|--|------------------|---|------------------|--|------------------|
| | Free trading | Voluntary Escrow | Free trading | Voluntary Escrow | Free trading | Voluntary Escrow |
| Israel Cleantech Ventures (Cayman), I (A) L.P | Nil | 7,603,392 | 5,123,597 | 5,123,598 | 10,308,780 | 3,436,259 |
| Israel Cleantech Ventures (Cayman), I (B) L.P | Nil | 659,320 | 443,204 | 443,204 | 890,141 | 296,713 |
| Plan B Ventures I, LLC and Plan B Ventures II, LLC | Nil | 12,032,371 | 8,009,089 | 8,009,089 | 15,005,364 | 5,001,787 |
| Pond Venture Nominees III Limited | Nil | 21,629,388 | 14,472,040 | 14,472,040 | 27,198,435 | 9,066,144 |
| Energy Technology Ventures, LLC | Nil | 5,683,277 | 3,500,854 | 3,500,853 | 5,544,063 | 1,848,020 |
| GE Ventures Limited | Nil | 3,259,554 | 2,007,860 | 2,007,859 | 3,179,710 | 1,059,903 |
| Eytan Levy | Nil | 6,409,416 | 4,633,905 | 4,633,905 | 9,279,271 | 3,093,090 |
| Ronen Shechter | Nil | 6,409,416 | 4,633,905 | 4,633,905 | 9,279,271 | 3,093,090 |
| Michael Gutman | Nil | 64,164 | 46,390 | 46,390 | 93,166 | 30,965 |
| Eyal Gutman | Nil | 64,177 | 46,399 | 46,399 | 92,913 | 30,971 |
| Emefcy Employees | Nil | 1,185,525 | 832,758 | 832,757 | 1,629,161 | 543,053 |

Table Notes

Full details of the terms of the Milestones are set out in Section 1.1.

The voluntary escrow set out in the table above will apply in addition to any mandatory escrow required by the ASX. The Company will make a submission to ASX regarding the application of mandatory imposed ASX-escrow as part of seeking to re-comply with Chapters 1 and 2 of the ASX Listing Rules.

13.7 Consents

Other than as set out below, each of the parties referred to in this Section:

- do not make, or purport to make, any statement in this Prospectus, nor is any statement in this Prospectus based on any statement by the relevant party;;
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of the party; and
- did not authorise or cause the issue of all or any part of this Prospectus.

Henslow Pty Ltd has given and has not, before lodgement of this Prospectus with ASIC, withdrawn its consent to be named in this Prospectus as an advisor to the Company and Lead Manager to the Equity Offer in the form and context in which they are named.

Quinert Rodda and Associates Pty Ltd has given its written consent to being named as legal advisor of the Company in the Prospectus. Quinert Rodda and Associates Pty Ltd has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

Boardroom Pty Limited has given and, as at the date hereof, has not withdrawn, its written consent to be named as Share Registrar in the form and context in which it is named. Boardroom Pty Limited has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

Adin Holdings Ltd has given its written consent to being named as the author of the Independent Specialist's Report in this Prospectus and to the inclusion of that report in Section 5 of this Prospectus in the form and context in which the information and report are included. Adin Holdings Ltd has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

Euronet Securities Ltd has given its written consent to being named as an advisor to the Company in the Prospectus in the form and context in which it is named. Euronet Securities Ltd has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

Milvian Bridge Pty Ltd has given its written consent to being named as an advisor to the Company in the Prospectus in the form and context in which it is named. Milvian Bridge Pty Ltd has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

Alphastation Group Pty Ltd has given its written consent to being named as an advisor to the Company in the Prospectus in the form and context in which it is named. Alphastation Group Pty Ltd has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

Reinhold Cohn & Partners has given its written consent to being named as the author of the Intellectual Property Report and to the inclusion of that report in Section 8 of this Prospectus in the form and context in which the information and reports are included. Reinhold Cohn & Partners has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

Moore Stephens (Vic) Pty Ltd has given its written consent to being named as investigating accountant in this Prospectus and to the inclusion of the Independent Limited Assurance Report on Pro Forma Financial Information in Section 6 of this Prospectus in the form and context in which the information and reports are included. Moore Stephens (Vic) Pty Ltd has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

Ernst & Young has given its consent to being named as the auditor of the Company in the Prospectus in the form and context in which it is named. Ernst & Young has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

BDO Ziv Haft has given its consent to being named as the auditor of the Emefcy accounts used in this Prospectus in the form and context in which it is named. BDO Ziv Haft has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

13.8 Cost of the Offer

The total expenses of the Offers (excluding GST) are estimated to be between approximately \$1,252,500 if the minimum subscription is reached, and \$1,435,000 if the maximum subscription is reached. A detailed breakdown of the costs of the Offers is set out in the use of funds table in Section 11.5.

13.9 Continuous disclosure obligations

The Company is a "disclosing entity" (as defined in Section 111AC of the Corporations Act) and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company will continue to be required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's shares.

Price sensitive information will be publicly released through ASX before it is disclosed to shareholders and market participants. Distribution of other information to shareholders and market participants will also be managed through disclosure to the ASX. In addition, the Company will post this information on its website after the ASX confirms an announcement has been made, with the aim of making the information readily accessible to the widest audience.

13.10 Governing law

The Offer and the contracts formed on return of an application or acceptance form are governed by the laws applicable in Victoria, Australia. Each person who applies for New Shares pursuant to this Prospectus submits to the non exclusive jurisdiction of the courts of Victoria, Australia, and the relevant appellate courts.

13.11 Directors' Authorisation

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

In accordance with section 720 of the Corporations Act, each Director and Proposed Director has consented, and as at the date of this Prospectus has not withdrawn his consent, to the lodgement of this Prospectus with ASIC.

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14. Glossary

| | |
|--------------------------------------|---|
| Acquisition Resolutions | means those Shareholder resolutions referred to in Section 1.2 of this Prospectus and to be considered at the General Meeting which must be passed in order for the Transaction to proceed. |
| Advisor Offer | means the offer of 700,000 New Shares made under this Prospectus to the advisors of the Company named in Section 11.1.3. |
| ASX | means ASX Limited [ACN 008 624 691]. |
| ASX Bookbuild | means the automated on-market bookbuild facility operated by ASX. |
| AUD | means Australian dollars. |
| Board | means the board of Directors of the Company, as it is constituted from time to time. |
| Broker Offer | means the invitation to clients of brokers who have received a firm allocation of Shares from their broker as part of the Equity Offer. |
| Company | means Savcor Group Limited [ABN 52 127 734 196]. |
| Closing Date | means 16 November 2015 or such other date as determined by the Board. |
| Corporations Act | means the Corporations Act 2001 (Cth), as amended from time to time. |
| Deferred Consideration Shares | means 45,000,000 ordinary shares to be issued to the Emefcy Vendors (excluding True North) subject to the satisfaction of the Milestones. |
| Directors | means the directors of the Company, from time to time. |
| DvP | means “delivery versus payment”, a method of settlement where payment is made simultaneously with or in anticipation of the delivery of the security. |
| Emefcy | means Emefcy Limited, a company incorporated in the State of Israel. |
| Emefcy Vendors | means the shareholders of Emefcy immediately prior to completion of the Transaction, other than True North. |
| Equity Offer | means the offer of a minimum of 65,000,000 and up to 80,000,000 million New Shares made under this Prospectus. |
| Existing Directors | means the current Board of the Company comprising Peter Marks, Vincent Savage and Phillip Hains |
| General Meeting | means the general meeting of the shareholders of SAV at which approval for the Acquisition Resolutions, and other resolutions related to the Transaction, will be sought. A meeting will be held on 17 November 2015 to seek these approvals. |
| General Offer | means the invitation to eligible investors to apply for New Shares as part of the Equity Offer. |
| Lead Manager | means Henslow Pty Ltd a corporate authorised representative of Halcyon Corporate Pty Ltd [AFSL 416980]. |
| MABR | means Membrane Aerated Biofilm Reactor. |
| Maximum Raising | means the maximum amount to be raised under the Equity Offer, being \$16,000,000. |
| Milestones | means the milestones which trigger the issue of the Deferred Consideration Shares and the redemption of the Redeemable Note, which are described in detail in Section 1.1. |
| Minimum Raising | means the minimum amount to be raised under the Equity Offer, being \$13,000,000. |
| New Shares | means a Share issued pursuant to this Prospectus. |
| NIS | means the New Israeli Shekel, the currency of Israel. |
| Offers | means, collectively, the Equity Offer, the Vendor Offer, the Advisor Offer and the Option Offer. |
| Offer Price | means the offer price of New Shares under the Equity Offer \$0.20 per New Share. |
| Official List | means the official list of ASX. |

14. Glossary CONTINUED

| | |
|-----------------------------------|--|
| Official Quotation | means official quotation by ASX in accordance with the ASX Listing Rules. |
| Priority Offer | means the invitation to eligible SAV shareholders to apply for 10,000 New Shares each, as part of the Equity Offer. |
| Priority Offer Record Date | means midnight on 8 October 2015. |
| Vendor Offer | means the offer of 65,000,000 New Shares to the Emefcy Vendors made under this Prospectus. |
| Proposed Directors | means Richard Irving, Eytan Levy and Ross Haghightat. |
| Prospectus | means this Prospectus. |
| Redeemable Note | means the redeemable non-convertible interest free note issued to True North with a face value of USD\$2 million the terms of which are summarised in Section 13.1(a). |
| SAV or Savcor | means Savcor Group Limited [ABN 52 127 734 196]. |
| Section | means a section of this Prospectus. |
| Share | means an ordinary fully paid share in the issued capital of SAV. |
| Share Registry | means Boardroom Pty Ltd of Level 5, 225 George Street, Sydney, NSW, 2000. |
| Shareholders | means the shareholders of the Company, from time to time. |
| Transaction | means the Company's acquisition of Emefcy as referred to in Section 2. |
| True North | means True North Venture Partners L.P of 205 N.Michigan Avenue, Suite 2930, Chicago, Illinois, 60601. |
| Vendor Offer | means the offer of 65,000,000 New Shares to the Emefcy Vendors made under this Prospectus. |

Declaration By submitting this Application Form with your Application Monies, I/we declare that I/we:

- ✓ have read the Prospectus in full;
- ✓ have received a copy of the electronic Prospectus or a print out of it;
- ✓ have this Application Form in accordance with the Prospectus and the instructions on the reverse of the Application Form and declare that all details and statements made by me/us are complete and accurate;
- ✓ agree and consent to the Company collecting, holding, using and disclosing my/our personal information in accordance with the Prospectus;
- ✓ where I/we have been provided information about another individual, warrant that I/we have obtained that individual's consent to the transfer of their information to the Company;
- ✓ acknowledge that once the Company accepts my/our Application Form, I/we may not withdraw it;
- ✓ apply for the number of Shares that I/we apply for (or a lower number allocated in a manner allowed under the Prospectus);
- ✓ acknowledge that my/our Application may be rejected by the Company in its absolute discretion;
- ✓ authorise the Company and their respective officers and agents to do anything on my/our behalf necessary (including the completion and execution of documents) to enable the Shares to be allocated to me/us;
- ✓ am/are over 18 years of age;
- ✓ agree to be bound by the constitution of the Company;
- ✓ acknowledge that neither the Company nor any person or entity guarantees any particular rate of return on the Shares, nor do they guarantee the repayment of capital;
- ✓ represent, warrant and agree that I/we am/are not in the United States or a US Person and am/are not acting for the account or benefit of a US Person; and
- ✓ represent, warrant and agree that I/we have not received this Prospectus outside Australia and am/are not acting on behalf of a person resident outside Australia unless the Shares may be offered in my/our jurisdiction without contravention of the security laws of the jurisdiction or any need to register the Prospectus, the Shares or the Offer.

Guide to the Application Form

YOU SHOULD READ THE PROSPECTUS CAREFULLY BEFORE COMPLETING THIS APPLICATION FORM.

Please complete all relevant sections of the appropriate Application Form using BLOCK LETTERS. These instructions are cross-referenced to each section of the Application Form.

Instructions

- A** If applying for Shares insert the **number** of Shares and Options for which you wish to subscribe at Item **A** (not less than 10,000 Shares representing a minimum investment of \$2,000.00). Multiply by A\$0.20 to calculate the total Application Monies for Shares and enter the **A\$amount** at Item **B**. The options are issued for nil consideration.
- C** Write your **full name**. Initials are not acceptable for first names.
- D** Enter your **postal address** for all correspondence. All communications to you from the Company will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.
- E** If you are sponsored in CHESS by a stockbroker or other CHESS participant you may enter your CHESS HIN if you would like the allocation to be directed to your HIN. **NB: your registration details provided must match your CHESS account exactly.**
- G** Applicants pay their Application Monies to their Broker in accordance with the relevant Broker's directions. Please contact your broker for further instructions.
- H** Enter your **contact details**, including name, phone number and e-mail address, so we may contact you regarding your Application Form or Application Monies.

Correct Form of Registrable Title

Note that ONLY legal entities can hold the Shares. The Application must be in the name of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and surname is required for each natural person. Examples of the correct form of registrable title are set out below.

| Type of Investor | Correct Form of Registrable Title | Incorrect Form of Registrable Title |
|-----------------------------|---|-------------------------------------|
| Individual | Mr John David Smith | J D Smith |
| Company | ABC Pty Ltd | ABC P/L or ABC Co |
| Joint Holdings | Mr John David Smith & Mrs Mary Jane Smith | John David & Mary Jane Smith |
| Trusts | Mr John David Smith <J D Smith Family A/C> | John Smith Family Trust |
| Deceased Estates | Mr Michael Peter Smith <Est Late John Smith A/C> | John Smith (deceased) |
| Partnerships | Mr John David Smith & Mr Ian Lee Smith | John Smith & Son |
| Clubs/Unincorporated Bodies | Mr John David Smith <Smith Investment A/C> | Smith Investment Club |
| Superannuation Funds | John Smith Pty Limited <J Smith Super Fund A/C> | John Smith Superannuation Fund |

Lodgment

Mail your completed Application Form with your cheque(s) or bank draft attached to your broker, and complete the broker details below:

| Broker Contact Number | Broker Name |
|---|---|
| <input style="width: 100%; height: 20px;" type="text"/> | <input style="width: 100%; height: 20px;" type="text"/> |

The Offer closes at 5:00 p.m. (AEDT) on 16 November 2015, unless varied in accordance with the Corporations Act and ASX Listing Rules.

It is not necessary to sign or otherwise execute the Application Form.

If you have any questions as to how to complete the Application Form, please contact Boardroom Pty Limited on 1300 737 760 within Australia and +61 2 9290 9600 outside Australia.

Privacy Statement

Savor Group Limited advises that Chapter 2C of the Corporations Act requires information about you as a Shareholder (including your name, address and details of the shares you hold) to be included in the public register of the entity in which you hold Shares. Information is collected to administer your Shareholding and if some or all of the information is not collected then it might not be possible to administer your shareholding. Your personal information may be disclosed to the entity in which you hold shares. To obtain access to your personal information or more information on how the Company collects, stores, uses and disclosures your information please contact the Company at the address or telephone number shown in the Prospectus.

Savcor Group Limited

ABN 52 127 734 196

General Offer Application Form

This is an Application Form for Shares in Savcor Group Limited (**Company**) on the terms set out in the Replacement Prospectus dated 23 October 2015 (**Prospectus**). Defined terms in the Prospectus have the same meaning in this Application Form. You may apply for a minimum of 10,000 Shares and multiples of 2,500 Shares thereafter. This Application Form and your cheque or bank draft must be received by **5.00pm (AEDT) on 16 November 2015**.

This Application Form is important. If you are in doubt as to how to deal with this Application Form, please contact your accountant, lawyer, stockbroker or other professional adviser. The Prospectus dated 23 October 2015 contains information relevant to a decision to invest in the Shares and Options of the Company and you should read the entire Prospectus carefully before applying for Shares and Options.

To meet the requirements of the *Corporations Act 2001* (Cth), this Application Form must not be distributed to another person unless included in, or accompanied by, the Prospectus dated 23 October 2015. A person who gives another person access to this Application Form must, at the same time and by the same means, give the other person access to the Prospectus. The Company will send you a free paper copy of the Prospectus if you have received an electronic prospectus and you ask for a paper copy before the close of the offer.

PLEASE FOLLOW THE INSTRUCTIONS TO COMPLETE THIS APPLICATION FORM (PLEASE SEE THE REVERSE OF THIS APPLICATION FORM) AND PRINT CLEARLY IN CAPITAL LETTERS USING BLACK OR BLUE PEN.

A Number of Shares you are applying for

x \$0.20 per Share =

B Total amount payable

\$

A minimum of 10,000 Shares may be applied for and thereafter in multiples of 2,500 Shares

C Write the name(s) you wish to register the Securities in (*see reverse for instructions*)

Applicant #1

Name of Applicant #2 or <Account Designation>

Name of Applicant #3 or <Account Designation>

D Write your postal address here

Number/Street

Suburb/Town

State

Postcode

E CHESS participant – Holder Identification Number (HIN)



Important: Please note if the name and address details above in sections C and D do not match exactly with your registration details held at CHESS, any Securities issued as a result of your Application will be held on the Issuer Sponsored subregister.

F Enter your Tax File Number(s), ABN, or exemption category

Applicant #1

Applicant #2

Applicant #3

G Cheque payment details – PIN CHEQUE(S) HERE

Please enter details of the cheque(s) that accompany this application.

Name of drawer of cheque

Cheque no.

BSB no.

Account no.

Cheque Amount A\$

H Contact telephone number (daytime/work/mobile)

I Email address

Declaration By submitting this Application Form with your Application Monies, I/we declare that I/we:

- ✓ have read the Prospectus in full;
- ✓ have received a copy of the Prospectus;
- ✓ have completed this Application Form in accordance with the Prospectus and the instructions on this Application Form and declare that all details and statements made by me/us are complete and accurate;
- ✓ agree and consent to the Company collecting, holding, using and disclosing my/our personal information in accordance with the Privacy Policy (available at www.boardroomlimited.com.au/Privacy);
- ✓ acknowledge that once the Company accepts my/our Application Form, I/we may not withdraw it unless permitted to do so under the Corporations Act;
- ✓ apply for the number of Shares (and Options) that I/we apply for (or a lower number allocated in a manner allowed under the Prospectus);
- ✓ acknowledge that my/our application may be rejected by the Company in consultation with the Offer Managers in its absolute discretion;
- ✓ authorise the Offer Managers and the Company and their respective officers and agents to do anything on my/our behalf necessary (including the completion and execution of documents) to enable the Securities to be allocated to me/us;
- ✓ am/are over 18 years of age;
- ✓ agree to be bound by the constitution of the Company;
- ✓ acknowledge that neither the Company nor any person or entity guarantees any particular rate of return on the Securities, nor do they guarantee the repayment of capital;
- ✓ represent, warrant and agree that I/we am/are not in the United States or a US Person and am/are not acting for the account or benefit of a US Person; and
- ✓ represent, warrant and agree that I/we have not received this Prospectus outside Australia and am/are not acting on behalf of a person resident outside Australia unless the Securities may be offered in my/our jurisdiction without contravention of the security laws of the jurisdiction or any need to register the Prospectus, the Securities or the Offer.

Guide to the General Offer Application Form

YOU SHOULD READ THE PROSPECTUS CAREFULLY BEFORE COMPLETING THIS APPLICATION FORM.

Please complete all relevant sections of the appropriate Application Form using BLOCK LETTERS. These instructions are cross-referenced to each section of the Application Form.

Instructions

- A** If applying for Shares insert the **number** of Share for which you wish to subscribe at Item **A** (not less than 10,000 Shares and then in multiples of 2,500 Shares). Multiply the number of Shares applied for by A\$0.20 to calculate the total Application Monies and enter the **A\$amount** at Item **B**.
- C** Write your **full name**. Initials are not acceptable for first names.
- D** Enter your **postal address** for all correspondence. All communications to you from the Company will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.
- E** If you are sponsored in CHESS by a stockbroker or other CHESS participant you may enter your CHESS HIN if you would like the allocation to be directed to your HIN. **NB: your registration details provided must match your CHESS account exactly.**
- F** Enter your Australian **tax file number** (TFN) or ABN or exemption category, if you are an Australian resident. Where applicable, please enter the TFN/ABN of each joint Applicant. Collection of TFN's is authorised by taxation laws. Quotation of your TFN is not compulsory and will not affect your Application Form.
- G** Complete **cheque details** as requested. Make your cheque payable to "Savcor Group Limited". Cross it and mark it 'Not negotiable'. Cheques must be in Australian currency, and cheques must be drawn on an Australian bank.
- H** Enter your **contact details** so we may contact you regarding your Application Form or Application Monies.
- I** Enter your **email address** so we may contact you regarding your Application Form or Application Monies or other correspondence.

Correct Form of Registrable Title

Notice that ONLY persons or separate legal entities can hold the Securities. The Application Form must be in the name of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and surname is required for each natural person. Examples of the correct form of registrable title are set out below.

| Type of Investor | Correct Form of Registrable Title | Incorrect Form of Registrable Title |
|-----------------------------|---|-------------------------------------|
| Individual | Mr John David Smith | J D Smith |
| Company | ABC Pty Ltd | ABC P/L or ABC Co |
| Joint Holdings | Mr John David Smith & Mrs Mary Jane Smith | John David & Mary Jane Smith |
| Trusts | Mr John David Smith <J D Smith Family A/C> | John Smith Family Trust |
| Deceased Estates | Mr Michael Peter Smith <Est Late John Smith A/C> | John Smith (deceased) |
| Partnerships | Mr John David Smith & Mr Ian Lee Smith | John Smith & Son |
| Clubs/Unincorporated Bodies | Mr John David Smith <Smith Investment A/C> | Smith Investment Club |
| Superannuation Funds | John Smith Pty Limited <J Smith Super Fund A/C> | John Smith Superannuation Fund |

Lodgment

Mail your completed Application Form with your cheque(s) or bank draft attached to one of the following addresses:

Mailing address:

Savcor Group Limited
C/-Boardroom Pty Limited
GPO Box 3993
SYDNEY NSW 2001

Delivery address:

Savcor Group Limited
C/-Boardroom Pty Limited
Level 12, Grosvenor Place, 225 George Street
SYDNEY NSW 2000

The Offer closes at 5.00pm (AEDT) on 16 November 2015

It is not necessary to sign or otherwise execute the Application Form.

If you have any questions as to how to complete the Application Form, please contact Boardroom Pty Limited on 1300 737 760 within Australia and + 61 2 9290 9600 outside Australia.

Privacy Statement

Boardroom Pty Limited advises that Chapter 2C of the Corporations Act requires information about you as a Security holder (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 the Securities. Information is collected to administer your Security holding and if some or all of the information is not collected then it might not be possible to administer your Security holding. Your personal information may be disclosed to the entity in which you hold the Securities. You can obtain access to your personal information by contacting us at the address or telephone number shown on this Application Form.

Our privacy policy is available on our website (<http://www.boardroomlimited.com.au/Privacy.html>).

Corporate Directory

Directors

Peter Marks
Phillip Hains
Vincent Savage ^

Proposed Directors (Post-Transaction)

Richard Irving
Eytan Levy
Ross Haghghat
Peter Marks
Phillip Hains

Current ASX Code

SAV

Proposed ASX Code

EMC

Lead Manager to the Offer

Henslow Pty Ltd
L8, 446 Collins Street
Melbourne VIC 3000

Investigating Accountant

Moore Stephens (Vic) Pty Ltd
Level 18, 530 Collins Street
Melbourne VIC 3000

^ Retiring upon completion of Transaction

Registered Office

Suite 1, 1233 High Street
Armadale VIC 3143
Telephone: (03) 9824 5254
Facsimile: (03) 9822 7735
Website: www.savcorgroup.net

Share Registry

Boardroom Pty Ltd
Level 12, 225 George Street
Sydney NSW 2000
Telephone: (02) 9290 9600

Company's Legal Advisers in respect of the Offer

Quinert Rodda & Associates Pty Ltd
Level 6, 50 Queen Street
Melbourne VIC 3000

Company's Auditor

Ernst & Young
680 George Street
Sydney NSW 2000

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