Environmental technology transforming the waste tyre industry

June 2020

ABN 90 118 710 508

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Agenda

PEARL GLOBAL
CLEAN CONVERSION TECHNOLOGIES
PEARL GLOBAL LIMTED ABN: 90 118 710 508

"The facility and technology offered by Pearl Global presents a unique offering to the market in its mobility and functionality to process waste tyres."

'An analysis on the Australian tyre recycling industry' by Advisian (a WorleyParsons business), 7 July 2016

1. Company Overview

EXECUTIVE SUMMARY

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- Pearl Global Ltd (ASX: PG1) is a leading, Australian waste technology Company that utilises its exclusively licensed proprietary technology to address the problem of tyre waste and storage in an environmentally friendly manner
- Based out of Stapylton, Queensland, PG1 cleanly converts end of life tyres into high value sustainable products to create a stronger circular economy
- The Company is targeting continued growth of its current Queensland facility to maximise its estimated 20,000 tonne processing facility, capable of cleanly converting approximately 2.5 million used car tyres per annum into valuable end products
- Key Highlights:
  - Australian-first fully commissioned tyre recovery operation
  - Contracted offtake is expected to underwrite site-level returns underpinning growth:
  - 76% Growth in tyres processed between Q2 2019 and Q2 2020 with last quarter production 46% lower due to a series of one off events (site relocation – rainfall in excess of 1 metre – site expansion for TDU3)
  - 3,000 tonnes of tyres processed in the last 12 months – anticipated to process 10,000 tonnes in the coming 12 months
  - Increased demand for tyre recycling due to the significant environmental benefits which include:
    - Carbon reduction – ~500kg of CO2e for every tonne of tyres recycled
    - Landfill diversion – overwhelming policy support to divert waste streams to landfill
  - Currently, Stapylton site operates 3 Thermal Desorption Units (TDUs) with capability to house 6 TDUs. Funds from raise to go toward building TDU4 and support growth infrastructure
  - IP development – cementing this Australian company as a globally-relevant waste technology company
  - PG1 has seen limited impact on operations from COVID-19 and has established appropriate policies in case of any positive test at the processing site
- PG1 has initiated a number of strategic partners, including University of Western Australia, to identify other opportunities available from the proprietary technology
- PG1 is seeking to raise up to $4.0m via a Two Tranche placement to support its continued Stapylton facility expansion
  - Tranche 1 Placement to raise approximately $1.72 million via the issuance of 24.56 million shares at an Offer Price of $0.07 under the Company's ASX L.R. 7.1. and 7.1.A capacity; and
  - Tranche 2 Placement to raise approximately $2.28 million via the issuance of 32.57 million shares at an Offer Price of $0.07 subject to shareholder approval at a General Meeting to be held on or around 20 July 2020
  - The major shareholder, ROC Partners, has the right (but not the obligation) to participate in the offer to maintain its pro-rata shareholding level (approx. 22.2%). If the option is exercised, the participation will be as part of Tranche 2.
  - Use of funds for the raise will be directed towards expanding the Company's current Stapylton operations, including:
    - Purchase of TDU 4 - $1,500,000
    - Purchase of Shredding Equipment - $1,000,000
    - Purchase of Waste to Energy Management System - $500,000
    - Working Capital - $1,000,000

SOCIAL OUTCOMES TO SOLVE A GLOBAL ISSUE

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CLEAN CONVERSION TECHNOLOGIES

Pearl Global leverages its exclusive rights to proprietary technology to address a global, environmental issue

1.5 BILLION

Tyres discarded globally p.a.

56 MILLION

Tyres discarded in Australia p.a.

63 PERCENT

landfilled, stockpiled, illegally dumped

Governments tightening policy – communities insisting on solutions for dealing with waste (China ban)

SOCIAL OUTCOMES – SIGNIFICANT BENEFITS

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Through its technology, PG1 delivers positive economic and social outcomes to local, state and national communities

1. **Carbon reduction – ~500kg of CO_2e for every tonne of tyres recycled**
   - *Pearl's technology sets the highest environmental and industry standards for clean waste conversion of used tyres*

2. **Landfill diversion – overwhelming federal/state policy support to divert landfill waste streams**
   - *Stimulating recovery and preventing stockpiling and illegal dumping activities*
   - *Reducing a significant environmental and human-health risk from issues such as toxic tyre fires*
   - *Perfectly aligned to the "National market development strategy for used tyres" collaborative framework endorsed by all Australian state environment ministers*
   - *Aligned to Basel convention: exporting countries to ensure hazardous wastes are managed in an environmentally sound manner*

3. **Reduce the need for stockpiling end of life tyres = mitigation of fire risk**

4. **Waste as a natural resource**
   - *Promoting the use of regeneration of waste resources and opposed to depleting virgin resources*
   - *Energy conservation – it takes a lot less energy to recycle than to create new products*

5. **IP Development – cementing Australia as a globally relevant waste technology country**

Overwhelmingly positive social outcomes, in particular carbon reduction and diversion from landfill.

Corporate Structure

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- Over 10 years Keshi Technologies Pty Ltd spent $11m in research and development which is the technology that underpins PG1s business operations

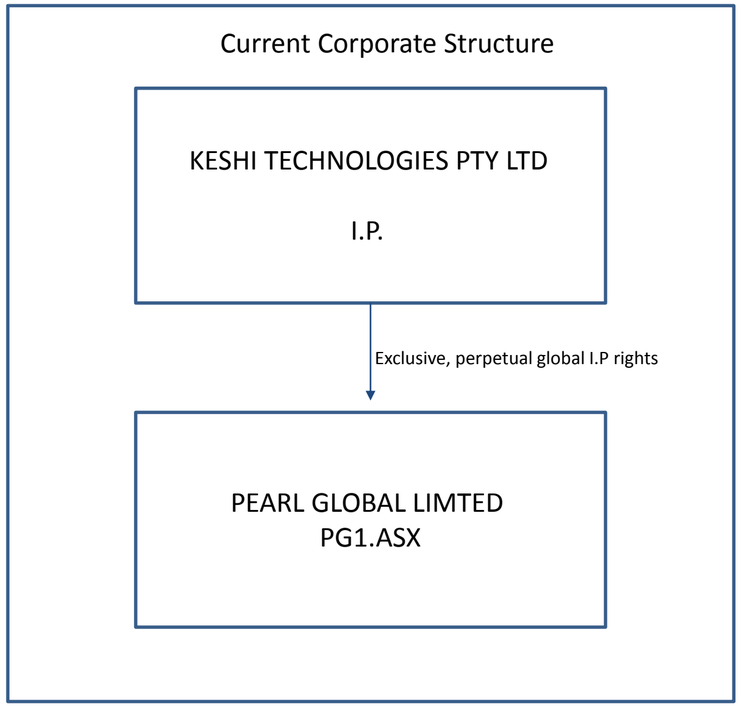
- Keshi currently holds **PCT_AU2017_051356 (The unit) and PCT_AU2017_051357 (the process).** Contracting sites filed are for Australia, Europe and USA. The Patent Cooperation Treaty (PCT) is an international patent law treaty, concluded in 1970. It provides a unified procedure for filing patent applications to protect inventions.

- Majority of funding was provided by 4 companies including Gary Foster, Andrew Drennan and two main equity investors – in total these groups with original inventor hold over 80% of Keshi

- When the technology was ready for commercialization "Pearl Global" was established as the operating entity and monies were raised in PG1 to fund the capital required to build units, receive EPA approvals and ensure reliability of production.

- As part of the fund raising process and to ensure certainty for new investors in Pearl, Keshi granted and handed over the worldwide exclusive perpetual rights to Pearl which remains in place today

- In exchange for exclusive rights Keshi receives a one-off royalty per unit built of $600,000 until Pearl exercises its option to acquire the IP for $11m in Pearl Ordinary shares (no cash) which was the financial cost for the development of the technology



PG1 plans on rolling the Intellectual Property into the PG1 structure

Corporate Structure

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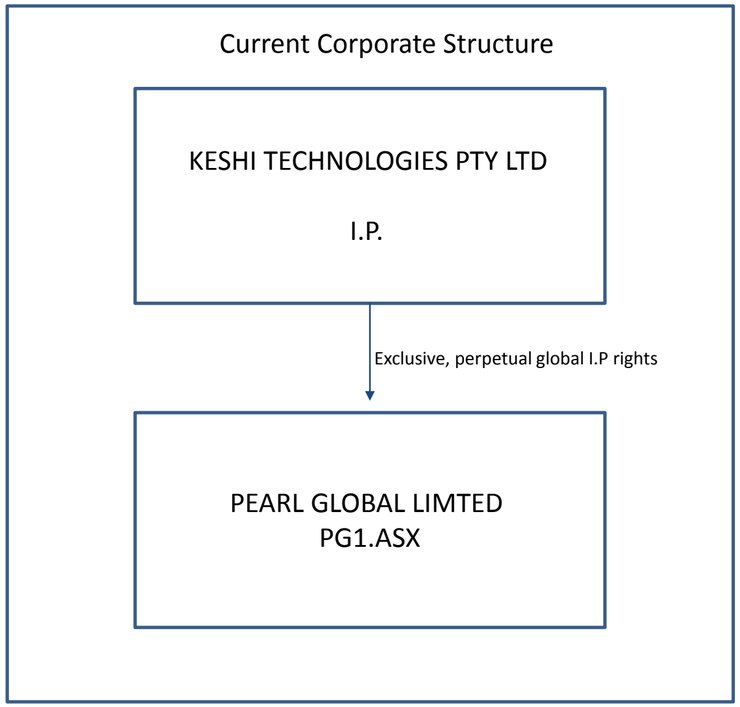
TIMING OF I.P. ROLL IN

- The Company has engaged its legal advisors to assess the process of rolling in 100% of the IP to Pearl
- Once finalised, Pearl will present its understanding of the stepped process to ASX for its approval, allowing shareholders to vote on the transaction
- Consideration for the roll in of the IP is ordinary shares (no cash). Preliminary legal advice received is that the shares issued to acquire the IP will be defined as restricted securities and will be escrowed under ASX listing rules.



PG1 plans on rolling the Intellectual Property into the PG1 structure

2. Operations Overview

INSIDE THE PEARL FACILTY – STAPYLTON QLD

SIMPLE STEPPED PROCESS

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STEP 1

TYRE COLLECTION

Raw material = Income

STEP 2

PROCESS TYRES

I.P. Thermal Treatment

Three year track record
of success

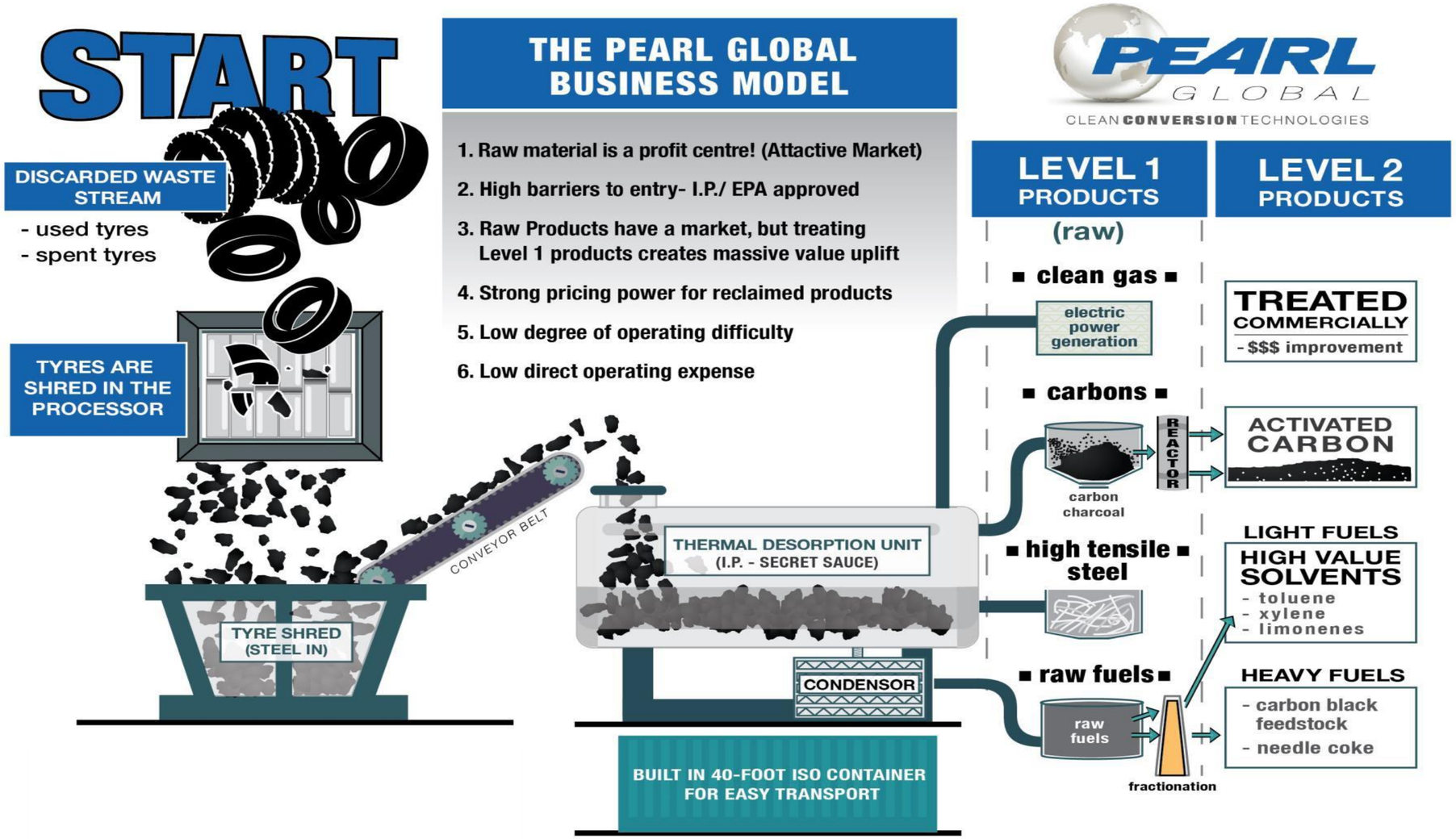
STEP 3

SELL/USE THE PRODUCTS

Fuels, Carbons, Steel
And Energy from our gases

THE BUSINESS MODEL

Simple – linear – transparent



Receiving a gate fee prior to production

Tyre Processing and Extraction

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PG1s patented tyre processing technology produces four key extracts that are then re-purposed and sold to customers

Fuels

- Tyres contain approximately 45% fuel
- Raw Fuel derived from processing performs similar to diesel and can also be used as Furnace/Heating Oil
- Pearl's fuel distillation process allows for high value solvents to be targeted and fractioned off for use in degreaser and industrial products

Carbon Char

- Carbons reclaimed via processing are approximately 80% pure carbon
- Multiple uses due to high stored energy (30% more energy than coal)
- Pearl targeting asphalt industry as a binder and filler

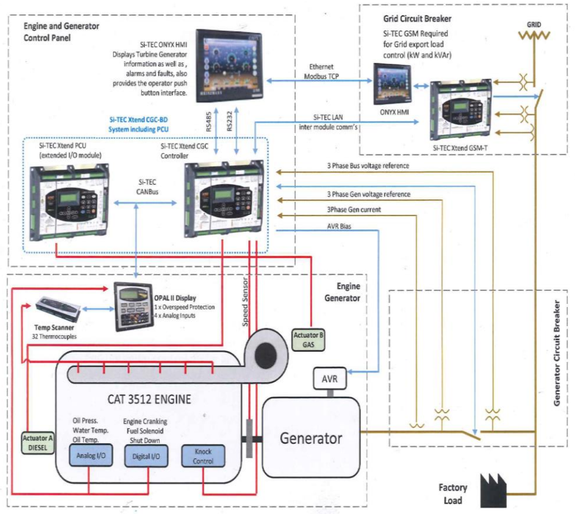
Steel

- Steel is separated along with the Carbon char as part of the automated process
- Steel is sold to local steel recycling companies with some deliveries made to domestic steel making plants

Gas-to - Energy

- Government grant for production of clean energy from our vented gases due to high hydrogen – methane – propane content
- Effective completion of our gas to energy project will substantially reduce electricity costs

Pearl site operations in Stapylton, Queensland
Source: Pearl



Continuous process that uses three factors to produce clean gases

CURRENT OPERATIONS- Stapylton site estimates

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- PG1 is based out of Stapylton, Queensland where it established its initial processing plant
- Stapylton currently houses 3 TDUs with the capacity to house 6 TDUs in-total on site and a crumb rubber plant
- At full capacity, Stapylton will be able to process 20,000 tonnes per annum or equivalent to 2.5 million tyres per year
- All licenses and environmental sign-off secured for Stapylton site
- Strong local and state support for PG1
- At the appropriate point, PG1 will expand to additional sites along the east coast of Australia

Stapylton Site Economic Snapshot – estimates ANNUALISED	
Production	6 TDUs + crumb rubber plant
Tyre recycling capacity	20,000 t.p.a
Revenue – Tyre gate fee – Tyre-derived oil sales – Carbon char/steel sale – Crumb rubber sales	$ 7.16 m $ 3.06 m $ 0.38 m $ 1.25 m
TOTAL REVENUES	**$11.85 m**
Direct Operating Costs	$ 5.80m
Site EBITDA	$ 6.05m

Stapylton Operations Overview

1. Lease arrangements
   - 5 years + 5 year option
   - ~19,000m2 area (total area)
   - 10,500m2 hard stand (pre-processing)
   - 3,000m2 shed (Pearl processing)
   - 945m2 shed (engineering)
2. Industrial park
3. Fully self contained
4. Secure
5. 75% of boundaries with no neighbours

Fully developed single operational site - estimates only

Customer Sales and Distribution Channels

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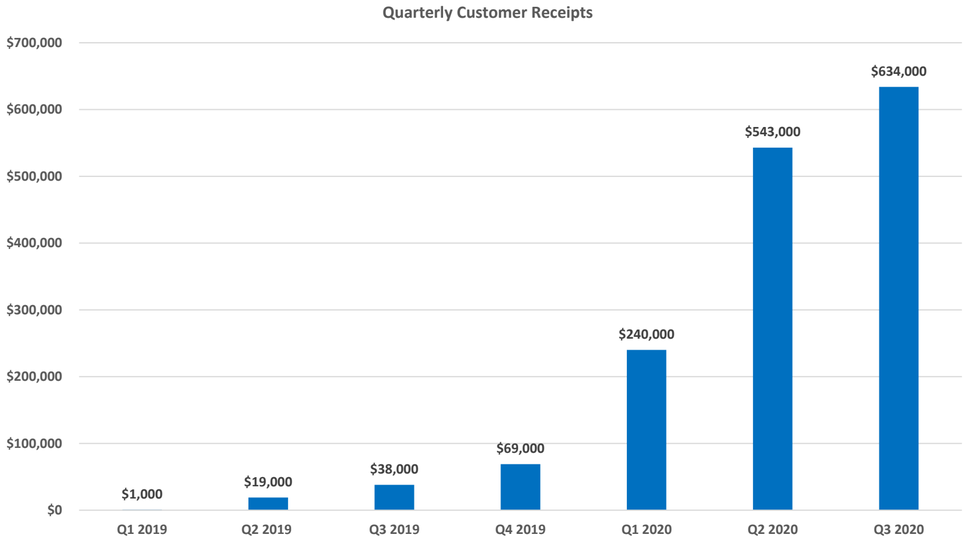
Since commencing operations in FY19, PG1 has grown revenue and secured key off-take agreements

Pearl has processed 3,000 tonnes of tyres in the last 12 months

PG1 has signed and announced a 5 year offtake agreement with a leading Australian asphalt group. Key Terms include:

- **Domestic partner (5km from Pearl facility)**
- **Est. up to 10,000 Tonnes p.a. of fuel required from Pearl @ $500 per ton**
- **Est. up to 7,000 tonnes p.a. of carbon char required @$20 per ton base case**
- ***To achieve above offtakes, Pearl whilst not obligated, would need to process 20,000 tonnes of used tyres per annum at its Stapylton site to meet expected demand***

Key Distribution Markets being targeted Globally



ESTABLISHED INDUSTRY SEEKING CHANGE AND CONSUMING LARGE VOLUME OF RESOURCES

Future revenue growth and increased I.P.

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PG1 in partnership with University of Western Australia has researched, identified and laboratory tested potential for higher value commercial products, produced from the raw outputs of its process.

THE UNIVERSITY OF WESTERN AUSTRALIA

Identified products include:

- fuel distillation to separate high value solvents (limonene, toluene and xylene)
- commercial degreasers;
- activated carbon; and
- carbon black feedstock fuel (fuel distillation)

Upon consolidation of its underlying commercial model, PG1 will continue to investigate the commercial feasibility of these products. This continuing R&D has the potential to significantly enhance returns to the Investors.

CRUMB RUBBER OPPORTUNITY

- An opportunity currently being considered, driven by market demand, is for sales of crumb rubber. This is an existing market requiring standard equipment to process used tyres to supply large markets such as the asphalt industry.

Partnerships

- ROC Partners - cornerstone
  - Leading alternative asset manager in Australasia
  - 20 years of investment experience and $6.4 billion under mgt
- Capricorn Society Co-op Limited (mechanic and automotive co-op)
  - strategic investor
  - 18,000 automotive members, $1.5 billion turnover
  - Buys large volumes of industrial degreasers and solvents
- Aussee Road Services (Part of the See Civil group)
  - 5 year offtake agreement
  - Working to enhance carbon and fuel products
- Tyre Stewardship of Australia (TSA)
  - Federal government project to find solution to waste tyres
  - Pearl has become 1st processing company to receive TSA accreditation
- Queensland Government
  - Received over $1m over two grants for waste-to-energy project and a second for Resource Recovery

3. Board and Leadership Team

The Board

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PG1 has attracted highly credentialed members to its board which will oversee management's delivery of its business plan. The background to this uniquely qualified group includes:

Mr. Brad Mytton

Brad is a Partner at ROC, with deep experience in clean energy technology, governance and corporate finance. Brad has been influential in assisting the Board for its future planning and growth. He holds an MBA from University of Oxford, and a B.Com (hons) in Management Science from the University of Canterbury.

Mr. Brian Mumme

Mr Mumme is a senior executive with over 30 years of national and international experience in commodities (oil, gas, agriculture), with a focus on marketing, trading, risk management and optimising supply chains. He has broad general management experience and has successfully guided teams and businesses through significant organisational change. Prior to establishing his own consulting business, Mr Mumme was seconded from BP Australia into the role of President for the North West Shelf Gas Joint Venture for six years in a career of over 20 years with BP. Mr Mumme was also previously General Manager of the CBH Groups Marketing and Trading business –CBH Grain.

Mr. Michael Barrett

Mr Barrett is a Chartered Accountant with over 27 years of international experience in finance, strategy and corporate development, capital markets and risk management. Mr Barrett also has extensive experience working in the energy and resources industry. More specifically, Mr Barrett was previously Chief Financial Officer for Rio Tinto's US energy business. Mr Barrett spent two years as National Lead Partner for Deloitte's Risk Advisory Energy and Resources practice where he specialised in corporate governance, board advisory and risk management.

Highly credentialled board members

Management Team

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Gary Foster
Co-Founder & Current Chairman

- Demonstrated entrepreneurial work history financial services, agriculture and environmental industries
- Former CEO of international commodities trading company (BWK LLC)
- Co-founder and current non-executive Chairman (ASX:VOR) a cybersecurity business
- Member of the Australian Institute of Company Directors

Andrew Drennan
Co-Founder & Current Managing Director

- Waste management specialist dealing with multiple stakeholders across corporate and operational teams
- Environmental Team Leader at BHP Billiton Iron Ore for 10 years
- Bachelor of Science in Environmental Science from Murdoch University, Perth
- Former Environmental Officer at WA Department of Mines and Petroleum

Bert Huys
Chief Technology Officer

- Responsible for R&D and commercialisation of Pearl
- 25 years+ experience in mining, industrial processing and R&D
- 10 years as Environment Manager for BHP Billiton's West Australian Iron Ore operations
- Honorary Research Associate with University of Western Australia - School of Mechanical and Chemical Engineering

APPENDICES

APPENDICES – TYRE COLLECTION

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- **Raw material is income generating**
- **Government policy enforcing higher disposal fees**
- **Recent competitor changes meant PG1 well positioned to secure tyre supply**

TYRES RECEIVED AT PEARL FROM BORAL INDUSTRIES @ $450 per ton

TYRES RECEIVED AT PEARL FROM ROCKHAMPTON SHIRE COUNCIL @ $500 per ton

RETREAD OFFCUTS RECEIVED FROM SUEZ / BRIDGESTONE – FREE DROP OFF

GOVERNMENT POLICY – COMMUNITY CONCERNS and CURRENT MARKET DICTATE HIGHER DISPOSAL COSTS

APPENDICES – PROCESS TYRES

Pearl's Endothermic Desorption Technology – a decentralized model

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Pearl TDU on location Mogumber, W.A. - Source Pearl 2016

- Unique operating units modular / stand-alone Decentralised model – go to the tyre supply
- Patents lodged and pending approval
- Each unit typically requires 0.5 F.T.E
- Unit housed in 40 foot iso-frame: portable and scalable
- Locations designed to support min. 4 operating units
- Simple installation: commercialised in <u>30 days</u> due to innovative design and portability

Simple engineering means simple operation – process driven by Process Logic Control system

APPENDICES – Business Risks

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This section discusses some of the key risks associated with an investment in New Shares in Pearl Global Ltd. These risks may affect the future operating and financial performance of Pearl Global and the value of PG1 shares.

The risks set out below are not listed in order of importance and do not constitute an exhaustive list of all risks involved with an investment in Pearl Global.

Before investing in Pearl, you should consider whether this investment is suitable for you. Potential investors should carefully review publicly available information on Pearl Global (such as that available on the websites of PG1 and ASX), carefully consider their personal circumstances (including the ability to lose all or a portion of their investment) and consult their professional advisers before making an investment decision. Additional risks and uncertainties that Pearl Global is unaware of, or that it currently considers to be immaterial, may also become important factors that adversely affect Pearl Global operating and financial performance.

Nothing in this Presentation is financial product or tax advice and this document has been prepared without taking into account your investment objectives or personal circumstances. Pearl Global is not licensed to provide financial product advice in relation to Pearl Global shares or any other financial product. You should note that the occurrence or consequences of many of the risks described in this section are partially or completely outside the control of Pearl Global, its directors and management. Further, you should note that this section focuses on the key risks and does not purport to list every risk that Pearl Global may have now or in the future. It is also important to note that there can be no guarantee that Pearl Global will achieve its stated objectives or that any forward looking statements, expectations, illustrations or forecasts contained in this Presentation will be realised or otherwise eventuate. All potential investors should satisfy themselves that they have a sufficient understanding of these matters, including the risks described in this section, and have regard to their own investment objectives, financial circumstances and taxation position. Cooling off rights do not apply to the acquisition of New Shares under the Equity Raising.

Licensing risk	The Company, through its wholly-owned subsidiary Pearl Global Management Pty Ltd, has a licence (Licence Agreement) giving it exclusive worldwide rights to use and exploit certain key intellectual property rights which underpin its operations, rather than having ownership of that intellectual property. In order for the Company to be able to achieve its objectives, it is reliant on the licensor (Keshi Technologies Pty Ltd (Keshi)) complying with its contractual obligations under the Licence Agreement. Any non-compliance with, or termination of, the Licence Agreement could have an adverse impact on the financial position of the Company. Where the licensor fails to comply with the Licence Agreement, the Company may then need to approach a court to seek a legal remedy. Legal action can be costly and there can be no guarantee that a legal remedy will be ultimately granted on the appropriate terms. The licensor has rights to terminate the Licence Agreement in certain circumstances, namely if Pearl Global Management Pty Ltd breaches the Licence Agreement (including failing to pay amounts due under it) or suffers an insolvency event. If the Licence Agreement is terminated, this will have a material adverse effect on the Company's operations.
Project commercialisation / business model	The Company's business model is to seek to commercialise the licensing rights granted to it under the Licence Agreement in relation to its thermal desorption tyre recovery project (Project), which may never prove to be successful. The implementation of this business model is subject to continuing to comply with the conditions of its regulatory approvals (which involves completing the emissions monitoring of its two thermal desorption units in Queensland) and executing relevant offtake and supply contracts. The project is in its development stage and there can be no guarantee that the Company will be able to commercialise the licensing rights in relation to the project.
Development phase of Project	The Company can make no representation that any research into or development of the Project and the associated licensing rights will be successful, that key milestones to move the Project into its operational phase will be achieved or that the Project and the associated intellectual property can or will be developed into products and services that are exploitable at an ongoing commercial level having regard to market demand for such products and services. There are many risks inherent in the development of recycling products and services, particularly where such projects are in their development stage, as is the case with the Project. Projects can be delayed or fail to demonstrate any benefit, or research may cease to be viable for a range of scientific and commercial reasons. No assurance can be given that the Company will achieve commercial viability through using or exploiting the intellectual property licensed under the Licence Agreement. The Company reiterates that the Project technology is in a development stage and given it has not been tested operationally over numerous years, the potential operational lifespan of the Company's thermal desorption units is unclear. Until the Company is able to realise value from the intellectual property licensed under the Licence Agreement, it is likely to incur ongoing operating losses. Achievement of the Company's objectives will depend on its ability to successfully implement its growth strategy. Depending on the Company's ability to generate income from its operations, it may require further financing to achieve these objectives.

APPENDICES – Business Risks

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Intellectual property rights	A substantial part of the Company's commercial success depends on its and Keshi's ability to protect their respective intellectual property (including without limitation, the intellectual property licensed under the Licence Agreement) and commercially sensitive information assets relating to the Project, maintain trade secret protection and operate without infringing the proprietary rights of third parties. Securing rights to technologies, and in particular intellectual property, through licensing or otherwise, is an integral part of securing potential product value in the outcome of the Project. The commercial value of these assets is also dependent on relevant legal protections in respect of them. These legal mechanisms, however, do not guarantee that the intellectual property will be protected or that the Company's competitive position will be maintained. No assurance can be given that employees or third parties will not breach confidentiality agreements, infringe or misappropriate intellectual property or commercially sensitive information, or that competitors will not be able to produce non-infringing competitive products. Competition in retaining and sustaining protection of technologies and the complex nature of technologies can lead to expensive and lengthy disputes for which there can be no guaranteed outcome. There can be no assurance that any intellectual property which the Company (or entities which the Company deals with) may have an interest in now or in the future will afford the Company commercially significant protection of technologies, or that any of the projects that may arise from technologies will have commercial applications. It is possible that third parties may assert intellectual property infringement, unfair competition or like claims against Keshi (as licensor under the Licence Agreement) or the Company under copyright, trade secret, patent, or other laws. While the Company is not aware of any claims of this nature in relation to any of the intellectual property rights which are the subject of the Licence Agreement, such claims, if made, may harm, directly or indirectly, the Company's business. If Keshi or the Company is forced to defend claims of intellectual property infringement, whether they are with or without merit or are determined in Keshi's or the Company's favour, the costs of such litigation will be potentially significant and may divert management's attention from normal commercial operations. No formal valuation has been undertaken of the intellectual property assets of Keshi or the Company (including without limitation the intellectual property licensed under the Licence Agreement). The Company makes no representation as to the value of these assets. Although the Company will implement all reasonable endeavours to protect its interests in the intellectual property licensed under the Licence Agreement, there can be no assurance that these measures have been, or will be sufficient. To enhance the protection of the intellectual property licensed under the Licence Agreement, Keshi has submitted an Australian Provisional Patent Application (No. 2016905092) for the process for the thermal degradation of rubber containing waste.
Further technology risks	The Company is reliant on its ability to develop and commercialise the intellectual property in relation to the Project. The global marketplace for most products and services is ever changing due to new technologies, new products, changes in preferences, changes in regulation and other factors influencing market acceptance or market rejection. This market volatility and risk exists despite the best endeavours of market research, promotion and sales and licensing campaigns. Accordingly, there is a risk that the Company may not be able to successfully develop and commercialise the intellectual property licensed under the Licence Agreement in relation to the Project, which could lead to a loss of opportunities and adversely Impact on the Company's operating results and financial position. Further, the Project technology and intellectual property (and the associated licencing rights) may be rendered obsolete by new inventions and technologies, which would adversely impact the Company.
Contract risk	The Company enters into and will enter into agreements, arrangements and undertakings with third parties from time to time (for example for the supply of offtake from the Project). If the Company is unable to satisfy the conditions of these agreements, arrangements and undertakings, or if it defaults on its obligations under these agreements, arrangements and undertakings, the Company's interest in their subject matter may be jeopardised. Further, if the third parties default on their obligations under the agreements, arrangements and undertakings, the Company may be adversely affected.
Operational and technical risks	The operations of the Company may be affected by a range of operational and technical factors relating to the Project which may affect the commercialisation of the intellectual property licensed under the Licence Agreement in relation to the Project, including: (a) mechanical failure of operating plant and equipment, adverse weather conditions, industrial and environmental accidents, industrial disputes and other force majeure events; and (b) unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

APPENDICES – Business Risks

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Environmental licence risks	The Company is required to comply with the conditions of and maintain and renew all environmental licenses and also to acquire, maintain and renew any other relevant environmental licences in respect of the Project. It is possible that environmental licences can be cancelled (e.g. for non-compliance with conditions) and that applications and renewal applications for works approvals and environmental licences can be unsuccessful, in whole or in part. In the event that any works approval or environmental licence is cancelled or is applied for and is not granted, the Company would not be able to continue operating at the relevant site which would likely have an adverse effect of the Company's prospects. The Company will also be required to comply with all environmental laws and regulations in each foreign jurisdiction in which it will commercialise the intellectual property licensed under the Licence Agreement in relation to the Project. Any failure to do so could have an adverse effect on the Company's potential international expansion plans.
Competition	There is significant competition in the recycling technology industry generally. The Company is aware of other potential competitors in the Australian and overseas tyre recycling industry, however from the Company's research no known competitor operates a technology that focuses on a decentralisation model by the use of small thermal desorption units and associated operating equipment that carries a relatively small emissions footprint. The Company's model involves a relatively low cost fabrication design and has the potential to be located at or close to sources of shredded waste tyre feedstock as opposed to a centralised model where large scale plants requiring large volumes of waste tyre feedstock require those waste tyres to be transported to the processing plant. Typically, due to the relatively larger emissions footprint which may be associated with the larger centralised plants, such plants may not be able to be located in areas closer to sources of feedstock. There is no assurance that the Company will succeed in an effective or economic strategy of developing the Project pursuant to the intellectual property licensed under the Licence Agreement. Competitors' products and services may render the Project obsolete and/or otherwise uncompetitive. There is also no guarantee that the Project will ever produce any products which have the requisite demand at an ongoing commercial scale. The Company may be unable to compete successfully against future competitors where aggressive policies are employed to capture market share. If the Company is successful in developing the Project (which may never occur) such competition could result in price reductions, reduced gross margins and loss of market share, any of which could materially adversely affect the Company's potential future business, operating results and financial position.
Risk of international operations generally	he Company may expand and commercialise the exclusive licensing rights to the Project overseas. International sales and operations are subject to a number of risks, including: (a) potential difficulties in enforcing agreements and collecting receivables through foreign local systems; (b) potential difficulties in protecting intellectual property; (c) increases in costs for transportation and shipping; and (d) restrictive governmental actions, such as imposition of trade quotas, tariffs and other taxes. Any of these factors could materially and adversely affect the Company's business, results of operations and financial condition. Possible sovereign risks associated with operating overseas include, without limitation, changes in the terms of legislation, changes to taxation rates and concessions and changes in the ability to enforce legal rights. Any of these factors may, in the future, adversely affect the financial performance of the Company and thereby the market price of the Company's securities. No assurance can be given regarding the future stability in any other country in which the Company may, in the future, have an Interest.
Reliance on key personnel	The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on the Company's senior management and key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these persons cease their employment.
Unforeseen expenditure risk	Expenditure may need to be incurred that has not been taken into formulation of the Company's business plans. Although the Company is not aware of any such additional expenditure requirements, if such expenditure is subsequently incurred, this may adversely affect the expenditure proposals of the Company.
Future funding needs	Further funding may be required by the Company in the event costs exceed estimates or revenues do not meet estimates, to support its ongoing operations and implement its strategies. For example, funding may be needed to develop new and existing products, or acquire complementary businesses and technologies. Accordingly, the Company may need to engage in equity or debt financings to secure additional funds. There can be no assurance that such funding will be available on satisfactory terms or at all at the relevant time. Any inability to obtain sufficient financing for the Company's activities and future projects may result in the delay or cancellation of certain activities or projects, which would likely adversely affect the potential growth of the Company.