

DECMIL GROUP LIMITED
ACN 111 210 390

PROSPECTUS

For the offer of:

- (a) up to 5,000,000 Shares at an issue price of \$0.40 per Share to raise up to \$2,000,000, together with one SPP Option for every two Shares subscribed for by Eligible Shareholders under the Share Purchase Plan (**SPP Offer**);
- (b) one Placement Option for every two Shares subscribed for by participants in the Placement (**Placement Options Offer**);
- (c) one warrant which is exercisable into 23,076,923 Shares (subject to adjustment) (**Pure Asset Warrant**) (**Pure Asset Warrant Offer**); and
- (d) one warrant which is exercisable into 7,692,308 Shares (subject to adjustment) to Horley (or its nominees) (**Horley Warrant**) (**Horley Warrant Offer**),

(together, the **Offers**).

IMPORTANT NOTICE

This document is important and should be read in its entirety. If, after reading this Prospectus you have any questions about the Securities being offered under this Prospectus or any other matter, then you should consult your professional advisers without delay.

IMPORTANT NOTICE

This Prospectus is dated 6 August 2021 and was lodged with the ASIC on that date. The ASIC, ASX and their respective officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

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

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

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary.

Applications for Securities offered pursuant to this Prospectus can only be made by an original Application Form.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and options to acquire continuously quoted securities and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus and is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

Representations contained in this Prospectus are made taking into account that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters are publicly available information or may reasonably be expected to be known to investors and professional advisers whom prospective investors may consult.

No Investment Advice

The information contained in this Prospectus is not financial

product advice or investment advice and does not take into account your financial or investment objectives, financial situation or particular needs (including financial or taxation issues). You should seek professional advice from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding to subscribe for Securities under this Prospectus to determine whether it meets your objectives, financial situation and needs.

ASIC Instrument on Share Purchase Plans

In certain circumstances, a listed company may undertake a share purchase plan in accordance with ASIC Corporations (Share and Interest Purchase Plans) Instrument 2019/547 (ASIC Instrument). The ASIC Instrument allows a share purchase plan to be conducted without the use of a prospectus.

The ASIC Instrument only applies to the issue of shares and does not extend to the issue of other securities (including options). As the SPP Offer includes the issue of Options, the Company is undertaking the Share Purchase Plan under 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 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, the Directors and the Company's management.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking

statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

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, except where required by law.

These forward-looking statements are subject to various risk factors that could cause the Company's actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 5.

Overseas investors

The Offers made under this Prospectus do not, and are not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

For more information, please refer to Section 2.15.

Continuous disclosure obligations

The Company is a "disclosing entity" (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is 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 Securities.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making

a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the three months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Please refer to Section 6.2 for further details.

Electronic Prospectus

A copy of this Prospectus can be downloaded from the website of the Company at www.decmil.com. If you are accessing the electronic version of this Prospectus for the purpose of subscribing for Securities in the Company, you must be a resident of the jurisdictions to which the relevant Offer is made.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus, or it accompanies the complete and unaltered version of this Prospectus. You may obtain a hard copy of this Prospectus free of charge by contacting the Company by phone on + 61 8 9368 8877 during office hours or by emailing the Company at ian.hobson@decmil.com.au.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

Company Website

No documents or other information available on the Company's website is incorporated into this Prospectus by reference.

Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company will apply to participate in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES 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 statements (similar to a bank account statement) that set out the number of Securities issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Electronic sub-registers also mean ownership of securities 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.

Definitions and Time

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 8.

All references to time in this Prospectus are references to Australian Western Standard Time.

Privacy statement

If you complete an Application Form, you will be providing personal information to the Company. The Company collects, holds 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.

The information may also be used from time to time and disclosed to persons inspecting the register, including bidders for your securities in the context of takeovers, regulatory bodies including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the share registry.

You can access, correct and update the personal information that we hold about you. If you wish to do so, please contact the share registry at the relevant contact number set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Securities, the Company may not be able to accept or process your application.

Enquiries

If you are in any doubt as to how to deal with any of the matters raised in this Prospectus, you should consult with your broker or legal, financial or other professional adviser without delay. Should you have any questions about the Offers or how to accept the Offers please call the Company Secretary on + 61 8 9368 8877.

CORPORATE DIRECTORY

Directors

Andrew Barclay
Non-Executive Chairman

Dickie Dique
Managing Director & Chief Executive Officer

Peter Thomas
Non-Executive Director

David Steele
Non-Executive Director

Vincent Vassallo
Non-Executive Director

Company Secretary

Ian Hobson

Registered Office

20 Parkland Road
OSBORNE PARK WA 6017

Telephone: + 61 8 9368 8877
Facsimile: +61 8 9368 8878

Email: ian.hobson@decmil.com.au
Website: <https://decmil.com/>

Auditor*

RSM Australia Partners
Level 32, Exchange Tower
2 The Esplanade
PERTH WA 6000

* These entities are included for information purposes only. They have not been involved in the preparation of this Prospectus and have not consented to being named in this Prospectus.

Share Registry*

Computershare Investor Services
Pty Limited
Level 11
172 St Georges Terrace
PERTH WA 6000

Telephone: +61 8 9323 2000
Facsimile: +61 8 9323 2033

Legal Advisers

Steinepreis Paganin
Lawyers and Consultants
Level 4, The Read Buildings
16 Milligan Street
PERTH WA 6000

Joint Lead Managers to Placement*

Petra Capital Pty Limited
Level 17, 14 Martin Place
SYDNEY NSW 2000

Euroz Hartleys Limited
Level 6, 141 St Georges Terrace
PERTH WA 6000

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1. BACKGROUND TO THE OFFERS

1.1 Overview

As announced on 26 July 2021, the Company is intending to raise up to approximately \$32,000,000 to fund its growth working capital requirements, through:

- (a) a placement to professional and sophisticated investors to raise up to a total of \$10,000,000 (**Placement**);
- (b) a share purchase plan, pursuant to which the Company will seek to raise up to \$2,000,000, through the issue of up to 5,000,000 Shares (**SPP**); and
- (c) a subordinated debt facility with each of Pure Asset Management Pty Ltd (ACN 616 178 771) in its capacity as trustee for The Income and Growth Fund (**Pure Asset**) and Horley Pty Ltd (ACN 633 246 858) in its capacity as trustee for Metal Trust (**Horley**), pursuant to which the Company will be able to access up to an aggregate of \$20,000,000 (**Debt Facilities**).

The Company intends to apply the funds raised under the Placement, the SPP and the Debt Facilities to support working capital for growth, including reduced reliance on the NAB overdraft facility and repayment of final outstanding amount due to surety providers for called bonds and payment of facility fees.

Further details in relation to the Placement, the SPP and the Debt Facilities are set out in the ASX announcement released on 26 July 2021 (**Capital Raising Announcement**) and the notice of meeting released on 30 July 2021 (**Notice of Meeting**).

1.2 Background to the Placement and the Placement Options Offer

The Company intends to issue up to 25,000,000 Shares to professional and sophisticated investors at an issue price of \$0.40 per Share raise up to a total of \$10,000,000 pursuant to the Placement. The Company has completed the first tranche of the Placement, issuing 19,310,639 Shares (**Tranche 1 Placement**) on 2 August 2021 pursuant to the Company's existing placement capacity under ASX Listing Rule 7.1.

The second tranche of the Placement, comprising the issue of up to 5,689,361 Shares (**Tranche 2 Placement**) will be completed or on about 6 September 2021, subject to the Company obtaining Shareholder approval at a general meeting to be held on 30 August 2021 (**General Meeting**).

The Company has also agreed, subject to obtaining Shareholder approval, to issue participants in the Placement one Option for every two Shares subscribed for and issued (**Placement Options**). The Placement Options will be exercisable at \$0.48 each on or before the date that is two years from the date of issue.

The issue of the Placement Options is subject to Shareholder approval being obtained at the General Meeting. The Placement Options are being offered pursuant to this Prospectus.

1.3 Background to the SPP and the SPP Offer

The Company is also offering Shareholders whose were registered as holders of Shares at 5:00pm (WST) on 23 July 2021 and whose registered address is in Australia or New Zealand (**Eligible Shareholders**) the opportunity to subscribe for a

maximum of \$30,000 worth of new Shares at an issue price of \$0.40 per Share to raise up to \$2,000,000 (before costs).

The Company has also agreed, subject to obtaining Shareholder approval to offer Eligible Shareholders who participate in the SPP one Option for every two Shares subscribed for and issued under the SPP (**SPP Options**). The SPP Options will be exercisable at \$0.48 each on or before the date that is two years from the date of issue.

The issue of the SPP Options is subject to Shareholder approval being obtained at the General Meeting.

Further details in respect of the SPP Offer are set out in Section 2.2.

1.4 Background to the Debt Facilities and the Warrant Offer

As noted in Section 1.1 above, the Company has entered into the Debt Facilities, which comprise a \$15 million subordinated debt facility with Pure Asset and a \$5 million subordinated debt facility with Horley.

In addition to the entry into facility agreements with each of Pure Asset and Horley (together, the **Lenders**) the Company has entered into a warrant deed with each of the Lenders, whereby the Company has agreed, subject to obtaining Shareholder approval, to issue:

- (a) the Pure Asset Warrant which is exercisable into 23,076,923 Shares (subject to adjustment in accordance with the terms and conditions set out in Section 4.2) to Pure Asset (or its nominees); and
- (b) the Horley Warrant which is exercisable into 7,692,308 Shares (subject to adjustment in accordance with the terms and conditions set out in Section 4.2) to Horley (or its nominees).

The issue of the Warrants is subject to Shareholder approval being obtained at the General Meeting. The Warrants are being offered pursuant to this Prospectus.

1.5 Joint Lead Managers

Petra Capital Pty Limited (ACN 110 952 782) (**Petra Capital**) and Euroz Hartleys Limited (ACN 104 195 057) (**Euroz Hartleys**) are the joint lead managers and bookrunners for the Placement. The Company has agreed to pay Petra Capital and Euroz Hartleys (together, the **Joint Lead Managers**):

- (a) an offer management fee of 4.5% of the gross amount raised under the Placement, being an amount of \$450,000 (**Proceeds**); and
- (b) an incentive fee of up to 1.0% of the Proceeds, being a fee of up to \$100,000, which fee will be payable at the absolute discretion of the Board.

The fees will be payable to the Joint Lead Managers in equal proportions.

1.6 Indicative Timetable

An indicative timetable for the issue of Securities under this Prospectus is set out below.

| Event | Date |
|---|--|
| SPP record date | 23 July 2021 (7.00pm AEST) |
| Announcement of SPP | 26 July 2021 |
| Settlement of Tranche 1 Placement | 30 July 2021 |
| Issue of new Shares under the Tranche 1 Placement Lodgement of Appendix 2A with ASX | 2 August 2021 |
| Lodgement of Appendix 3B with ASX Lodgement of Prospectus with ASIC and ASX Dispatch electronic prospectus and personalised application forms to Shareholders Opening date of the Offers (including the opening date of the SPP Offer for eligible shareholders resident in Australia) | 6 August 2021 |
| Opening date of the SPP Offer for eligible shareholders resident in New Zealand | 10 August 2021 |
| General Meeting | 30 August 2021 |
| Closing date of the Offers | 30 August 2021 (5.00pm AEST) |
| Announcement of results of the SPP Offer | 2 September 2021 |
| Settlement of Tranche 2 Placement Issue of new Shares under the SPP Offer Lodgement of Appendix 2A with ASX | 3 September 2021 (before noon AEST) |
| Issue of new Shares under Tranche 2 Placement Issue of Warrants, SPP Options and Placement Options Lodgement of Appendix 2A and Appendix 3G with ASX | 6 September 2021 |

** The above dates are indicative only and may change without notice. The Company reserves the right to extend the closing date of the Offers, close the Offers early or extend the date of issue of the Placement Options, SPP Shares, SPP Options, Warrants and the Securities under the Tranche 2 Placement without notice.*

2. DETAILS OF THE OFFERS

2.1 Placement Options Offer

The Placement Options Offer is an offer of one Placement Option for every two Shares subscribed for and issued under the Placement. Fractional entitlements will be rounded up to the nearest whole number.

Based on the number of Shares proposed to be issued under the Placement, approximately 12,500,000 Options may be issued under the Placement Options Offer. No funds will be raised from the issue of the Placement Options.

The issue of the Placement Options is subject to Shareholder approval being obtained at the General Meeting.

The Placement Options will be exercisable at \$0.48 each on or before 5:00 pm (WST) on the date that is two years from the date of issue and otherwise on the terms set out in Section 4.1.

The purpose of the Placement Options Offer is set out in Section 3.1.

2.2 SPP Offer

The SPP Offer is an offer to each Eligible Shareholder to subscribe for a maximum of \$30,000 worth of new Shares at an issue price of \$0.40 per Share, together with one SPP Option for every two Shares subscribed for and issued. Fractional entitlements will be rounded up to the nearest whole number.

The Company will issue the SPP Shares pursuant to ASX Listing Rule 7.2, Exception 5 and, accordingly:

- (a) the total number of Shares issued under the SPP will not equate to more than 30% of Shares on issue at the issue date of the Shares; and
- (b) the issue price of the Shares (being \$0.40 per Share) is equal to or greater than 80% of the VWAP of Shares for the five days in which trading in the Shares occurred before the date of the announcement of the SPP Offer.

The issue of the SPP Options is subject to Shareholder approval being obtained at the General Meeting.

All of the Shares offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 4.3 for further information regarding the rights and liabilities attaching to the Shares.

The SPP Options will be exercisable at \$0.48 each on or before 5:00 pm (WST) on the date that is two years from the date of issue and otherwise on the terms set out in Section 4.1. The issue of the SPP Options is subject to Shareholder approval being obtained at the General Meeting.

The purpose of the SPP Offer is set out in Section 3.1. The SPP Offer is non-renounceable, which means that Eligible Shareholders may not transfer their rights to any Securities offered under the SPP Offer.

2.3 Eligibility to participate in the SPP Offer

2.3.1 Overview

Only Eligible Shareholders may participate in the SPP Offer.

If you are the only registered Shareholder of a holding of Shares, but you receive more than one SPP Offer (for example because you hold Shares in more than one capacity), you may not apply for Shares under the SPP:

- (a) with an aggregate value of more than \$30,000; or
- (b) which would result in the aggregate value of the Shares applied for (including through a custodian) under the SPP Offer and any similar arrangement in the last 12 months being more than \$30,000.

The Company reserves the right to reject any application for Shares under the SPP Offer under this Prospectus to the extent it considers that the application (whether alone or in conjunction with other applications) does not comply with these requirements. Additionally, the Board may, at its absolute discretion, accept, reject, correct or amend your application for Securities under the SPP Offer.

In the event of oversubscription by the SPP Closing Date, the Directors may, in their absolute discretion, scale-back applications on an equitable basis. Directors may also, in their absolute discretion, decide to increase acceptances in the event of oversubscriptions.

If the Company rejects or scales-back an application or purported application, the Company will promptly return to the shareholder the relevant application monies, without interest.

Participation in the SPP Offer is optional and is subject to the terms and conditions set out in this Prospectus.

2.3.2 Custodians, Trustees and Nominees

If you are an Eligible Shareholder and hold Shares as a custodian (as defined in ASIC Corporations (Share and Interest Purchase Plans) Instrument 2019/547 (**ASIC CI 2019/547**) (refer below) (**Custodian**) or in any more specific ASIC relief granted to the Company in relation to the Plan), you may apply for up to \$30,000 worth of new Shares for each beneficiary for whom you act as custodian provided you complete and submit, together with an application, a certificate (**Custodian Certificate**) with the following information:

- (a) that you held Shares on behalf of:
 - (i) one or more other persons that are not custodians; and/or
 - (ii) another custodian (**Downstream Custodian**) that holds beneficial interests in Shares on behalf of one or more other persons who are resident in Australia or New Zealand, to which those beneficial interests relate,

(each **a Participating Beneficiary**) at the Record Date who have subsequently instructed you, and/or the Downstream Custodian, to apply for Shares under the Plan on their behalf;

- (b) the number of Participating Beneficiaries and their names and addresses;

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- (c) the number of Shares that you hold on behalf of each Participating Beneficiary;
 - (d) the number or dollar amount of Shares that each Participating Beneficiary has instructed you, either directly or indirectly through a Downstream Custodian, to apply for on their behalf;
 - (e) that the application price for Shares applied under the SPP Offer for each Participating Beneficiary for whom you act in addition to the application price for any other Shares issued to you as custodian (as a result of instruction given to you as Custodian or a Downstream Custodian) for that Participating Beneficiary under any arrangement similar to the Plan in the prior 12 months does not exceed \$30,000;
 - (f) that a copy of the Prospectus was given to each Participating Beneficiary; and
 - (g) where you hold Shares on behalf of a Participating Beneficiary indirectly, through one or more Downstream Custodians, the name and address of each Downstream Custodian.

For the purposes of ASIC CI 2019/547 you are a '**Custodian**' if you provide a custodial or depository service in relation to shares of a body or interests in a registered scheme and you:

- (a) hold an Australian financial services licence covering the provision of a custodial or depository service;
- (b) are exempt from the requirement to hold an Australian financial services licence covering the provision of a custodial or depository service;
- (c) hold an Australian financial services licence covering the operation of an IDPS or is a responsible entity of an IDPS-like scheme;
- (d) are a trustee of a self-managed superannuation fund or a superannuation master trust; or
- (e) are a registered holder of shares or interests in the class and is noted on the register of members of the body or scheme as holding the shares or interests on account of another person.

If you hold Shares as a trustee or nominee for another person or persons but are not a Custodian as defined above, you cannot participate for beneficiaries in the manner described above. In this case, the rules for multiple single holdings (above) apply.

Custodians should request a Custodian Certificate when making an application on behalf of Participating Beneficiaries. To request a Custodian Certificate and if you would like further information on how to apply, you should contact the Company's share registry at any time from 8.30am to 5.00pm (WST) Monday to Friday during the SPP Offer period.

The Company reserves the right to reject any application to the extent it considers that the application (whether alone or in conjunction with other applications) does not comply with these requirements. The Company reserves the right to reject Applications under the SPP Offer.

2.3.3 Applications under the SPP Offer

By completing an Application Form for the SPP Offer and making the associated payment in accordance with the options on your Application Form, you:

- (a) warrant that you are an Eligible Shareholder and are eligible to participate in the SPP;
- (b) acknowledge that no interest will be paid on any application monies held pending the issue of Shares under the SPP or subsequently refunded to you for any reason;
- (c) acknowledge and agree that if you are acting as a trustee, nominee or Custodian, each beneficial holder on whose behalf you are participating is resident in Australia or New Zealand, and you have not sent the Prospectus, or any materials relating to the SPP, to any person outside Australia and New Zealand;
- (d) if you are applying on your own behalf (and not as a Custodian), acknowledge and agree that:
 - (i) you are not applying for Shares with an application price of more than \$30,000 under the SPP Offer (including by instructing a Custodian to acquire Shares on your behalf under the SPP Offer); and
 - (ii) the total of the application price for the following does not exceed \$30,000:
 - (A) the Shares the subject of the application;
 - (B) any other Shares issued to you under the SPP Offer or any similar arrangement in the 12 months before the application (excluding Shares applied for but not issued);
 - (C) any other Shares which you have instructed a Custodian to acquire on your behalf under the SPP Offer; and
 - (D) any other Shares issued to a Custodian in the 12 months before the application as a result of an instruction given by you to the Custodian to apply for Shares on your behalf under an arrangement similar to the SPP.
- (e) if you are a Custodian and are applying on behalf of a Participating Beneficiary on whose behalf you hold Shares, acknowledge and agree that:
 - (i) you are a Custodian (defined above);
 - (ii) you hold Shares (directly or indirectly) on behalf of one or more Participating Beneficiaries;
 - (iii) you held Shares on behalf of the Participating Beneficiary as at the Record Date who has instructed you to apply for Shares on their behalf under the Plan;

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- (iv) each Participating Beneficiary on whose behalf you are applying for Shares has been given a copy of this Prospectus;
 - (v) the application price for the Shares applied for on behalf of the Participating Beneficiary, and any other Shares applied for on their behalf under a similar arrangement in the previous 12 months (excluding shares applied for but not issued), does not exceed \$30,000; and
 - (vi) the information in the Custodian Certificate submitted with your Application is true, correct and not misleading.

2.4 Relationship between the issue price under the SPP and the market price of Shares

The price at which Shares are being offered under the SPP and the Placement represents an 8.68% discount to \$0.438, being the volume weighted average market price (**VWAP**) of the Shares over the last five trading days on which sales in the Shares were recorded before the day on which the SPP was announced (**5- Day VWAP**).

On the last trading day immediately prior to the Capital Raising Announcement, the closing price of the Company's Shares traded on ASX was \$0.43. The market price of Shares in the Company may rise and fall between the date of this Prospectus and the date that any Shares are issued to Eligible Shareholders under the SPP Offer.

By making an application for Securities under the SPP Offer, each Eligible Shareholder will be acknowledging that although the issue price under the SPP Offer is at a discount to the 5-Day VWAP, Shares are a speculative investment and the price of Shares on ASX may change between the date of the Capital Raising Announcement and the date of issue of Shares under the SPP Offer and that the value of the Shares received may rise or fall accordingly.

The Board recommends that Eligible Shareholders obtain their own financial and taxation advice in relation to the SPP Offer and consider price movements of Shares in the Company prior to making an application under the SPP Offer.

2.5 Warrant Offers

Pure Asset Warrant Offer

The Pure Asset Warrant Offer is an offer of one Pure Asset Warrant which is which is exercisable into 23,076,923 Shares (subject to adjustment in accordance with the terms and conditions set out in Section 4.2).

The Pure Asset Warrant will be issued on the terms and conditions set out in Section 4.2.

Horley Warrant Offer

The Horley Warrant Offer is an offer of one Horley Warrant which is which is exercisable into 7,692,308 Shares (subject to adjustment in accordance with the terms and conditions set out in Section 4.2).

The Horley Warrant will be issued on the terms and conditions set out in Section 4.2.

The purpose of the Warrant Offers is set out in Section 3.1 of this Prospectus.

2.6 Minimum subscription

There is no minimum subscription to the Offers.

2.7 Not underwritten

The Offers are not underwritten.

2.8 Lead Manager

There is no lead manager for the Offers under this Prospectus.

However, as announced on 26 July 2021, the Company has appointed the Joint Lead Managers as joint lead managers and bookrunners for the Placement.

Further details in respect of this appointment and the fees payable to the Joint Lead Managers are set out in the Capital Raising Announcement, the Notice of Meeting and Section 1.5 of this Prospectus.

2.9 Applications for Securities

SPP Offer

An application for Securities under the SPP Offer must be made on the relevant Application Form in accordance with the instructions outlined in the Application Form. Eligible Shareholders may participate by selecting one of the options (**SPP Application Amount**) to purchase Securities under the SPP Offer set out in the table below.

| | Total amount payable | Number of SPP Shares | Number of SPP Options |
|---------|----------------------|----------------------|-----------------------|
| Offer A | \$30,000 | 75,000 | 37,500 |
| Offer B | \$25,000 | 62,500 | 31,250 |
| Offer C | \$20,000 | 50,000 | 25,000 |
| Offer D | \$15,000 | 37,500 | 18,750 |
| Offer E | \$10,000 | 25,000 | 12,500 |
| Offer F | \$5,000 | 12,500 | 6,250 |
| Offer G | \$2,000 | 5,000 | 2,500 |

Where the SPP Application Amount applied for results in a fraction of a Security the number of Securities issued will be rounded up to the nearest whole Security. Any excess application monies received (only where the amount is \$0.40 or greater) will be refunded without interest.

How to access your Personalised Application Form for the SPP Offer

You can access your personalised Application Form for the SPP Offer electronically in accordance with the following steps:

| | |
|---------------|--|
| Step 1 | Go the Investor Centre website at www.investorcentre.com/au |
| Step 2 | Click on "Single holding" on the left hand side of the page |
| Step 3 | Enter the following details: |

| | |
|---------------|---|
| | <ul style="list-style-type: none"> • Your Holder number (including the X or I) • Postcode/country (if overseas) • The Company's ASX code (DCG) |
| Step 4 | Go to 'Documents' at the top of the page |
| Step 5 | Click the drop down and download your SPP Offer Application Form |

Alternatively, you may request a hard-copy of the Prospectus and your personalised Application Form free of charge by contacting the Company on +61 8 9208 8055 or by email at ian.hobson@decnil.com.au.

Placement Options Offer

Applications for Options under the Placement Options Offer must be made on the relevant Application Form accompanying this Prospectus. Applications pursuant to the Placement Options Offer must only be made by those investors who have participated in the Tranche 1 Placement or who will participate in the Tranche 2 Placement.

Warrant Offers

Applications under the Warrant Offers must be made on the relevant Application Form accompanying this Prospectus. Applications pursuant to the Warrant Offers must only be made by Pure Asset and Horley (or their respective nominees).

2.10 Payment – SPP Offer

(a) By cheque/bank draft

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to "Decmil Group Limited" and crossed "Not Negotiable".

Your completed Application Form and cheque must be received by Company's share registry no later than 5:00pm (WST) on the SPP Closing Date.

(b) By BPAY®

For payment by BPAY®, please follow the instructions on the Application Form. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you choose to pay by BPAY®:

- (i) you do not need to submit an Application Form but are taken to have made the declarations on that Application Form; and
- (ii) if you do not pay an amount equal to one of the SPP Application Amounts set out in the table in Section 2.9, you will be deemed to have applied for the applicable SPP Application Amount that is the next lowest compared to your payment. In this event, the additional application monies will be refunded promptly, without interest, following the date of issue of Securities under the SPP Offer.

You should be aware that your own financial institution may implement earlier cut-off times with regard to electronic payment, and you should

therefore take this into consideration when making payment. **It is your responsibility to ensure that funds submitted through BPAY® are received by 5:00pm (AEST) on the SPP Closing Date. The Company shall not be responsible for any delay in the receipt of the BPAY® payment.**

2.11 Implications of an acceptance

Returning a completed Application Form or paying any application monies in respect of the SPP Offer by BPAY® or will be taken to constitute a representation by you that:

- (a) you have received a copy of this Prospectus and the accompanying Application Form, and read them both in their entirety;
- (b) you are eligible to receive either Shares and SPP Options under the SPP Offer, Placement Options or a Warrant; and
- (c) you acknowledge that once an Application Form is returned, or a BPAY® payment instruction is given in relation to any application monies, the application may not be varied or withdrawn except as required by law.

2.12 ASX listing

Application for Official Quotation of the Shares offered pursuant to this Prospectus will be made within 7 days of the date of this Prospectus. ASX does not grant Official Quotation of the Shares offered pursuant to this Prospectus before the expiration of 3 months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

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

The Company will not apply for Official Quotation of any of the Options or Warrants issued pursuant to this Prospectus.

2.13 Issue of Securities

Securities offered pursuant to the Offers will be issued in accordance with the ASX Listing Rules and indicative timetable set out in Section 1.6.

Where the number of Shares issued under the SPP Offer is less than the number applied for, or where no issue is made, surplus application monies will be refunded without any interest to the applicant as soon as practicable after SPP Closing Date.

Pending the issue of the Shares under the SPP Offer or payment of refunds pursuant to the SPP Offer, all application monies will be held by the Company in trust for the applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each applicant waives the right to claim interest.

Holding statements for Securities issued under the Offers will be mailed as soon as practicable after the issue of Securities.

2.14 Shortfall Offer

In the event that less than \$2,000,000 worth of Shares is applied for under the SPP Offer by Eligible Shareholders, the Directors may seek to place any Securities not taken up pursuant to the SPP Offer under the Shortfall Offer (**Shortfall Securities**).

The Shortfall Offer is a separate offer made pursuant to this Prospectus and will remain open for up to three months following the SPP Closing Date. The issue price for each Share to be issued under the Shortfall Offer shall be \$0.40 being the price at which Shares have been offered under the SPP Offer.

The Company confirms that any issue of Shortfall Securities will be subject to the Company's compliance with ASX Listing Rule 7.1 at the time of issue. The allocation of the Shortfall Securities will be at the absolute discretion of the Board, taking into account compliance with the Listing Rules and the Corporations Act. Accordingly, do not apply for Shortfall Securities unless instructed to do so by the Directors.

2.15 Participation in the Offers by Overseas Investors

This Offers do not, and are not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

The SPP Offer is not being extended and Securities will not be issued to investors with a registered address which is outside Australia or New Zealand.

The Placement Options Offer is not being extended and Placement Options will not be issued to investors with a registered address which is outside Australia, New Zealand, Hong Kong or Singapore.

The Warrant Offer is not being extended and Warrants will not be issued to investors with a registered address which is outside Australia.

New Zealand

This offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act and regulations made under that Act. In New Zealand, this is subpart 6 of Part 9 of the Financial Markets Conduct Act 2013 and Part 9 of the Financial Markets Conduct Regulations 2014.

This offer and the content of the offer document are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act and the regulations made under that Act set out how the offer must be made.

There are differences in how financial products are regulated under Australian law. For example, the disclosure of fees for managed investment schemes is different under the Australian regime.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian financial products may differ from the rights, remedies, and compensation arrangements for New Zealand financial products.

Both the Australian and New Zealand financial markets regulators have enforcement responsibilities in relation to this offer. If you need to make a complaint about this offer, please contact the Financial Markets Authority, New

Zealand (<http://www.fma.govt.nz>). The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian financial products is not the same as for New Zealand financial products.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

The offer may involve a currency exchange risk. The currency for the financial products is not New Zealand dollars. The value of the financial products will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.

If you expect the financial products to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

If the financial products are able to be traded on a financial product market and you wish to trade the financial products through that market, you will have to make arrangements for a participant in that market to sell the financial products on your behalf. If the financial product market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the financial products and trading may differ from financial product markets that operate in New Zealand.

Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the **SFO**). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the Securities have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the Securities has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Securities that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted Securities may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

Singapore

This document and any other materials relating to the Securities have not been, and will not be, lodged or registered as a prospectus in Singapore with the

Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of Securities, may not be issued, circulated or distributed, nor may the Securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the **SFA**), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of the Company's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) an "accredited investor" (as defined in the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the Securities being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire Securities. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

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3. PURPOSE AND EFFECT OF THE OFFERS

3.1 Purpose of the Placement and the Offers

As set out in Section 1.1, the Company is intending to raise up to approximately \$12,000,000 through the Placement and the SPP to support working capital for growth, including enabling the Company to reduce its reliance on the NAB overdraft facility and repay the final outstanding amount due to surety providers for called bonds and pay of facility fees.

SPP Offer

The purpose of the SPP Offer is to raise up to \$2,000,000 (before costs).

The funds raised from the SPP Offer are intended to be applied in accordance with the table set out below:

| Proceeds of the SPP Offer | (\$) | % |
|--|--------------------|---------------|
| Repayment of the NAB overdraft | \$1,800,000 | 90.00% |
| Working capital | \$123,000 | 6.15% |
| Expenses of the SPP Offer ¹ | \$77,000 | 3.85% |
| Total | \$2,000,000 | 100.0% |

Notes:

1. Refer to Section 6.7 for further details relating to the estimated expenses of the Offers.

If the Company raises less than \$2,000,000 under the SPP Offer, the amounts allocated to payment of the expenses of the Offers, the repayment of the NAB overdraft and working capital will proportionately reduce.

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

Placement Options Offer and Warrant Offers

The Placement Options Offer and the Warrant Offers are being made such that the relief provided under ASIC Corporations (Sale Offers That Do Not Need Disclosure) Instrument 2016/80 with respect to the on-sale provisions of section 707 of the Corporations Act is available.

Specifically, if the Options and Warrants are issued with disclosure under this Prospectus then the Shares issued upon the exercise of any of the Options or Warrants can be on-sold within 12 months of their issue, without a disclosure document for the on-sale offer.

No funds will be raised under the Placement Options Offer and the Warrants Offer (other than funds raised if the Placement Options and the Warrants are subsequently exercised).

3.2 Effect of the Offers

The principal effect of the Offers, assuming all Securities offered under the Prospectus are issued will be to:

- (a) increase the number of Shares on issue from 148,048,236 as at the date of this Prospectus to approximately 153,048,236 Shares (subject to rounding). The Tranche 2 Placement will, subject to Shareholder approval result in a further increase in the number of Shares on issue to 158,737,597;
- (b) increase the number of Options on issue from 1,800,000 as at the date of this Prospectus to approximately 16,800,000 Options (subject to rounding);
- (c) increase the number of warrants on issue from nil as at the date of this Prospectus to two warrants; and
- (d) to remove any trading restrictions attaching to Shares issued on exercise of the Options or Warrants offered under this Prospectus.

3.3 Effect on capital structure

The effect of the Offers and the Tranche 2 Placement on the capital structure of the Company, assuming the maximum number of Shares, Options and Warrants offered under this Prospectus are issued and the maximum number of Shares offered under the and the Tranche 2 Placement are issued, is set out below.

Shares

| | Shares |
|---|--------------------|
| Shares currently on issue ^{1,2} | 148,048,236 |
| Shares offered under the SPP Offer | 5,000,000 |
| Shares offered under the Tranche 2 Placement ³ | 5,689,361 |
| Total Shares on issue after completion of the Offers and the Tranche 2 Placement | 158,737,597 |

Notes:

1. Includes 19,310,639 Shares which were issued under the Tranche 1 Placement.
2. Includes 6,479 Shares which form part of the employee share trust pool and are yet to be allocated.
3. The issue of Shares under the Tranche 2 Placement is conditional upon Shareholder approval being obtained at the General Meeting.

Options

| | Number |
|--|-------------------|
| Options currently on issue ¹ | 1,800,000 |
| Options offered under the Placement Options Offer ² | 12,500,000 |
| Options offered under the SPP Offer ² | 2,500,000 |
| Total Options on issue after completion of the Offers and the Tranche 2 Placement | 16,800,000 |

Notes:

1. Comprising 1,800,000 unquoted Option exercisable at \$0.75 each on or before 31 October 2024.
2. The issue of the SPP Options and the Placement Options is conditional upon Shareholder approval being obtained at the General Meeting. The SPP Options and the Placement Options will be exercisable at \$0.48 each on or before the date that is two years from the date of issue. The full terms and conditions of these Options are set out in Section 4.1.

Performance Rights

| | Number |
|---|------------------|
| Performance Rights currently on issue | 4,746,499 |
| Performance Rights offered pursuant to the Offers | - |
| Total Performance Rights on issue after completion of the Offers and the Tranche 2 Placement | 4,746,499 |

Warrants

| | Number |
|---|----------|
| Warrants currently on issue | - |
| Warrants offered pursuant to the Offers ¹ | 2 |
| Total Warrants on issue after completion of the Offers and the Tranche 2 Placement | 2 |

Notes:

1. The issue of the Pure Asset Warrant and the Horley Warrant is conditional upon Shareholder approval being obtained at the General Meeting. The terms and conditions of the Warrants are summarised in Section 4.2.

The capital structure on a fully diluted basis as at the date of this Prospectus would be 154,594,735 Shares and on completion of the Offers and the Tranche 2 Placement would be 211,053,327 Shares (assuming that the Company issues 5,689,361 Shares under the Tranche 2 Placement, 5,000,000 Shares and 2,500,000 Options under the SPP Offer, 12,500,000 Placement Options, the Pure Asset Warrant and the Horley Warrant and no other Securities are issued).

Other than as noted above no Shares, Options or Performance Rights on issue are subject to escrow restrictions, either voluntary or ASX imposed.

3.4 Details of Substantial Holders

Based on publicly available information as at the date of this Prospectus, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

| Shareholder | Shares | % |
|---------------------------------|------------|--------|
| Thorney International Pty Ltd | 29,194,072 | 19.72% |
| Franco Family Holdings | 9,502,200 | 6.42% |
| Industry Super Holdings Pty Ltd | 8,000,000 | 5.40% |

The Directors confirm that no person will acquire, through participation in the Offers, a holding of Shares of, or increase their holding, to an amount in excess of 19.9% of all the Shares on issue on completion of the Offers.

3.5 Pro-forma balance sheet

The unaudited balance sheet as at 30 June 2021 and the unaudited pro-forma balance sheet as at 30 June 2021 shown below have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position.

The pro-forma statement of financial position has been prepared assuming the maximum number of SPP Shares offered under this Prospectus are issued, the maximum number of Shares offered under the Tranche 2 Placement and no existing convertible securities are exercised.

The pro-forma balance sheet has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

| | UNAUDITED 30 June 2021 \$'000 | PROFORMA Maximum Raise ¹ \$'000 | PROFORMA Minimum Raise ^{1,2} \$'000 |
|---------------------------------|-------------------------------------|--|--|
| CURRENT ASSETS | | | |
| Cash | 9,703 | 21,036 | 16,760 |
| Trade and other receivables | 24,940 | 24,940 | 24,940 |
| Contract assets | 27,436 | 30,506 | 30,506 |
| Non-current asset held for sale | 56,655 | 56,655 | 56,655 |
| Other current assets | 3,341 | 3,341 | 3,341 |
| TOTAL CURRENT ASSETS | 122,075 | 136,478 | 132,202 |
| | | | |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 8,646 | 8,646 | 8,646 |
| Right-of-use assets | 13,655 | 13,655 | 13,655 |
| Deferred tax assets | 22,249 | 22,249 | 22,249 |
| Intangible assets | 75,482 | 75,482 | 75,482 |
| TOTAL NON-CURRENT ASSETS | 120,032 | 120,032 | 120,032 |
| | | | |
| TOTAL ASSETS | 242,107 | 256,510 | 252,234 |
| | | | |
| CURRENT LIABILITIES | | | |

| | UNAUDITED 30 June 2021 \$'000 | PROFORMA Maximum Raise ¹ \$'000 | PROFORMA Minimum Raise ^{1,2} \$'000 |
|--------------------------------------|-------------------------------------|--|--|
| Trade and other payables | 50,501 | 50,501 | 50,501 |
| Contract liabilities | 14,843 | 14,843 | 14,843 |
| Borrowings | 196 | 196 | 196 |
| Hire purchase lease liabilities | 2,100 | 2,100 | 2,100 |
| Operating lease liabilities | 2,333 | 2,333 | 2,333 |
| Provisions | 4,824 | 4,824 | 4,824 |
| TOTAL CURRENT LIABILITIES | 74,797 | 74,797 | 74,797 |
| NON-CURRENT LIABILITIES | | | |
| Trade and other payables | 4,692 | 4,692 | 4,692 |
| Borrowings | 17,597 | 20,000 | 20,000 |
| Hire purchase lease liabilities | 2,853 | 2,853 | 2,853 |
| Operating lease liabilities | 12,835 | 12,835 | 12,835 |
| Provisions | 236 | 236 | 236 |
| TOTAL NON-CURRENT LIABILITIES | 38,213 | 40,616 | 40,616 |
| TOTAL LIABILITIES | 113,010 | 115,413 | 115,413 |
| NET ASSETS | 129,097 | 141,097 | 136,821 |
| EQUITY | | | |
| Issued capital | 267,487 | 279,487 | 275,211 |
| Accumulated losses | (138,390) | (138,390) | (138,390) |
| TOTAL EQUITY | 129,097 | 141,097 | 136,821 |

Notes:

1. Includes \$20m subordinated debt before lender, broker and legal fees and final repayment to the sureties for bond calls of \$3.07m.
2. Minimum raise only includes Tranche 1 Placement.

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4. RIGHTS AND LIABILITIES ATTACHING TO SECURITIES

The following is a summary of the more significant rights and liabilities attaching to the Shares, Options and Warrants being offered pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Securityholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to 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.

4.1 Terms and conditions of SPP Options and Placement Options

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to Section 4.1(i), the amount payable upon exercise of each Option will be \$0.48 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on the date that is two years from the date of issue (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 5 Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;

- (ii) if required, give ASX a notice that complies with section 708A(5) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for Official Quotation of Shares issued pursuant to the exercise of the Options.

If a notice delivered under Section 4.1 (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of a holder of Options are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(j) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(k) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(l) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

4.2 Terms and conditions of Warrants

4.2.1 Definitions

For the purposes of this Section 4.2:

Adjusted Price means the price calculated in accordance with the following formula:

$$\frac{A + B}{C}$$

where:

A = market capitalisation of the Company on the trading day prior to the announcement of the issue of equity securities;

B = the number of equity securities the subject of the issue multiplied by their issue price; and

C =

- (a) the number of Shares on issue immediately after the issue of equity securities; plus
- (b) if the issued equity securities include convertible securities, the Diluted Amount of those convertible securities.

If a Share is issued pursuant to the exercise of an Option, its issue price for the purposes of parameter B above will be the exercise price of the Option.

Diluted Amount means:

- (a) in relation to an issue of Shares, the number of issued Shares; and
- (b) in relation to an issue of convertible securities:
 - (i) the maximum number of Shares that may be issued from the conversion of those convertible securities into Shares; or
 - (ii) if the maximum number of Shares cannot be determined until the time of conversion, the maximum number of Shares that would be issued if the convertible securities were converted on the date of issue of the convertible securities (but otherwise in accordance with the terms of the convertible securities).

Exercise Price means the lower of the following per Warrant Share:

- (a) \$0.65; and
- (b) if the Company makes an issue of equity securities (or a series of consecutive issuances of equity securities in any period not exceeding 12 months) and the Diluted Amount of those equity securities (in aggregate) exceeds 15% of the number of Shares on issue before the issue or issuances:
 - (i) the Adjusted Price; or

- (ii) in the case of a series of issuances, the volume weighted Adjusted Price in relation to those issuances,

or as otherwise adjusted in accordance with Section 4.2.3 below.

Paragraph (b) does not apply to an issuance of equity securities that concludes before the date of utilisation of the loan facility (the **Utilisation Date**) (or any issuance of equity securities announced before the Utilisation Date that is subject to Shareholder approval), but does apply to all issuances of equity securities after that date and may apply on more than one occasion and in respect of any set of consecutive issuances (in which case the applicable value for the purposes of paragraph (b) will be the lowest value determined in accordance with paragraph (b) on any of those occasions). For the purposes of paragraph (b), two or more issuances of equity securities will occur within a period not exceeding 12 months if they are both announced in a period not exceeding 12 months.

4.2.2 General Terms

(a) **Entitlement**

Subject to Section 4.2.3 below:

- (i) the Pure Asset Warrant entitles the holder to subscribe for 23,076,923 Shares upon exercise of the Warrant; and
- (ii) the Horley Warrant entitles the holder to subscribe for 7,692,308 Shares upon exercise of the Warrant.

For clarity, the Shares issued on exercise of a Warrant will be referred to in this Section 4.2 as the **Warrant Shares**.

(b) **Expiry Date**

Each Warrant will expire at 5:00pm (WST) on the date that is 60 months after the date of the Meeting (**Expiry Date**).

If a Warrant is not exercised on or before the Expiry Date (**Exercise Period**), then the Warrant and all rights of holder in connection with the Warrant lapse and cease to be of any force or effect from the end of the Exercise Period.

(c) **Exercise of Warrant**

The holder may exercise the Warrant by delivering a duly executed notice of exercise to the Company at any time during the Exercise Period.

The holder may exercise the Warrant in respect of:

- (i) all of the Warrant Shares (or the number of Warrant Shares which have not already been the subject of exercise); or
- (ii) any number of Warrant Shares greater than or equal to \$500,000 divided by the Exercise Price (defined below),

and the Warrant shall remain in effect in respect of any Warrant Shares which have not been the subject of a Notice of Exercise (defined below).

(d) **Purchase Price**

Subject to Section 4.2.3 below, the amount payable upon exercise of the Warrant will be equal to the number of Warrant Shares proposed to be issued multiplied by the Exercise Price (**Purchase Price**).

(e) **Completion**

If the holder delivers an Exercise Notice to the Company, completion of exercise of the Warrant (**Completion**) will take place on:

- (i) if on the date of delivery of the Exercise Notice (**Exercise Date**) the Company is not in possession of excluded information (as defined in section 708A(7) of the Corporations Act) (**Excluded Information**), the date that is five Business Days after the Exercise Date; or
- (ii) if, on the Exercise Date, the Company is in possession of Excluded Information, a date nominated by the Company in writing (provided that such date is within ten days of the Exercise Date),

or such other date as the Company and the holder agree in writing, acting reasonably.

On the date of Completion:

- (iii) the Company must issue to the holder or its nominee, and the holder shall subscribe for, or procure its nominee to subscribe for, the Warrant Shares (that are the subject of the exercise); and
- (iv) the holder must pay, or procure that its nominee pays, to the Company the Purchase Price.

(f) **Post-Completion Obligations**

Immediately and in any event within five Business Days after Completion, the Company must:

- (i) give ASX a notice that complies with section 708A(5) of the Corporations Act; or
- (ii) lodge a prospectus in accordance with section 708A(11) of the Corporations Act,

so that the on-sale of those Warrant Shares are not subject to any on-sale or other restrictions, limitations or additional requirements on their transferability and tradability and are freely transferable on the ASX.

(g) **Dividends**

The Warrant does not confer on the holder any entitlement to any dividends or other distributions by the Company or any right to attend or vote at any general meeting of the Company.

In a winding up or liquidation of the Company, the Warrant ranks equally with all other Shares.

(h) Quotation

The Warrant shall not be listed for quotation on ASX or any other securities exchange.

4.2.3 Bonus Issues, Pro-Rata Issues and Reorganisations of Capital

(a) Participation in new issues of Shares

- (i) The holder cannot participate in a new issue of capital offered to Shareholders during the Exercise Period without first exercising the Warrant.
- (ii) Notwithstanding Section 4.2.3(a)(i), the Company must give written notice to the holder at least 15 Business Days before the record date applicable to any new issue of capital offered to Shareholders in order to give the holder the opportunity to exercise the Warrant and receive the Warrant Shares prior to the date of determination of entitlements to participate in the new issue.

(b) Bonus Issues

If the Company makes (whether before or during the Exercise Period) a bonus issue to Shareholders, then the number of Shares over which the Warrant is exercisable is increased by the number of Shares which the holder would have received under the bonus issue if the holder had exercised the Warrant prior to the record date for the bonus issue and no change will be made to the Exercise Price.

(c) Pro Rata Issues

If the Company makes (whether before or during the Exercise Period) a pro-rata issue of Shares (except a bonus issue) to Shareholders which does not result in paragraph (b) of the definition of Exercise Price being engaged, the Exercise Price of the Warrant is adjusted in accordance with the formula set out in ASX Listing Rule 6.22.2 (but only if such adjustment would result in a reduction to the Exercise Price).

(d) Reorganisation of capital

If there is a reorganisation of capital of the Company (whether before or during the Exercise Period) then the rights of the holder are changed to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

(e) Non-Ordinary Shares

- (i) The Company must not issue any shares in the capital of the Company other than fully paid ordinary shares (including preference shares, performance shares and partly paid shares) (**Non-Ordinary Shares**) (or securities convertible into Non-Ordinary Shares) without the consent of the holder.
- (ii) The holder agrees to provide its consent under Section 4.2.3(e)(i) if the Exercise Price is adjusted so that the economic value of the Warrant is not adversely affected by the issue described in clause Section 4.2.3(e)(i).

4.3 Rights and liabilities attaching to Shares

(a) General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution of the Company.

(b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) 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
- (iii) 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 in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, 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).

(c) 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 Directors 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.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors 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 Directors, 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 Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, 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.

(d) **Winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution, 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 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, 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.

(e) **Shareholder liability**

As the Shares issued will be fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) **Transfer of shares**

Generally, shares in the Company 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 and the ASX Listing Rules.

(g) **Future increase in capital**

The issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of securities contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

(h) **Variation of rights**

Under section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.

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 consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(i) **Alteration of constitution**

In accordance with the Corporations Act, 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. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

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5. RISK FACTORS

5.1 Introduction

The Directors strongly recommend that applicants for Securities under this Prospectus consider the risk factors set out in this Section 5, together with all other information contained in this Prospectus.

The future performance of the Company and the value of the Securities may be influenced by a range of factors, many of which are largely beyond the control of the Company and the Directors. The key risks associated with the Company's business, the industry in which it operates and general risks applicable to all investments in listed securities and financial markets generally are described below.

The risks factors set out in this Section 5, or other risk factors not specifically referred to, may have a materially adverse impact on the performance of the Company and the value of the Securities. This Section 5 is not intended to provide an exhaustive list of the risk factors to which the Company is exposed.

Before determining whether to invest in the Company you should ensure that you have a sufficient understanding of the risks described in this Section 5 and all of the other information set out in this Prospectus and consider whether an investment in the Company is suitable for you, taking into account your objectives, financial situation and needs.

If you do not understand any matters contained in this Prospectus or have any queries about whether to invest in the Company, you should consult your accountant, financial adviser, stockbroker, lawyer or other professional adviser.

5.2 Company specific

(a) Potential for dilution

Upon implementation of the Offers, assuming all Securities offered under this Prospectus are issued and exercised, the number of Shares in the Company will increase from 148,048,236 Shares currently on issue to 153,048,236 Shares. If the issue of the Shares under the Tranche 2 Placement is approved by Shareholders, and these Shares are issued, the number of Shares on issue will subsequently increase to 158,737,597. This means that immediately after the Offers and the Tranche 2 Placement each Share will represent a significantly lower proportion of the ownership of the Company.

Further if the Placement Options, the SPP Options and the Warrants are subsequently exercised, each Share will represent a significantly lower proportion of the ownership of the Company.

It is not possible to predict what the value of the Company, a Share will be following the completion of the Offers and the Directors do not make any representation as to such matters.

The last trading price of Shares on ASX prior to the Prospectus being lodged of \$0.37 on 5 August 2021 is not a reliable indicator as to the potential trading price of Shares after implementation of the Offers.

(b) **Potential funding issues**

The Company's ability to effectively implement its business strategy over time, may also depend in part on its ability to raise sufficient working capital. The Company's capital requirements depend on numerous factors. There can be no assurance that any such equity or debt funding will be available to the Company on favourable terms or at all. If adequate funds are not available on acceptable terms, the Company may not be able to take advantage of opportunities or otherwise respond to competitive pressures.

The Company relies on surety bond providers or its primary bank to provide bonding facilities that allow the Company to procure new work. As the Company grows its revenue, it may need to find new bonding facilities which may not be available to the Company on acceptable terms. If such bonding is not available on acceptable terms, the Company may not be able to take advantage of growth opportunities.

(c) **Current disputes**

The Company is a party to a dispute regarding its Sunraysia Solar Farm contract. This dispute may be resolved on a commercial basis and/or through formal dispute proceedings. The timing and the outcome of this dispute is uncertain and may result in the Company not receiving amounts which it has forecast or making payments which it has not forecast. This may result in significant financial loss to the Company or lower than anticipated project realisation. The Company has signed a Moratorium with the Client, agreeing a stay of Arbitration proceedings as well as an agreement not to draw down on Security Bonds to offset potential liquidated damages – this Moratorium runs through to anticipated Substantial Completion of the works, which is nominated as 30/11/2021. The Arbitration proceedings against Schneider (downstream) remain on foot.

In addition, Southern Cross Engineering and Electrical (**SCEE**) is in formal arbitration proceedings with Decmil relating to SCEE's subcontract on the 2017 Rio Tinto Amrun Project. While Decmil considers that SCEE is unlikely to be successful in this arbitration, there remains a chance that SCEE may be successful in which case the Company may have to make a payment to SCEE. This may result in a material financial loss to the Company.

(d) **Debt facilities**

The Company has agreed debt and bonding facilities with both National Australia Bank, Pure Asset, Horleys and its four main surety bond providers.

If the Company is unable to repay or refinance its debt facilities upon the expiry of these facilities, the Company may have to seek further equity funding, dispose of its assets, or enter into new debt facilities on less favourable terms and there is no guarantee it will be able to do so. These factors could materially affect the Company's ability to operate its business and its financial performance.

The Company is also subject to various covenants and obligations contained in its debt facilities. In the event that any of these are breached, the Company's lenders may cancel their commitments under the facilities and require all amounts payable to them under or in connection with the facilities to be repaid immediately. If the Company

is unable to repay or refinance its debt facilities upon maturity, or in the event of a breach of covenant, the Company may have to seek further equity funding, dispose of its assets, or enter into new debt facilities on less favourable terms and there is no guarantee it will be able to obtain further debt. These factors would materially affect the Company's ability to continue to operate its business and its financial performance

(e) **Future capital requirements**

While the Company believes that it will have sufficient working capital on completion of the Offers and the Placement and through its ability to draw down under the Debt Facilities, there remains a risk that the Company may need additional capital in the future. For example, the Company is required to make assumptions when carrying out its forecasting activities and these may prove incorrect, including revenue forecasts or the outcome of disputes. While the Company has taken a conservative view in making these assumptions, it may transpire that the Company's anticipated working capital shortfall is greater than forecast and that the capital raised through the Placement and the SPP, and the capital available under the Debt Facilities is insufficient to bridge this working capital shortfall.

Any additional equity financing that the Company may undertake in the future may dilute existing Shareholders. The terms of any additional debt financing, if available, may impose further restrictions on the Company's financing and operating activities. The Company's ability to raise further capital (equity or debt) within an acceptable time, of a sufficient amount and on terms acceptable to the Company, will vary according to a number of factors, including stock market and industry conditions. There can be no assurance that the Company will be able to obtain capital when required in the future, or that the terms and the time in which any such financing can be obtained will be acceptable to the Company. This may have an adverse effect on the Company's financial position and prospects.

(f) **Accreditations**

The Company relies heavily upon various technical and financial accreditations to operate its business. These include safety accreditations, quality assurance standards, building licences, technical accreditations by State Main Roads agencies and various financial accreditations. Many of these accreditations are assessed and monitored by State and Federal government agencies on a regular basis. Any failure to maintain or comply with an accreditation can impact the eligibility of the Company to participate in certain projects and/or sectors and this will have a material effect on the business.

(g) **Effective management of contracts and the risk of dispute**

Effective ongoing contract management seeks to ensure, among other things, appropriate project and customer selection and the effective management of customer expectations and contract terms. There is a risk that the Company may fail to manage its existing contracts appropriately and may therefore be subject to disputes with customers regarding the payment of fees and liability for costs and delays. Such disputes can be costly, result in further liability to the Company, absorb significant amounts of management time and damage customer relationships. The Company may also experience payment defaults or

delays, whether in conjunction with disputes or otherwise, leading to increased debt levels.

(h) **External factors that may impede operational activities**

The Company's activities are subject to numerous operational risks, many of which are beyond the Company's control. The Company's activities may be curtailed, delayed or cancelled as a result of factors such as adverse weather conditions, mechanical difficulties, shortages or increases in the costs of consumables, spare parts, plant and equipment, external services failure, industrial disputes and action, IT system failures, mechanical failures and compliance with governmental requirements. Industrial and environmental accidents could lead to substantial claims against the Company for injury or loss of life, and damage or destruction to property, as well as regulatory investigations, penalties and the suspension of operations. The occurrence of any one or a combination of these events may have a material adverse effect on the Company's performance and the value of its assets.

(i) **Safety**

In order for the Company to continue working on engineering construction projects, a robust safety methodology needs to be in place. A serious safety incident or fatality may impact the Company's social licence to operate. This can affect the Company by increasing its costs for carrying out work, increasing the time required to complete packages of work and impairing the Company's ability to win new work.

(j) **Labour costs and availability**

The Company's ability to remain productive and competitive and to effect its planned growth initiatives depends on its ability to attract and retain skilled labour.

Tightening of the labour market in key regions due to a shortage of skilled labour, combined with a high industry turnover rate and growing number of competing employers for skilled labour, may inhibit the Company's ability to hire and retain employees. The Company is exposed to increased labour costs in markets where the demand for labour is strong. A shortage of skilled labour could limit the Company's ability to grow its business or lead to a decline in productivity and an increase in training costs and adversely affect its safety record. Each of these factors could materially adversely impact its revenue and, if costs increase or productivity declines, its operating margins.

(k) **Tender processes and new contracts**

The Company's revenue is dependent on winning new contracts with acceptable terms and conditions. The Company operates in increasingly competitive markets and it is difficult to predict whether and when the Company will be awarded new contracts due to multiple factors influencing how clients evaluate potential service providers, such as accreditations, maintenance and safety standards, experience, reputation, client relationships and financial strength. Consequently, the Company is subject to the risk of losing new awards to competitors which will adversely impact its business, results of operations and financial condition. The Company's results of operations and cash flows may fluctuate from quarter to quarter depending on the timing and size of

new contract awards. The Company is also at risk from materially underestimating the cost of providing services, equipment or plant.

(l) **Homeground occupancy**

Any abatement in economic activity in the Gladstone region will result in a short-term diminution in the occupancy levels at the Homeground Village and lower levels of revenue and profit than historically generated. The Company expects that in the medium-term new opportunities will arise for Homeground Gladstone as energy prices rise and energy companies (gas, hydrogen, renewables) progress investment plans; however, the risk of volatility in the short term remains present.

(m) **Labour Supply**

The Company's ability to remain productive, profitable and competitive and to effect its planned growth initiatives, depends on its ability to attract and retain skilled labour. Tightening of the labour market in key regions due to a shortage of skilled labour, combined with a high industry turnover rate and growing number of competing employers for skilled labour, may inhibit the Company's ability to hire and retain employees. The Company is exposed to increased labour costs in markets where the demand for labour is strong. A shortage of skilled labour could limit the Company's ability to grow its business or lead to a decline in productivity and an increase in training costs and adversely affect its safety record. Each of these factors could materially adversely impact its revenue and, if costs increase or productivity declines, its operating margins.

(n) **Environmental Regulation**

The Company is subject to environmental regulation in accordance with applicable state, territory or federal legislation and statutory requirements for the jurisdictions in which it operates. The Company aims to continually improve its environmental performance.

(o) **Inflation**

The buoyant economy and demand for construction services and commodities is impacting the price of many construction components including steel, concrete and other items. While most of the Company's contracts contain rise and fall clauses, those clauses generally reference publicly available cost indices which may not correspond to the price rises of cost inputs and as such the profitability of individual projects may be impacted.

(p) **General Meeting**

The issue of Shares under the Tranche 2 Placement is subject to Shareholder approval being obtained at the General Meeting. If Shareholder approval is not obtained, the Company will be in default under the subordinated debt facility agreement, and the Lenders may declare all or any part of the subordinated debt facility to be immediately due and payable. In these circumstances, the Company would be unable to immediately repay the debt facility and may be required to seek alternative arrangements with the Lenders.

The issue of the Warrants is subject to Shareholder approval being obtained at the General Meeting. If Shareholder approval is not

obtained, the Company will not be able to issue the Warrants to the Lenders and will be required to pay to the Lenders the full economic value of the Warrants. The economic value is to be determined by an independent expert with suitable qualifications should the Lenders and the Company fail to agree the amount. The current economic value of the Warrants is estimated to be approximately \$1,174,000 (based on a Black-Scholes valuation using a Share price of \$0.37). However, the Company notes that the economic value of the Warrants is likely to fluctuate over time.

(q) **Climate Risk**

There are a number of climate-related factors that may affect the operations and proposed activities of the Company. The climate change risks particularly attributable to the Company include:

- (i) the emergence of new or expanded regulations associated with the transitioning to a lower-carbon economy and market changes related to climate change mitigation. The Company may be impacted by changes to local or international compliance regulations related to climate change mitigation efforts, or by specific taxation or penalties for carbon emissions or environmental damage. These examples sit amongst an array of possible restraints on industry that may further impact the Company and its profitability. While the Company will endeavour to manage these risks and limit any consequential impacts, there can be no guarantee that the Company will not be impacted by these occurrences; and
- (ii) climate change may cause certain physical and environmental risks that cannot be predicted by the Company, including events such as increased severity of weather patterns and incidence of extreme weather events and longer-term physical risks such as shifting climate patterns. All these risks associated with climate change may significantly change the industry in which the Company operates.

(r) **Coronavirus (COVID-19)**

The outbreak of the coronavirus disease (**COVID-19**) is impacting global economic markets. The nature and extent of the effect of the outbreak on the performance of the Company remains unknown. The Company's Share price may be adversely affected in the short to medium term by the economic uncertainty caused by COVID-19. Further, any governmental or industry measures taken in response to COVID-19 may adversely impact the Company's operations and are likely to be beyond the control of the Company.

In addition, the Company's Australian projects may be impacted by international supply issues and the inability for the Company's workforce to move between states. The delivery of key supplies and construction components have all been either delayed or cancelled as a result of restricted international trade in light of COVID-19. As a result of sudden and unpredictable border travel changes, freight of interstate supply items may be impacted which in turn may cause delays in the delivery of projects.

The Directors are monitoring the situation closely and have considered the impact of COVID-19 on the Company's business and financial performance. However, the situation is continually evolving, and the consequences are therefore inevitably uncertain. In compliance with its continuous disclosure obligations, the Company will continue to update the market in regard to the impact of COVID-19 on its revenue channels and any adverse impact on the Company. If any of these impacts appear material prior to close of the Offers, the Company will notify investors under a supplementary prospectus.

5.3 General risks

(a) Economic

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's, as well as on its ability to fund those activities.

The Company is exposed to the impact of economic cycles and, in particular, how these cycles increase or decrease future capital expenditure by State and Federal governments and by energy and resources companies. These economic cycles are in turn impacted by a number of factors including: the fiscal conditions of the economy; government policies on capital expenditure; and commodity prices.

(b) Lump sum contracts

A portion of the Company's contracts are 'lump sum' in nature and to the extent costs exceed the contracted price, there is a risk these amounts may not be recovered. From time-to-time, variations to the planned scope occur or issues arise during the construction phase of a project, not anticipated at the time of bid. This may give rise to claims under the contract with the principal in the ordinary course of business. Where such claims are not resolved in the ordinary course of business, they may enter formal dispute and the outcome upon resolution of these claims may be materially different to the position taken by Company.

(c) Market conditions

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) introduction of tax reform or other new legislation;
- (iii) interest rates and inflation rates;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general. Neither the Company nor the Directors warrant the future

performance of the Company or any return on an investment in the Company.

In addition, the extent of the effects of COVID-19 is at this stage uncertain and continuing to evolve. The COVID-19 pandemic is having, and is expected to continue to have, a significant influence on the volatility of equity markets generally and may continue to impact and influence the value of the Company's quoted securities.

(d) **Litigation risks**

The Company is exposed to possible litigation risks including intellectual property claims, contractual disputes, occupational health and safety claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position.

(e) **Dividends**

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

(f) **Taxation**

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All prospective investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Securities from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Securities under this Prospectus.

(g) **Reliance on key personnel**

The Company's ability to remain productive, profitable and competitive and to effect its planned growth initiatives, depends on its ability to attract and retain skilled labour. Tightening of the labour market in key regions due to a shortage of skilled labour, combined with a high industry turnover rate and growing number of competing employers for skilled labour, may inhibit the Company's ability to hire and retain employees.

The Company is exposed to increased labour costs in markets where the demand for labour is strong. A shortage of skilled labour could limit the Company's ability to grow its business or lead to a decline in productivity and an increase in training costs and adversely affect its safety record.

Each of these factors could materially adversely impact its revenue and, if costs increase or productivity declines, its operating margins.

5.4 Investment Risk

The risk factors described above, and other risks factors not specifically referred to, may have a materially adverse impact on the performance of the Company and the value of the Securities.

There is no guarantee that the Securities offered under this Prospectus will provide a return on capital, payment of dividends or increases in the market value of those Securities.

Before deciding whether to subscribe for Securities under this Prospectus you should read this Prospectus in its entirety and consider all factors, taking into account your objectives, financial situation and needs.

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6. ADDITIONAL INFORMATION

6.1 Litigation

Other than as set out in this Prospectus and as previously announced to the ASX, the Company is not involved in any legal proceedings and the Directors are not aware of any other legal proceedings pending or threatened against the Company.

6.2 Continuous disclosure obligations

As set out in the Important Notes Section of this Prospectus, the Company is a disclosing entity for the purposes of section 713 of the Corporations Act. Accordingly, information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the closing date of the Offers made under this Prospectus:
 - (i) the annual financial report most recently lodged by the Company with the ASIC;
 - (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
 - (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

Details of documents lodged by the Company with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with the ASIC are set out in the table below.

| Date | Description of Announcement |
|-----------|--|
| 5/08/2021 | Change in substantial holding – Thorney International PL |
| 5/08/2021 | Change in substantial holding from TOP |
| 5/08/2021 | Decmil Awarded \$21M Windfarm Balance of Plant Works |

| Date | Description of Announcement |
|------------|---|
| 2/08/2021 | Cleansing Statement |
| 2/08/2021 | Application for quotation of securities - DCG |
| 30/07/2021 | Ceasing to be a substantial holder |
| 30/07/2021 | Conclusion of RDP Dispute with Department of Corrections NZ |
| 30/07/2021 | Letter to Shareholders |
| 30/07/2021 | Notice of General Meeting/Proxy Form |
| 30/07/2021 | Update - Proposed issue of securities - DCG |
| 29/07/2021 | Becoming a substantial holder |
| 26/07/2021 | Update and Capital Raising |
| 26/07/2021 | Proposed issue of securities - DCG |
| 26/07/2021 | Proposed issue of securities - DCG |
| 26/07/2021 | Proposed issue of securities - DCG |
| 26/07/2021 | Decmil Secures \$30M to Fund Growth, SPP to Raise \$2M |
| 22/07/2021 | FY21 Guidance Update and FY22 Outlook |
| 22/07/2021 | Trading Halt |
| 29/06/2021 | Notification of cessation of securities - DCG |
| 29/06/2021 | Extension of \$40M Working Capital Facility until July 2023 |
| 29/06/2021 | Lapse of Unquoted Performance Rights |
| 23/06/2021 | Decmil Secures circa \$47m in Contracts |
| 16/06/2021 | Initial Director Interest Notices x 2 |
| 15/06/2021 | Investor Presentation |
| 4/06/2021 | Order Book Building and FY21 EBITDA Guidance |
| 19/05/2021 | DECMIL EXPANDS BOARD TO PROPEL GROWTH STRATEGY |
| 15/04/2021 | Change of Director's Interest Notice |
| 31/03/2021 | Change of Director's Interest Notice |
| 18/03/2021 | \$25M Bruce Highway Award and Operational Update |
| 15/03/2021 | Decmil Awarded \$140M Gippsland Rail Upgrade Works |
| 24/02/2021 | Half Year Results Presentation |
| 24/02/2021 | Half Year Results Announcement |
| 24/02/2021 | Half Year Accounts |
| 24/02/2021 | Appendix 4D |
| 13/01/2021 | Issue of Unquoted Options and Rights |
| 7/01/2021 | Response to Media Article |
| 8/12/2020 | VicConnect Alliance Preferred on Gippsland Line Upgrade |
| 1/12/2020 | Decmil Update on Bank Facilities |
| 24/11/2020 | Change in substantial holding from TOP |
| 24/11/2020 | Change in substantial holding for DCG |

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| Date | Description of Announcement |
|------------|---|
| 24/11/2020 | Change in substantial holding from TOP |
| 24/11/2020 | Change in substantial holding for DCG |
| 19/11/2020 | Lapse of Unquoted Performance Rights |
| 18/11/2020 | Decmil Awarded \$51M Windfarm Works |
| 13/11/2020 | Decmil Secures \$30M Mesa J Contract |
| 4/11/2020 | Results of Meeting |
| 4/11/2020 | Chairman and MD's Address and Presentation |
| 29/10/2020 | Consolidation/Split - DCG |
| 23/10/2020 | Decmil Awarded Mesa A Contract by Rio Tinto |
| 15/10/2020 | Operational Update |
| 6/10/2020 | Notice of Annual General Meeting and Proxy Form |
| 23/09/2020 | Decmil Awarded \$55M Albany Ring Road Contract |
| 16/09/2020 | Decmil Wins \$41M Iron Bridge Contract |
| 31/08/2020 | Change of Director's Interest Notice |
| 25/08/2020 | FY20 Full Year Results Presentation |
| 25/08/2020 | FY20 Financial Results |
| 25/08/2020 | Appendix 4G and Corporate Governance Statement |
| 25/08/2020 | 2020 Annual Report |

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website www.decmil.com/reports_category/asx-announcements.

6.3 Market price of Shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

| | (\$) | Date |
|----------------------|---------|---------------|
| Highest ¹ | \$0.565 | 11 May 2021 |
| Lowest | \$0.345 | 4 August 2021 |
| Last | \$0.37 | 5 August 2021 |

6.4 Interests of Directors

Other than as set out in this Prospectus, no Director or proposed director holds, or has held within the two years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
- (i) its formation or promotion; or
 - (ii) the Offers; or
- (c) the Offers,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed director:

- (d) as an inducement to become, or to qualify as, a Director; or
- (e) for services provided in connection with:
- (i) the formation or promotion of the Company; or
 - (ii) the Offers.

Security holdings

The relevant interest of each of the Directors in the Securities of the Company as at the date of this Prospectus, together with the number of Securities that they will be offered under this Prospectus (subject to Shareholder approval being obtained at the General Meeting), is set out in the table below. The Directors do not intend to participate in the SPP Offer.

| Director | Shares | Options ¹ | Performance Rights | Placement | |
|------------------|----------------------|----------------------|--------------------|------------------------|----------------------|
| | | | | Shares | Placement Options |
| Andrew Barclay | 116,855 ² | 900,000 ³ | - | 125,000 ⁴ | 62,500 ⁴ |
| Dickie Dique | 741,035 | - | 1,100,000 | 1,125,000 ⁵ | 562,500 ⁵ |
| Peter Thomas | 600,072 | 900,000 | - | 500,000 ⁶ | 250,000 ⁶ |
| David Steele | - | - | - | 125,000 ⁷ | 62,500 ⁷ |
| Vincent Vassallo | 100,000 ⁶ | - | - | - | - |

Notes:

1. Unquoted Option exercisable at \$0.75 each on or before 31 October 2024.
2. Held by Sobrado Pty Ltd ATF Barclay Family Superannuation Fund. Andrew Barclay is a director and shareholder of Sobrado Pty Ltd and a beneficiary of the Barclay Family Superannuation Fund.
3. Held by MW Barclay ATF Barclay Family Trust. Andrew Barclay is a beneficiary of the Barclay Family Trust.
4. Subject to Shareholder approval being obtained at the General Meeting, these Securities will be issued to Sobrado Pty Ltd ATF Barclay Family Superannuation Fund. Andrew Barclay is a director and shareholder of Sobrado Pty Ltd and a beneficiary of the Barclay Family Superannuation Fund.
5. Subject to Shareholder approval being obtained at the General Meeting, these Securities will be issued to Anjet Projects Pty Ltd ATF the Lyndi Superfund. Dickie Dique is a director and shareholder of Anjet Projects Pty Ltd and a beneficiary of the Lyndi Superfund.
6. Subject to Shareholder approval being obtained at the General Meeting, these Securities will be issued to Mr Peter Thomas.

7. Subject to Shareholder approval being obtained at the General Meeting, these Securities will be issued to Borrello Holdings Pty Ltd ATF The Steele Superannuation Fund, an entity controlled by Director, David Steele.
8. Held by Olla Investments Pty Ltd ATF Olla Investments Trust. Mr Vassallo is a shareholder and director of Olla Investments Pty Ltd and beneficiary of Olla Investments Trust.

Remuneration

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process. The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is 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 current amount has been set at an amount not to exceed \$650,000 per annum.

A Director may be paid fees or other amounts (i.e., non-cash performance incentives such as Options, subject to any necessary Shareholder approval) as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, 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.

The following table shows the total annual remuneration paid to both executive and non-executive Directors as disclosed in the Company's 2020 Annual Report and the unaudited period from 1 July 2020 to 30 June 2021. The table also sets out the current remuneration structure for Directors.

| Director | Current remuneration structure ¹ | FY ended 2021 | FY ended 2020 |
|--------------------------------|---|------------------------|------------------------|
| Andrew Barclay ² | \$130,000 per annum | \$220,000 ³ | Nil |
| Andrew Barclay consulting fees | \$450 per hour | \$344,500 | Nil |
| Dickie Dique | \$552,575 per annum | \$678,849 ⁴ | \$655,066 ⁵ |
| Peter Thomas ⁶ | \$2,500 per day | \$656,975 ⁷ | \$215,000 |
| David Steele ⁸ | \$75,000 per annum | \$3,750 | Nil |
| Vincent Vassallo ⁹ | \$75,000 per annum | \$3,750 | Nil |

Notes:

1. Expected remuneration based on contracted or agreed rates. Includes superannuation where applicable. Does not include subcommittee chair fees or incentive based remuneration.
2. Appointed as a Director on 28 July 2020.
3. Comprising of a salary payment of \$110,502, superannuation of \$10,498 and fair value of incentive securities awarded of \$99,000.
4. Comprising of a salary payment of \$519,655, superannuation of \$21,694 and fair value of incentive securities awarded of \$137,500.
5. Comprising of a salary payment of \$494,699, superannuation of \$21,003, STI paid in relation to the prior year of \$120,000 and fair value of incentive securities awarded of \$19,364.

6. Appointed as a Director on 28 July 2020.
7. Comprising of a salary payment of \$557,985 and fair value of incentive securities awarded of \$99,000.
8. Appointed as a Director on 14 June 2021.
9. Appointed as a Director on 14 June 2021.

6.5 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (d) the formation or promotion of the Company;
- (e) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offers; or
- (f) the Offers,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (g) the formation or promotion of the Company; or
- (h) the Offers.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin \$30,000 (excluding GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has been paid fees totalling \$12,751 (excluding GST and disbursements) for legal services provided to the Company.

6.6 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the securities), the Directors, the persons named in the Prospectus with their consent as proposed directors, any underwriters, persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties

involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section;
- (b) in light of the above, only to the maximum extent permitted by law, expressly disclaim and take 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 that party as specified in this Section; and
- (c) has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus.

6.7 Expenses of the Offers

The total expenses of the Offers are estimated to be approximately \$77,000 (excluding GST) and are expected to be applied towards the items set out in the table below:

| | \$ ¹ |
|---|-----------------|
| ASIC fees | \$3,206 |
| ASX fees ¹ | \$8,353 |
| Legal fees | \$34,000 |
| Share registry | \$28,000 |
| Printing, distribution and other expenses | \$3,441 |
| Total | \$77,000 |

Notes:

1. This table does not include the fees payable to the Joint Lead Managers (as set out in Section 1.5) or any other expenses associated with the issue of Shares under the Placement. As noted in Section 1.5, the Company has agreed to pay the Joint Lead Managers an offer management fee of 4% of the gross amount raised under the Placement and an incentive fee of up to 1% of the gross amount raised under the Placement.

7. 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 has consented to the lodgement of this Prospectus with the ASIC.

Andrew Barclay
Non-Executive Chairman
DECMIL GROUP LIMITED

For personal use only

8. GLOSSARY

\$ means the lawful currency of the Commonwealth of Australia.

AEST means Australian Eastern Standard Time.

Application Form means an application form accompanying this Prospectus.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691), or the financial market operated by it as the context requires.

ASX Listing Rules means the listing rules of the ASX.

ASX Settlement Operating Rules means the settlement rules of the securities clearing house which operates CHESS.

Board means the board of Directors unless the context indicates otherwise.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

Company means Decmil Group Limited (ACN 111 210 390).

Constitution means the constitution of the Company as at the date of this Prospectus.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the directors of the Company as at the date of this Prospectus.

Eligible Shareholder has the meaning given to that term in Section 1.3.

General Meeting has the meaning given to that term in Section 1.2.

Horley means Horley Pty Ltd (ACN 633 246 858) in its capacity as trustee for Metal Trust.

Horley Warrant means the warrant to be issued to Horley, in accordance with the warrant deed between the Company and Horley, to be issued subject to Shareholder approval at the General Meeting and otherwise on the terms and conditions set out in Section 4.2.

Lenders means Pure Asset and Horley, collectively.

Offers means the Placement Options Offer, the SPP Offer and the Warrant Offers.

Official Quotation means official quotation on ASX.

Option means an option to acquire a Share.

Placement has the meaning given to that term in Section 1.2.

Placement Options has the meaning given to that term in Section 1.2.

Placement Options Offer has the meaning given to that term on the cover page of this Prospectus.

Prospectus means this prospectus.

Pure Asset means Pure Asset Management Pty Ltd (ACN 616 178 771) in its capacity as trustee for The Income and Growth Fund.

Pure Asset Warrant means the warrant to be issued to Pure Asset, in accordance with the warrant deed between the Company and Pure Asset to be issued subject to Shareholder approval at the General Meeting and otherwise on the terms and conditions set out in Section 4.2.

Section means a section of this Prospectus.

Securities means Shares, Options, Performance Rights and/or Warrants as the context requires.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

Shortfall Offer means the offer of the Shortfall Securities on the terms and conditions set out in Section 2.14 of this Prospectus.

Shortfall Securities means those Securities issued pursuant to the Shortfall Offer.

SPP or **Share Purchase Plan** has the meaning given to that term in Section 1.1.

SPP Closing Date means the closing date of the SPP Offer.

SPP Offer has the meaning given to that term on the cover page of this Prospectus.

SPP Option has the meaning given to that term in Section 1.3.

Warrant Offer means the offer of the Warrants to each of Pure Asset and Horley (or their respective nominees) under this Prospectus.

Warrants means, collectively, the Pure Asset Warrant and the Horley Warrant.

WST means Western Standard Time as observed in Perth, Western Australia.