



ACN 651 496 150

Information Memorandum

Issued February 2023



Beyond Greasy Value Adding for Queensland's Wool

Commercial in Confidence

▲ **NOTE:** This Information Memorandum document at the attached Project Description should be read in their entirety. For any speculative investment such as this you should seek professional advice on the potential legal, taxation and investment impacts prior to proceeding with this investment.

Chairman's Statement

Mr John Abbott AM

B.Eng., LLB., CPEng., RPEQ, Int'l PE (Aust), APEC Eng., FIEAust, MAICD



To QWool future game changing investors,

It is not often that you see an investment that is a game changing opportunity to change the course of an iconic industry. This is one such opportunity!

For more than 100 years, the wool industry was an economic miracle, giving Australia one of the highest living standards in the world. The Australian economy boomed on the national income from wool exports. It is a common expression, looking back to the 1950's and 1960's that Australia "rode on the sheep's back". Now is the time for the wool industry to regain its economic strength in Regional Australia, and its contribution to the National economy.

Exporting greasy wool without any value-add in Australia is not the pathway to achieve this objective. Queensland Wool Processors Pty Ltd [QWool] is the vehicle to achieve this game changing objective.

Our proposal is to construct our first plant in Blackall, Western Queensland. We have made tremendous progress on finalising the engineering design, securing the water allocation that is essential for the project, and site selection. The Queensland Government has declared our project as a Project of Regional Significance.

We are confident that once this first plant is built and operational that we will be able to develop plants in other locations.

We are now raising additional funds to take us through to a formal full equity and debt raising, as well as to finalise customer off-take agreements and partnerships. Attached is a Project Description and an Information Memorandum for those who wish to join us as investors.

I look forward to your investment in this great opportunity.

Regards,

A handwritten signature in blue ink that reads "John Abbott". The signature is written in a cursive, flowing style with a long horizontal line underneath.

1 Executive Summary

This Information Memorandum details an opportunity for investors excited about the opportunity to change the face of the wool industry in Queensland to allow Australia to become the dominant force once again in the Global wool fabric market. It supports current State and Federal Government initiatives to re-establish the manufacturing base in Australia to build on our natural competitive advantages, increase our local value add, and to support regional development.

Queensland Wool Processors Pty Ltd [QWool] aims are to :

- ▶ **Develop a wool processing plant located in Blackall, Queensland ;**
- ▶ **This plant will produce and market both Scoured wool (3.06 Million kg/year) and wool tops (5.9 Million kg per year), based on an input of 14 Million Kg/year of greasy wool;**
- ▶ **Establish a new input supply chain from the wool producers to processing plant to improve efficiency and reduce costs to both the grower and process plant;**
- ▶ **Provide market incentive for the growth of national sheep herd to it previous numbers which will support this new industry base, and;**
- ▶ **Identify locations for subsequent plants in Australia following the successful start-up of the Blackall plant.**

A detailed **Project Description** and **Initial Business Plan** is attached to this Information Memorandum.

This Information Memorandum provides details of an initial investment into this exciting opportunity. The initial Offer 1 closed on 19 November 2021, which resulted in the issue of 172,000 shares at AUD\$1.00 per share. There was also a grant of \$50,000 from the Remote Area Planning and Development Board (RAPAD). There has been an ongoing book build process open since then. This has raised an additional \$100,000. As a result, there are 272,000 issued shares.

These funds have been sufficient to:

- ▶ **Complete a detailed engineering study to give capital and operating costs to a ±20% accuracy;**
- ▶ **Complete a Ground water Impact assessment study required to secure the water allocation required for the plant;**
- ▶ **Apply for and gain designation as a Project of Regional Significance;**
- ▶ **Secure an option to purchase the preferred site for the plant;**
- ▶ **Commence the approvals processes (Environmental and land re-zoning), and;**
- ▶ **Initial discussions with customers to confirm the design concepts.**

2 Offer Summary

This section of this QWool Information Memorandum #4 provides a summary of this offer. This section should be read in conjunction with the details of the document as a whole.

2.1 Proposed Corporate Structure

The corporate structure shown in figure 2.1 will be established to enable investment in the establishment and development of the goals of Queensland Wool Processors Pty Ltd.

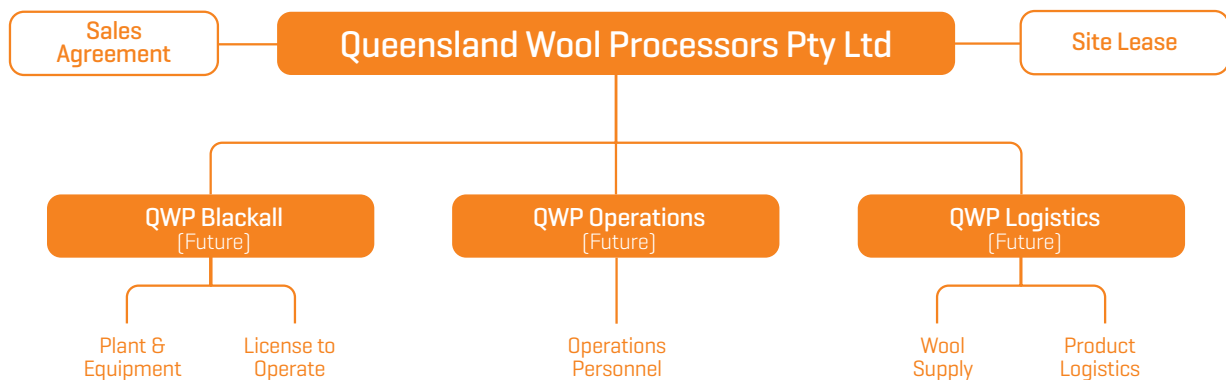


Figure2.1 QWool Proposed Corporate Structure

This structure is designed such that QWool is a consolidated holding company which will establish an end-to-end plant in Blackall which may be replicated at other locations in the future, with a single operating company for all of [hopefully] many plants, and a logistics company to service both supply side and distribution operations for one or many plants.

2.2 This Offer

The purpose of this Information Memorandum is to raise a further \$600,000 to continue to implement the “initial phase” of this development. This offer will consist of up to 600,000 ordinary fully paid QWool shares at AUD \$1.00 per share.

The minimum investment is 10,000 shares per investor application. However, due to ASIC listing rules, the number of smaller investors may need to be limited. Should the limit of small investors be reached, the investors will be given the opportunity to increase their investment amount. Acceptance of an over-subscription of this offer is at the sole discretion of the QWool Directors.

QWool reserves the right to accept initial share applications of less than 10,000 shares on the condition that such an application is on the undertaking of significant future investment. This exception will require the declaration of being a “Sophisticated Investor” or “Professional Investor” as detailed in section 4.1 below.

2.3 Use of Proceeds

- ▶ **Finalise the detailed engineering design for the selected site. This will include finalising the power supply option, and equipment providers chosen** *[CDE Design Solutions appointed to undertake this work];*
- ▶ **Finalise the environmental evaluations for both environmental approvals and land rezoning** *[EMM consulting appointed to undertake this work];*
- ▶ **Apply formally for rezoning of the land for the plant site;**
- ▶ **With the cost estimate complete the detailed feasibility study used for capital raising and grant funding applications** *[Australian Economic Consultants Pty Ltd appointed to undertake this work];*
- ▶ **Government costs associated with securing the final water allocation for the site;**
- ▶ **Establish a research partnership with Central Queensland University on the full value chain of wool production, modern manufacturing, and regional benefits of the development;**
- ▶ **Develop the firm budget, economic evaluation, and Prospectus for the “Proponent Phase”;**
- ▶ **Secure Letter of Intent, Memorandums of Understanding or Conditional Contracts with potential customers for the plant’s products;**
- ▶ **Salaries, contractors, service providers and consultant costs to achieve the above.**

2.4 Timegtable

Opening Date	23 December 2022
Closing Date	Until closure by resolution of the Board
Shares to be allocated	Following approval by the Board
Dispatch of confirmation statements	2 weeks after allocation approved by the Board

In this uncertain time, this time-table is subject to change to accommodate events which are not foreseeable at the time of issue of this document.

2.5 How to apply for shares

Applications for shares under this offer are only to be made on the application form attached. Payment in full must be made at the time of application.

This can either be by including a cheque (allow 4 days for funds to be cleared), or by electronic funds transfer to the following account:

Queensland Wool Processors Pty Limited
(Bank of Queensland)

BSB	124-964
Account No.	23208957

Applications must be for a minimum of 10,000 shares at \$1 per share, and then in multiples of 5,000 shares.

However, QWool is limited to the number of small investors. Potential Investors can assist QWool in avoiding this limit by providing a statement from their accountant that the Investor is a “Sophisticated Investor” or “Professional Investor”, as defined by the Act (see section 4.1 below).

3 Foreign Investors

For interested non-Australian based investors, they should seek professional legal advice on any potential restrictions imposed by Australian Securities law, or their domestic legal regime. All funds received by QWool must be in Australian dollars.

4 Important Information

4.1 Restrictions on Offerees and Disclaimers

This Information Memorandum #4 is provided to potential investors in QWool. It is provided on the condition that the potential investor acknowledges that its contents are confidential, and the potential investor agrees not to disclose, distribute, or otherwise share the contents either directly or indirectly with others without the express permission of QWool. Potential Investors should be aware of the prohibition contained in section 734 of the *Corporations Act [Cth]*, which provides that a person must not, advertise, or publish a statement that directly or indirectly refers to an offer, or intended offer that would need a disclosure document.

The accuracy of the information in this Information Memorandum is accurate to the best of QWool’s knowledge, however it recognises that time and external events may change alter or effect the statements made so that they may not be accurate at the time the potential investor reads the document. QWool encourages all potential investors to seek professional advice on all issues related to this document.

This Information Memorandum has been prepared by QWool and is not a prospectus or other disclosure document for the purposes of the *Corporations Act 2001 [Cth]*. It has been prepared in accordance with the provisions of Chapter 6D of the *Corporations Act 2001 [Cth]*, such that this Information Memorandum has not been, nor will it be lodged with the Australian Securities and Investment Commission [ASIC]. Therefore, this Information Memorandum has not been, nor will it be, examined or approved by ASIC.

The offer of ordinary Fully Paid Shares contained or referred to in this Information Memorandum is available primarily to "sophisticated investors" and/or "professional investors". Therefore, an investor should be able to demonstrate that they are either:

- ▶ a "sophisticated investor" for the purposes of section 708(8)(c) of the *Corporations Act 2001 [Cth]* by providing a certificate given by a qualified accountant dated no more than 6 months before the offer is made confirming that the investor has (1) net assets of at least A\$2.5 million or (2) has a gross income for each of the last 2 financial years of at least A\$250,000 a year; **or**
- ▶ a "professional investor" for the purpose of section 708(11) of the *Corporations Act 2001 [Cth]* by either being (1) a person covered by the definition of "professional investor" in section 9 of the *Corporations Act* (except a person mentioned in paragraph (e) of the definition) or (2) a person who controls gross assets of at least A\$10 million in accordance with section 708(11)(b) of the *Corporations Act*.

QWool is only able to accept a maximum of twenty "small scale investors" in any given corporate year. 1 A "small scale investor", for the purpose of section 708(1) of the *Corporations Act 2001 [Cth]* is one who does not satisfy the requirements of section 708(8) for "sophisticated investors", or section 708(11) for "professional investors".

Since the offer or invitation in this Information Memorandum only relates to Ordinary Fully Paid Shares in QWool to this Restricted Offeree Class, there is no legal requirement to provide a Product Disclosure Statement in accordance with Division 2 of Part 7.9 of the *Corporations Act 2001 [Cth]*.

Each investor is deemed to have represented and warranted that it is a person to whom an offer or invitation may be made without disclosure under Part 6D or 7.9 of the *Corporations Act 2001 [Cth]*.

QWool in no way explicitly states or otherwise implies any profits, returns, distributions, taxation deductions or capital performance.

4.2 Definitions

Abbreviations in this Information Memorandum have been defined where they have been first used in the document. Where an abbreviation is used that has not been defined, it will have the commonly used and accepted meaning of that abbreviation.

All financial amounts described are in Australian dollars [AUD\$] unless specifically noted to the contrary.

The law applicable for all dealings and arrangement with QWool is the Law of the State of Queensland.

4.3 Photographs

Photographs, diagrams, and images used in the Information Memorandum are purely for illustration purposes, and no undertaking or other meaning should be ascribed to the use of these photos.

4.4 Minimum Subscription

As mentioned in section 2.2, the minimum subscription for each investor is 10,000 shares in this offer 4. An investor may take more than 10,000 shares but must be in increments of 5,000 shares.

However, please note the exception in section 2.2.

4.5 No Underwriting

This offer is not underwritten by any institution.

4.6 Disclaimer

No person has been authorised by the QWool board to provide any information on this Information Memorandum that is not otherwise contained in this document. Any information that is not included, contained or referred to in this Information Memorandum should not be relied on by those subscribing to this offer.

4.7 Privacy

The private information provided by those applying for an allocation of shares under the offer contained in this Information Memorandum will be used by QWool to assess that application.

Information which will be held by the QWool and the share registry will be held and dealt with in accordance with the Privacy Act, Corporations law, and taxation laws.

4.8 Listing QWool on the Australian Stock Exchange

At this stage of its development, QWool is a Proprietary Limited Company which is limited by shares. As such is not currently listed on the ASX.

The Directors of QWool have resolved that once the QWool satisfies the listing requirements, then it will apply for listing. Shareholder approval at a General Meeting will be required before this process can commence.

4.9 Business and Investment Risks

By the nature of the investment, there are always risks associated with the initial investment in a venture such as QWool. Potential investors are advised to seek advice on all issues associated with their investment.

QWool assumes that those considering this offer are sophisticated or professional investors who are aware and familiar with the risks associated with such an investment.

There are many potential risks associated with the QWool proposal. Most are manageable, but many would be outside of the control of QWool. The list below may not be complete but is provided as an indicative guidance to potential investors. By identifying risks early means the business can be structured to manage and respond to those risks.

Risks outside of QWool's Control

- ▶ **Foreign Exchange.** A rising exchange rate to both the US dollar, and the "cross rates" will negatively impact the potential margins of the business. Hedging contracts are one possible technique to manage this risk;
- ▶ **Predatory pricing** by competitors against the finished products. Market response can never be predicted, but negative pressure on the marketed product can be expected and managed. However, predatory, or non-competitive response is possible from market participants such as China. This risk can be managed by having established contracts in place prior to any non-competitive market response. WTO responses and sanctions whilst expensive to seek are also available;
- ▶ **Market Demand.** Wool product demand has been flat for many years, however a substantial fall in the market is both possible and unpredictable. Participation in industry efforts to grow the market as a natural product is the best defence on this risk.

Risks within QWool's Control

- ▶ **Capital cost escalation** making the plant more expensive than expected. Use of Tier 1 contractors and suppliers on performance based contracting strategies is the proven technique to manage this risk;
- ▶ **Operational cost escalation** reducing operating margins. Quality management systems and processes together with good management personnel will manage this risk;
Energy cost escalation. Inclusion of built-in renewable energy options will minimise exposure to this risk. Long term Power Purchase agreements are also a proven technique, and;
- ▶ **Wool Supply.** Limited availability of greasy wool below the targeted 10 million kg per year design volume of the plant will be managed with supply contracts and arrangements.
- ▶ **Water Supply.** Water is essential to this project. The chosen site for the plant has a water allocation sufficient for the initial operation of the plant. The plant design must ensure the minimum amount of water is used, and the water recycling is maximised.
- ▶ **Labour market planning.** A work force plan will be implemented, which will ensure the sustainable trained work force for the project. This may include supported residential facilities, Fly-in/Fly-out arrangements, indigenous engagement programmes and use of the skilled agriculture visa scheme.

5 Update on Indicative Project Economics

The initial project economics that lead to the establishment of QWool were commissioned by the Blackall Tambo Regional Council and were done by Australian Economic Consultants Group (AEC). This initial study indicated that the project potentially had very attractive economics.

QWool commissioned AEC to develop further and re-run the project economics on the basis of data provided to AEC by QWool, being:-

- ▶ The Capital cost estimates developed by CDE Design Solutions to a $\pm 20\%$ accuracy as of March 2022;
- ▶ The attributes of the chosen site for the plant which impact water and energy costs;
- ▶ The estimated labour and operating costs for the plant, and;
- ▶ The estimated revenues from the products of the plant based on a mix of public domain pricing and discussion with potential customers.

The outcome of this updated project economics is therefore that of QWool and have not been independently verified. However, on the basis of the AEC analysis, it has been established that the project is still a very attractive, and that evaluation and development should continue.

Validation of all data and sensitivity analysis on all the variables on the project will be run over the next few months. In addition to sensitivity to capital cost, operating costs and revenue, there are many plant configuration scenarios to be evaluated to maximise the project economics. **For example:**

Scenario 1	Wool Scour only	Included below
Scenario 2	Wool Scour plus Raw White tops only	Work in progress
Scenario 3	Wool Scour plus Dyed tops	Included below
Scenario 4	Wool Scour plus ratio of dyed & undyed	Not modelled
Scenario 5	Wool Scour plus 100% spinning	Not modelled
Scenario 6	Wool Scour & 1 spinning line	Not modelled

For clarity only Scenario 1 and 3 have been included below, as scenario 2 and 4 subsets of these 2 options. It has been decided based on market information that spinning would face significant challenges in the marketplace. The Directors have decided that spinning would not be considered in the initial development. However, the plant design is such that it can be added later if required.

Scenario 1, the wool scour only, does not exclude any of the subsequent scenarios. QWool believes at this stage scenario 1 will be executed first, and then the subsequent processing stages added later. There are 2 reasons for is likely execution strategy:

1. The delivery time for the scouring equipment is shorter than that for the tops making plant, and;
2. The cash flow generated by the Scour plant will assist in both subsequent funding for the tops making plant.

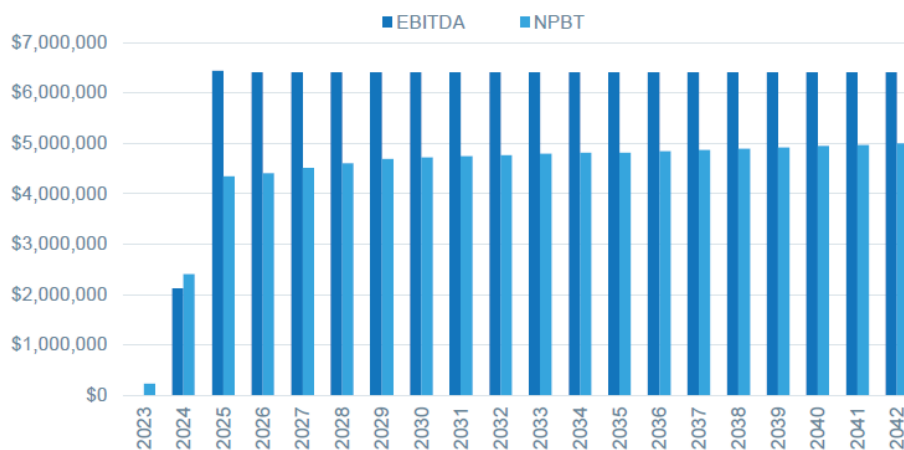
Basic Assumptions in the Model

- ▶ Capital costs provided by CDE for the 2 design options, at a $\pm 20\%$ accuracy [March 2022]. It should be noted that this estimate was completed at a time of high and rapid price escalation period. However, because of changes in the Global economic environment the prices of many major commodity lines have reduced in price. It has been decided for this evaluation to use the capital estimates un-modified and use sensitivity analysis for escalation and de-escalation. A full re-estimate of the capital costs will be undertaken prior to the Final Investment Decision on the project. Also note that a full value engineering exercise targeted at simplifying the plant design and reducing the capital cost will be undertaken in the next phase of engineering.
- ▶ The use of readily available used or second-hand equipment has not been considered but is a real possibility in some areas of the plant.
- ▶ Full water allocation acquired with the purchased site is adequate for the entire plant, and that there is minimal water treatment required.
- ▶ All energy for the plant will be either geo-thermal from the Artesian basin water, and renewable energy [solar]. This has been included in the capital cost, with associated minimal operating costs. However, it is likely that the solar component of the project will be undertaken by a third party, thereby significantly reducing the initial capital cost, but increasing the operating cost. Full evaluation of this option has yet to be completed.
- ▶ Labour costs for operating and maintenance personnel have used above award level wages, and typical shift penalty rates. A conservative estimate on the organisational requirements has been developed. However, the exact labour requirements will be developed during the value engineering exercise referred to above. The assumption in the labour plan is that a third of the work force will be local, a third drive in drive out [DIDO] from surrounding regional areas, and a third will be fly in fly out [FIFO]. Full costing of accommodation for the DIDO and FIFO work force has been included.
- ▶ No revenue stream resulting from the beneficial reuse of the purge water from the plant has been considered but is highly likely.
- ▶ No revenue stream from surplus electricity sales to the local power grid has been included but is highly likely.
- ▶ Market prices for the products used are from market information and public domain. No contractual discussions at this stage have been undertaken at this stage to improve the certainty of these prices but will occur prior to FID.
- ▶ Cash and Dividend policy is based on maintaining a set minimum cash balance [eg \$24 million for Scenario 3]
- ▶ Economics are based on an approximate 40% equity, 60% debt mix. Cost of Debt has been input using the Northern Australian Infrastructure Fund [NAIF] terms and conditions. It should be noted that only preliminary discussions have been had with NAIF. These will commence early in 2023.
- ▶ A carbonising plant has not been included in capital or operating costs.

Scenario 1 - Scour Plant only

Initial Capital Cost - Plant only	\$45.33 Million
Nett Present Value [NPV]	\$4.242 Million
Internal Rate of Return [IRR]	12.73%
Modified Internal Rate of Return [MIRR]	9.85%

Project Profitability - 20 Year Graph

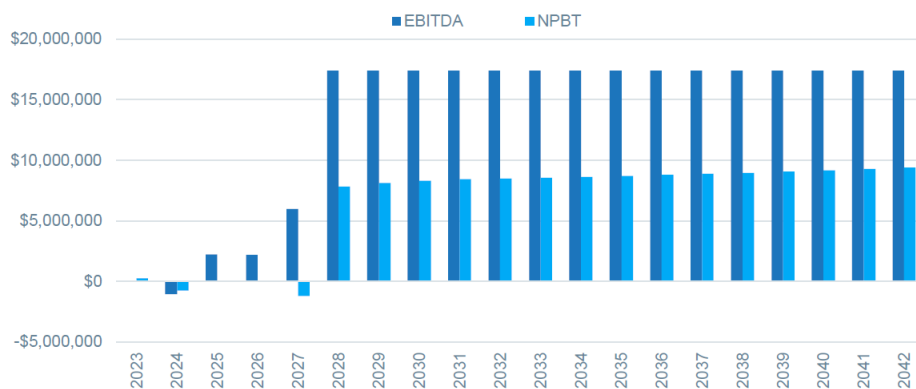


Based on the cash and dividend policy assumed, it is anticipated that dividends could commence in 2029.

Scenario 2 - Scour plant plus tops making & dyeing of all product

Initial Capital Cost - Plant only	\$45.33 Million
Nett Present Value [NPV]	\$4.242 Million
Internal Rate of Return [IRR]	12.73%
Modified Internal Rate of Return [MIRR]	9.85%

Project Profitability - 20 Year Graph



Based on the Cash and Dividend policy assumed, it is anticipated that dividends could commence in 2031.

Capital and Equity Structure

The following table describes the ownership of shares before, and immediately following the issuing of the offer 4 shares.

Status to Date

Shares	Numbers of shares after the allocation of offer 1 shares	%
Held by incorporation Share holders	12,000	4.4
Offer 1 shares issued	170,000	62.5
Offer 2 & 3 shares issued	90,000	33.1
Total	272,000	100.0

AFTER THIS OFFER 4 – assume full take up of the \$600,000 – INDICATIVE ONLY.

Shares	Numbers of shares after the allocation of offer 4 shares	%	Numbers of shares after the allocation of offer 3 shares	%
Held by incorporation Share holders	12,000	4.4	12,000	1.4
Offer 1 shares issued	170,000	62.5	170,000	19.5
Offer 2 & 3 shares issued	90,000	33.1	90,000	10.3
Offer 4 shares issued	0	0	600,000	68.8
Offer 4 shares issued	272,000	100.0	872,000	100.0

Potential Share Allocations

At the sole discretion of the Directors, the following share allocations may be approved to preserve cash following the completion of OFFER 4. All work undertaken to date to develop QWool has been executed by the executive Directors and the Advisory Committee without charge or cost (other than actual incurred costs). The proposed allocations below are instead of cash or other remuneration and will be in the form of a performance allocation. That is, the allocation will vest on achievement of major milestones in the project development. The quantum of the allocation and setting of the performance allocation milestones will be at the absolute discretion of the Directors. These allocations are aimed at preserving cash.

Receiver of Allocation	Limit of Allocation
Executive Chairman	Up to 100,000
Other Directors and advisors	Up to 50,000
Total	Up to 150,000

7 Source and Application of Funds

The amounts shown in the table below are preliminary for funds prior to and immediately following distribution of shares from Offer 1, Offer 2 and this offer under this Information Memorandum, Offer 3.

Details	Distribution Cash \$	Application
Internet/web/email costs	5,000	Web domain and ISP. AEC for Web Design
Legal expenses	10,000	VAJ Bryne, or others as selected
Engineering contractors engaged as "owners engineers"	80,000	Phase 1 costs CDE engineering
	110,000	Phase 2 costs CDE engineering
Economic modelling require for Final Investment decision, NAIF Loan application	30,000	AEC consultants appointed
Ground water impact assessment	20,000	EMM Consulting appointed
Environmental approval, development approvals	150,000	State Government, BRTC. EMM Consulting appointed
Prospectus preparation	15,000	ASIC standard documentation
Customer LOI. MoU etc	25,000	May require travel. Allowance only
Equity broker pre-payments	25,000	Advance payment – broker to be appointed
Allowance for Salaries and Wages	100,000	Additional resources required
Contingency	40,000	
Total	600,000	To undertake the purposed of this Information Memorandum

All figures exclude GST.



Board, Management & Corporate Governance

8.1 Directors

Chairman & Executive Director

Mr John Abbott AM

B.Eng., LLB., CPEng., RPEQ, Int'l PE (Aust), APEC Eng., FIEAust., MAICD

John is an experienced company director and executive with over 45 years of experience in all aspects of company leadership and governance. Having worked in a wide range of roles and industries, his experience includes executive roles in operations and maintenance, industrial relations, community engagement, project development, Government negotiations and approvals, engineering design and executing large capital projects.

John has extensive experience in dealing with all forms of media, investors and investor analysts, Government relations, and reconciliation processes with Australia's first nations people.

John is an Emeritus Chancellor of the Central Queensland University, and the Deputy Chairman of Regional Development Australia – Central and Western Queensland. In 2020 he was appointed as a Member of the Order of Australia for his services to both education and to regional development.

Non-Executive Directors

Dr William Glasson AO

MBBS, FRANZCO, FRACS, FRACGP, DipAppSC[Opt], GAICD

Bill Glasson is an ophthalmologist based in Brisbane, but has a passion for regional Queensland. He was awarded an Officer of the Order of Australia for services to medicine in rural and remote Australia, to the eye health of indigenous people, and to professional medical organisations.

Bill was born in Winton, and grew up and worked on a 45,000 Ha property with over 50,000 sheep. He now owns and operates, 'Cooper's Ponds' a 7,500 Ha property at Blackall. He is an experienced company director for Not-for-Profit and professional organisations, as well as many commercial enterprises.

Mr Tony Walsh

B.Bus, CPA, MBA, Grad Dip Local Govt, JP

Tony is a CPA qualified accountant and registered tax agent. He is a partner of Walsh Accounting, based in Barcaldine in 1980 that now services clients all over regional Queensland. Tony has over 10 years' experience in company audits and local government audits, providing a strong background in corporate governance and risk management.

The Managing Director will not be appointed at this stage of development of QWool.

8.2 Panel of Advisors

Mr Andrew Martin

Dip Ag., GAICD

Mr Martin is a large wool producer in the Blackall Tambo region. He is also currently the Mayor of the Blackall-Tambo Regional Council. He is an experienced company director, including for Sunshine Gas Ltd, Ord River Resources, and New Guinea Energy Ltd. Andrew has filled many roles in the Agri-politics arena with executive roles in organisations such as the National Farmers Federation, the Wool Council of Australia, United Graziers Association and the Sheep and Wool Council Queensland.

Kenneth MacMillan (Mac) Drysdale

B.Bus [Acc]

Mac Drysdale is part of a long-time grazing family from Augathella, where he operates a large organic grazing operation. He has extensive experience as a non-executive director and chairman of organisations such as Seymour White, Country Road, International Wool Secretariate, Mitre 10, Australian Wool Research and Promotion Organisation, Wool International, the Australian Wool Corporation and Byron Capital

Ms Kirsty Unger

LLB(Hons), B. Int Bus, MTax.

Ms Unger is a recognised expert in Taxation Law, and in particular the GST. She has previously worked as a lecturer in law at the Central Queensland University, and is now working at the Commonwealth Government's Digital Transformation Agency.

Ms Unger has agreed to be engaged on a per hour basis until a more permanent in-house legal counsel is required.

8.3 Accounts

Walsh Accounting

68 Ash Place,
Barcaldine Q 4725

Walsh Accounting will also be the initial Registered office, and the location of the Share Registry for QWool.

9 Corporate Governance

The QWool constitution is currently a basic pro-forma document reflecting the early stage of development of the corporation. It is available for review upon request. A more appropriate constitution will be developed and will be included as part of the Offer 3 in Information memorandum #3.

The Board and the Panel of advisors has been appointed with the skills required to drive this project. QWool's board is responsible, pursuant to the Company's Constitution, for protecting the rights and interests of all Shareholders in QWool through a process of policy settings and performance monitoring. The Board's functions include:

- ▶ Guiding and approving strategic direction and business planning,
- ▶ Monitoring business performance against agreed milestones,
- ▶ Ensuring the effectiveness of internal controls and business risk management,
- ▶ Appointing and monitoring the performance of the QWool's Chief Executive Officer when this position is required, and
- ▶ Ensuring the QWool complies with its responsibilities under the Corporations Act, ASIC Regulations, the Company Constitution and other relevant laws.

As a new corporation, QWool will establish as soon as it is required an Audit and Risk Management Committee's primary objective is to assist and advise the Board in fulfilling its responsibilities in relation to the accounting and reporting practices of the Company, including:

- ▶ Making recommendations in relation to the nomination and remuneration of external auditors;
- ▶ Reviewing the Company's financial control practices and evaluating the effectiveness of those practices, and;
- ▶ Monitoring the integrity of the Company's financial statements.

10 Financial Information

The directors have prepared the financial information contained in this Information Memorandum. None of the information has been audited or reviewed by other party – either internally to QWool or externally.

The financial analysis provided in section NN was undertaken by Australian Economic Consultants Group, entirely on the basis of capital and operating cost estimates, and market price information for products provided by QWool. The results therefore at this stage are those of QWool and are the basis for continuing the project development and execution.

QWool is an unlisted proprietary company limited by shares. There is currently no commitment or intention to list the company on the Australian Stock Exchange, or to undertake a public offering. However, this may change in the future, and would require the Directors to put this option to a General meeting of all shareholders.

The proposed corporate structure is detailed in section 2.1. This proposes that there will be at least 2 subsidiary companies, which will initially 100% owned by QWool. Whilst it is possible that different ownership structures of these entities may develop, they will always be controlled entities of QWool, with a minimum Shareholding of 50.1%.

As a new corporation, financial accounting policies and procedures have yet to be documented and approved by the Board. However, all of these financial policies and procedures will be developed in accordance with all Australian Accounting standards, including Australian Accounting Interpretations and other authoritative pronouncements, the Corporations Act, the Australian Taxation Act, and other relevant State and Federal legislation regulations and requirements.

11 Financial Statements

As a new corporation, there are no relevant financial reports or statements.

12 Current Actual or Potential Assets Other than cash

What	Value
Intellectual Property - CDE engineering work	\$220,000
Intellectual Property - EMM Ground water analysis	\$25,000
Intellectual Property - Environmental Approval work to date	\$15,000
Intellectual Property - Executive chairman activities	\$100,000
TOTAL by the end of stage 2	\$360,000

Application Form - Page 2

Undertakings

By submitting this application form:

- ▶ You as the applicant acknowledge that you have read the Information Memorandum issued by Queensland Wool Processors Pty Ltd [QWool], and have sought professional advice on this investment applicable to your personal situation.
- ▶ You represent, warrant, and undertake to QWool that your application and subscription to this offer does not violate the laws of Australia OR cause QWool to violate the laws of Australia or any other jurisdiction.
- ▶ If required by the directors, able to identify the class of investor you are, as outlined in section 4.1 of this Information Memorandum

Instructions

- A. In applying for shares, insert the number of Shares for which you are applying in Item A (not less than 10,000 and then in multiples of 5,000)
- B. Multiply the number of shares in A by \$1 to calculate the total payable for this application and write this in Item B
- C. Write your full name. Initials are not acceptable for first or other names. If the shares are being purchased by a corporate entity, the full name of the registered company as recorded against the ABN must be used.
- D. Enter your Australian Tax file number [TFN] or Australian Business Number [ABN], or exemption Number. Collection of TFN's is authorised by Taxation laws. Quotation of your TFN is not compulsory and will not affect your application but may affect your taxation position.
- E. If the payment is by cheque, complete the cheque details as requested in item F. You're your cheque as "Not Negotiable" and make it payable to Queensland Wool Processors Pty Ltd. Cheques must be drawn in Australian Currency from and Australian Bank
- F. If payment is by Electronic Transfer, complete the details request in item F. Ensure you provide a reference that is clearly identifiable and linked to your name in item C.

Lodgement

Forward your completed Application form to:

Mailing Address:

Queensland Wool Processors Pty Ltd
PO Box 104
Barcaldine, Q 4725

By Email:

investor@qwool.com.au

Bank Details for EFT:

Queensland Wool Processors Pty Limited
BSB 124-964 [Bank of Queensland]
Account No. 23208957