

Energy Technologies Ltd (ASX:EGY)

ACN 002 679 469

OFFER BOOKLET

Non-renounceable Rights Issue

A 1 for 2.017 non-renounceable rights issue by Energy Technologies Ltd ACN 002 679 469 (ASX:EGY) to raise up to \$3.4 million (before costs).

Last date for acceptance and payment

5.00pm (AEST time) on Tuesday, 14 July 2020

This is an important document and requires your immediate attention. This document and the accompanying Entitlement and Acceptance Form should be read in their entirety. If you are in any doubt about what to do, you should consult your professional adviser without delay.

3 July 2020

Dear Shareholder

NON-RENOUNCEABLE RIGHTS ISSUE

The directors (**Directors**) of Energy Technologies Ltd (ASX:EGY) ACN 002 679 469 (**Company**) are pleased to offer you the opportunity to participate in the 1 for 2.017 non-renounceable rights issue as set out in this Offer Booklet.

The offer is available to all Shareholders who are, as at 7.00pm (AEST time) on Tuesday, 30 June 2020 (**Record Date**), registered (in accordance with the records of the Company's share registry) with a registered address in Australia or New Zealand (**Eligible Shareholders**).

1. Introduction

1.1 Key Details

As announced on Wednesday 24 June 2020, the Company invites all Eligible Shareholders to participate in a non-renounceable rights issue (**Offer**) on the basis of 1 new fully paid ordinary share in the Company (each, a **New Share**) for every 2.017 existing shares in the Company (each, a **Share**) held at an issue price of \$0.08 per New Share (**Issue Price**) (**Rights Issue**).

Under the Rights Issue, the Company is seeking to raise \$3.4 million (before costs).

The Issue Price represents a 54.3% discount to the last trading price of the Company's Shares on ASX on Wednesday, 24 June 2020 (ie the trading day on which the Company announced that it would be proceeding with the Rights Issue) and a discount of approximately 53.8% to the 10-day volume weighted average price of \$0.173 per Share.

Under the Rights Issue, Eligible Shareholders are also able to apply for Additional New Shares (ie New Shares in excess of their Entitlement¹). The allocation of Additional New Shares and any scale back will be subject to the availability of Additional New Shares and the Company's absolute discretion².

As part of this capital raising, the Company has received approximately \$1.6 million via an institutional private placement (**Placement**) which was supported by existing and new investors, at a share price of 8 cents (which is the same as the Issue Price). These investors will effectively complete their subscriptions after the Record Date for this Offer and as such will not receive any entitlement to subscribe under the Offer.

The gross proceeds of the Rights Issue and Placement will be used by the Company to replenish general working capital reserves and bolster its tendering facilities.

¹ **Entitlement** means the number of New Shares that an Eligible Shareholder is entitled to subscribe for under the Rights Issue, as determined by the number of Shares held by that Eligible Shareholder on the Record Date.

² Please note that Additional New Shares will only be allocated to you if there are sufficient New Shares from Eligible Shareholders who do not take up their full Entitlement or from New Shares that would have been offered to Ineligible Shareholders had they been eligible to participate in the Rights Issue. In addition, the Company intends to allow the Lead Manager to place any Additional Shares under a Shortfall³ in its absolute discretion.

³ **Shortfall** means the number of Shares that have been offered, but for which valid Applications have not been made.

Proceeds will also be applied to the costs of undertaking the Placement and Rights Issue.

PAC Partners Securities Pty Ltd ACN 623 653 912 has been appointed as lead manager (**Lead Manager**) in relation to the Placement and Rights Issue.

The pro forma consolidated balance sheet in Section 2.4 illustrates the effect of the Rights Issue on the financial position of the Company.

1.2 Rights Issue pursuant to section 708AA of the Corporations Act

The Rights Issue is being conducted by the Company in accordance with section 708AA of the *Corporations Act 2001* (Cth) (**Corporations Act**), without the issue of a prospectus or disclosure document under Chapter 6D of the Corporations Act. Accordingly, this Offer Booklet is not a prospectus, disclosure document or other offering document under the Corporations Act (or any other Australian or foreign law) and has not been (and will not be) lodged with the Australian Securities and Investments Commission (**ASIC**).

The Company is a "disclosing entity" for the purposes of section 111AC of the Corporations Act and as such it is subject to regular reporting and disclosure obligations under section 674 of the Corporations Act and the ASX Listing Rules (**Listing Rules**). These obligations require the Company to notify ASX Limited (**ASX**) of information about specified events and matters as they arise for the purpose of ASX making that information available to the financial market it operates. In particular, the Company has an obligation under the Listing Rules (subject to certain limited exceptions) to notify ASX immediately once it is or becomes aware of any information concerning the Company which a reasonable person would expect to have a material effect on the price or value of the Shares.

For the Company to rely on the disclosure exemption in section 708AA of the Corporations Act, the Company is required to lodge a "cleansing notice" under section 708AA(2)(f) of the Corporations Act. That notice is required to:

- (a) set out any information that has been excluded from a continuous disclosure notice in accordance with the Listing Rules and that investors and their professional advisers would reasonably require, and would reasonably expect to find in a disclosure document, for the purpose of making an informed assessment of:
 - (i) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; or
 - (ii) the rights and liabilities attaching to the New Shares; and
- (b) state the potential effect of the issue of the New Shares on the control of the Company and the consequences of that effect.

1.3 Timetable

The Rights Issue is being conducted in accordance with the following timetable:

Event	Date
Record Date for the Rights Issue	Tuesday, 30 June 2020
Announcement date of Placement & Rights Issue	Wednesday, 24 June 2020
Settlement date for the Placement	Thursday, 2 July 2020
Rights Issue opens	Friday, 3 July 2020
Placement allotment date	Tuesday, 7 July 2020
Placement Shares start trading on normal basis	Wednesday, 8 July 2020
Rights Issue closes (Closing Date)	Tuesday, 14 July 2020
Rights Issue Shortfall Shares placed	Wednesday, 15 July 2020
Allotment of Shares issued under the Rights Issue	Tuesday, 21 July 2020
Trading of New Shares (on a normal settlement basis) starts	Wednesday, 22 July 2020

Note: Times and dates shown above are indicative only and subject to change. All times and dates refer to AEST time. The Company reserves the right, subject to the Corporations Act, the Listing Rules and the Lead Manager's consent, to vary the dates of the Rights Issue without prior notice, including by extending the Rights Issue or accepting late Applications⁴, either generally or in particular cases, or to withdraw the Rights Issue. The commencement of quotation of New Shares is subject to confirmation from ASX. References in the above noted Rights Issue timetable to "New Shares" includes a reference to "Additional New Shares" if the context requires.

⁴ **Application** means an application for New Shares (and Additional New Shares, if applicable to you) under the Rights Issue using a personalised Entitlement and Acceptance Form (accompanied by Application Money) or the payment of Application Money by BPAY®.

2. Details of the Rights Issue

2.1 The Rights Issue

The Company is conducting a pro rata non-renounceable rights issue to Eligible Shareholders to subscribe for 1 New Share at the Issue Price per New Share for every 2.017 Shares held at the Record Date. Fractional entitlements to New Shares will be rounded up to the nearest whole New Share.

Your precise pro rata Entitlement to New Shares under the Rights Issue is shown on your personalised entitlement and acceptance form (**Entitlement and Acceptance Form**). Details on how to accept your Entitlement (or part of it) are set out in Section 3. This Offer Booklet will be despatched to Eligible Shareholders on or about 3 July 2020 together with a personalised Entitlement and Acceptance Form.

In the event that there are any Shortfall Shares, Eligible Shareholders may also apply for Additional New Shares in excess of their Entitlement. Additional New Shares will only be allocated to you if there are sufficient New Shares from Eligible Shareholders who do not take up their Entitlement in full together with any New Shares that would have been offered to Shareholders who are not Eligible Shareholders (**Ineligible Shareholders**) had they been eligible to participate in the Rights Issue, subject to any scale back that the Company might apply (in its absolute discretion⁵).

The Directors as permitted under ASX Listing Rule 7.2 Exception 3 reserve the right at their discretion to place any Shortfall Shares remaining after the satisfaction of applications for New Shares by Eligible Shareholders (including applications for Additional New Shares). The Directors intend to allow the Lead Manager to place up to the entirety of any Additional Shares available under a Shortfall at their discretion at an issue price no less than the Issue Price under this Rights Issue.

Accordingly, if you apply for Additional New Shares, there is no guarantee you will be allocated with any. You should note that if you do not take up all of your Entitlement, then your percentage holding in the Company will be diluted.

2.2 Size of the Rights Issue

It is expected that approximately 42,500,000 New Shares will be issued by the Company under the Rights Issue. The table below sets out, for illustrative purposes only, the expected impact of the Rights Issue on the Company's equity capital structure:

⁵ The Company intends to allocate any Shortfall as follows: (i) firstly, pro rata to Eligible Shareholders who apply for Additional New Shares, (ii) then to any third-party sophisticated or professional investors who are introduced to the Company by the Lead Manager to participate in a shortfall placement for any remaining Additional New Shares.

Shares	Number
Existing Shares as at 10am on 24 June 2020	85,772,955
New Shares expected to be issued under Rights Issue	42,500,000
Shares expected to be on issue on completion of Rights Issue ⁶	148,272,955

2.3 Use of funds of the Placement and Rights Issue

The Company is seeking \$3.4 million (before fees and costs) under of the Rights Issue and \$1.6 million under the Placement. These funds will be used by the Company as general working capital and applied to the execution of the Company's strategic growth plan, including the replenishment of its tendering facilities and the further development of its facility in Rosedale, Victoria.

2.4 Pro Forma Balance Sheet

Set out below is the Company's (i) statement of financial position as at 31 December 2019 (audited) and (ii) pro forma statement of financial position as at 31 December 2019 (unaudited), giving effect to the Placement and Rights Issue as though these transactions had occurred as at 31 December 2019 (**Pro Forma Balance Sheet**).

The Pro Forma Balance Sheet is presented in an abbreviated form and does not contain all of the disclosures that are usually provided in the Company's annual report (**Annual Report**) (which is prepared in accordance with the accounting standards) and therefore cannot be expected to provide as full an understanding of the Company's financial position as a statement of financial position in the Annual Report would⁷.

The financial information "as at" 31 December 2019 has been derived from the Half Year Report given to ASX by the Company on 27 February 2020.

The Pro Forma Balance Sheet has not been audited, has been prepared for illustrative purposes only and gives effect to the following transactions as if they had occurred on 31 December 2019:

- (a) the Placement; and
- (b) the Rights Issue.

Investors should be aware that a number of transactions have occurred after 31 December 2019 which have not been reflected in the pro forma balance sheet. These omitted transactions will be included in the Company's financial statements prepared for the full year ending 30 June 2020.

⁶ This figure incorporates New Shares proposed to be issued under a concurrent Placement of 20,000,000 New Shares at an issue price of \$0.080 to raise a maximum of \$1.6 million.

⁷ The Pro Forma Balance Sheet is indicative only and is not intended to be a statement of the Company's current financial position.

	Pre Raising Dec'2019 \$'000	Placement \$'000	Rights Issue \$'000	Fees \$'000	Post raising Dec'2019 \$'000
CURRENT ASSETS					
Cash assets	17	1,600	3,400		5,017
Receivables	2,537				2,537
Inventories	2,640				2,640
Other	335				335
TOTAL CURRENT ASSETS	5,529	1,600	3,400	-	10,529
NON-CURRENT ASSETS					
Property, Plant and Equipment	12,806				12,806
Intangibles	3,984				3,984
Right of Use asset - leases	3,955				3,955
Other	436				436
TOTAL NON-CURRENT ASSETS	21,182	-	-	-	21,182
TOTAL ASSETS	26,711	1,600	3,400	-	31,711
CURRENT LIABILITIES					
Payables	4,183			330	4,513
Interest bearing liabilities	2,639				2,639
Provisions	734				734
Other	926				926
TOTAL CURRENT LIABILITIES	8,483	-	-	330	8,813
NON-CURRENT LIABILITIES					
Interest bearing liabilities	463				463
Deferred Consideration	3,146				3,146
Provisions	190				190
TOTAL NON-CURRENT LIABILITIES	3,799	-	-	-	3,799
TOTAL LIABILITIES	12,282	-	-	330	12,612
NET ASSETS	14,429	1,600	3,400	(330)	19,099
SHAREHOLDERS' EQUITY					
Contributed equity	25,341	1,600	3,400	(330)	30,011
Reserves	5,783				5,783
Accumulated losses	(16,092)				(16,092)
	15,033	1,600	3,400	(330)	19,703
Outside equity interest	(604)				(604)
TOTAL EQUITY	14,429	1,600	3,400	(330)	19,099

2.5 No rights trading

The Rights Issue is non-renounceable. Accordingly, Entitlements will not be tradeable on ASX or otherwise transferrable.

2.6 No cooling off rights

Cooling off rights do not apply to an investment in New Shares. You cannot withdraw your Application under your Entitlement and Acceptance Form once it has been received by the Company.

2.7 Potential effect on control

Given the Issue Price (ie relative to the Share price immediately prior to the commencement of the Rights Issue, being \$0.08), the relatively small number of large Shareholders and because Eligible Shareholders are able to apply for Additional New Shares, the Company does not expect the Rights Issue to have a material effect on the control of the Company. Furthermore, Eligible Shareholders who take up their Entitlements in full will not have their proportionate interest in the Company diluted by the Rights Issue⁸ (subject to immaterial movements which may arise as a result of the rounding of Entitlements).

The table below sets out each of the Company's substantial Shareholders' (ie those Shareholders who hold at least 5% of the Shares) relevant interest in Shares and also their expected relevant interest in Shares following completion of the Rights Issue (assuming that there is no Shortfall (ie assuming that all Eligible Shareholders apply for their full Entitlement under the Rights Issue)):

Name of Substantial holder	Shares held before Rights Issue	Percentage of Shares	New Shares	Shares held after Rights Issue	Percentage of Shares after Rights Issue
Advance Cables P/L	10,782,839	12.6%	5,391,420	16,174,259	10.9%
Alfred Chown (MD & Founder)	8,243,575	9.6%	4,121,788	12,365,363	8.3%
All other existing Shareholders	66,704,541	76.81%	33,352,271	100,056,812	80.8%
Totals	85,772,955	100%	62,500,000	148,272,955 ⁹	100%

As far as the Company is aware and based on substantial holding notices that have been lodged prior to the date of this Offer Booklet, there are no Shareholders with voting power of 20% or more in the Company.

The potential effect of the issue of New Shares under the Rights Issue on the control of the Company is as follows:

⁸ However, if an Eligible Shareholder does not take up all of their Entitlement, then the proportionate interest of that Eligible Shareholder will be diluted. The proportionate interests of Ineligible Shareholders will also be diluted as such persons are not eligible to participate in the Rights Issue.

⁹ This figure incorporates New Shares proposed to be issued under a concurrent Placement of 20,000,000 New Shares at an issue price of \$0.080 to raise a maximum of \$1.6 million.

- (a) If an Eligible Shareholder does not take up all of their Entitlement, then the proportionate interest of that Eligible Shareholder will be diluted.
- (b) The proportionate interests of Shareholders with registered addresses outside of Australia or New Zealand will be diluted because such Shareholders are not entitled to participate in the Rights Issue.

2.8 ASX quotation of New Shares

The Company has made an application to ASX for all of the New Shares that expected to be issued under the Rights Issue to be granted quotation on ASX. If that permission is not granted by ASX, the Company will not issue any New Shares and all Application Monies¹⁰ received will be refunded (without interest) in full to Applicants¹¹. The fact that ASX may grant official quotation to the New Shares is not to be taken in any way as an indication of the merits of the Company or the New Shares.

Neither ASX nor ASIC takes any responsibility for the content of this Offer Booklet.

It is expected that trading of the New Shares will, subject to ASX approval, occur on or about the date specified in the timetable in Section 1.3.

2.9 Issue of New Shares

Subject to the New Shares being granted quotation on ASX, it is expected that New Shares will be issued on Tuesday, 21 July 2020.

Confirmation of issue is expected to be sent in accordance with the Listing Rules. It is the responsibility of each Applicant to confirm their holding before trading in New Shares and Additional New Shares (if applicable to you). Any Applicant who sells any such securities before receiving their confirmation of issue will do so at their own risk. The Company and the Share Registry (defined below) disclaim all liability, in tort (including negligence), statute or otherwise, to any person who trades in their new securities before receiving their confirmation of issue, whether on the basis of a confirmation of issue provided by the Company, the Share Registry or otherwise.

2.10 Eligible Shareholders

The Rights Issue is being made to all Eligible Shareholders who are, as at 7.00pm (AEST time) on the Record Date, registered (in accordance with the records of the Company's share registry, Computershare Limited (**Share Registry**)) with a registered address in Australia or New Zealand. This Offer Booklet and a personalised Entitlement and Acceptance Form will only be sent to Eligible Shareholders.

The offer contained in this Offer Booklet to Eligible Shareholders with registered addresses in New Zealand is being made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2013. "Retail" members of the public in New Zealand who are not existing Shareholders on the Record Date are not entitled to apply for any New Shares.

The Company reserves the right to reject any Entitlement and Acceptance Form that it believes comes from a person who is not an Eligible Shareholder.

¹⁰ **Application Money** or **Monies** means monies received from the Applicants in respect of their Application.

¹¹ **Applicant** means a person who has applied for New Shares (and Additional New Shares, if applicable) under the Rights Issue by submitting an Application.

The Rights Issue is not being made to any investor outside of Australia or New Zealand.

Ineligible Shareholders

In accordance with ASX Listing Rule 7.7.1 and section 9A of the Corporations Act, the Company has decided that it is unreasonable to extend the Rights Issue to any Shareholder with a registered address outside of Australia or New Zealand as at the Record Date, having regard to:

- (a) the number of Shareholders with addresses outside of Australia or New Zealand;
- (b) the number and value of New Shares that those Shareholders would (if they were eligible to participate) be offered under the Rights Issue; and
- (c) the cost to the Company of complying with applicable legal and regulatory requirements in such other countries.

Accordingly, the Rights Issue is not being extended to, and does not qualify for distribution or sale by or to, and no New Shares will be issued to, Shareholders who have a registered address outside of Australia or New Zealand. To the extent that there are any Ineligible Shareholders registered at the Record Date, the Company will send details of the Rights Issue to each Ineligible Shareholder and advise each Ineligible Shareholder that they will not be offered New Shares under the Rights Issue.

2.11 Overseas Shareholders

This Offer Booklet does not, and is not intended to, constitute an offer or invitation in the United States, to any U.S. person, to any person acting for the account or benefit of a person in the United States, or in any other place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or invitation.

The distribution of this Offer Booklet in jurisdictions outside of Australia or New Zealand may be restricted by law and persons who come into possession of this Offer Booklet should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

No action has been taken by the Company to register the New Shares or otherwise permit an offering of the New Shares in any jurisdiction other than Australia or New Zealand. Eligible Shareholders holding Shares on behalf of persons who are resident overseas are responsible for ensuring that taking up Entitlements under the Rights Issue does not breach the securities law of the relevant overseas jurisdiction.

The New Shares have not been and will not be registered under the U.S. Securities Act of 1933 or the securities laws of any state or jurisdiction in the United States and may only be offered, sold or resold in, or to persons in, the United States in accordance with an available exemption from registration.

Eligible Shareholders who are nominees, trustees or custodians are advised to seek independent advice as to how to proceed. The Rights Issue is being made to all Eligible Shareholders. The Company is not required to determine whether or not any Eligible Shareholder is acting as a nominee or the identity or residence of any beneficial owners of Shares.

Where a registered holder that qualifies as an "Eligible Shareholder" is acting as a nominee for a foreign person, that registered holder, in dealing with its beneficiary, will need to assess whether the indirect participation by the beneficiary in the Rights Issue is compatible with applicable foreign laws.

Any person in the United States or any person that is, or is acting for the account or benefit of a U.S. person with a holding through a nominee may not participate in the Rights Issue and the nominee must not take up any Entitlement or send any materials into the United States or to any person that is, or is acting for the account or benefit of, a U.S. person. It is the responsibility of a Shareholder to ensure compliance with any laws of a country relevant to their Application. Return of a completed Entitlement and Acceptance Form will be taken by the Company as a representation that there has been no breach of such laws and that the Applicant is an Eligible Shareholder.

2.12 Rights and liabilities attaching to New Shares

The New Shares will, from issue, rank equally with existing Shares. Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available on the Company's website energytechnologies.com.au.

2.13 Costs of the Rights Issue

It is expected that the costs of the Rights Issue will be approximately \$330,000 (excluding GST).

2.14 Privacy Act

If you complete an Application, you will be providing personal information to the Company (directly, or via the Share Registry). The Company collects, holds and uses that information to assess your Application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration in accordance with its privacy policy which is available at energytechnologies.com.au.

The information may also be used from time to time and disclosed to persons inspecting the register, 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. Please contact the Share Registry if you wish to do so at the relevant contact numbers set out in the Entitlement and Acceptance Form. Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (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, the Company may not be able to accept or process your Application.

2.15 Lead Manager Mandate

The Company has entered into a lead manager mandate letter with PAC Partners Securities Pty Ltd (**Lead Manager Mandate**) pursuant to which the Company has engaged PAC Partners Securities Pty Ltd (**PAC Partners** or **Lead Manager**) to act as the sole lead manager on the Offer.

Pursuant to the Lead Manager Mandate, the Company has agreed to pay the Lead Manager the following remuneration on the successful completion of the Offer:

Options	1 option for every 5 New Shares issued exercisable on or before 30 June 2023 at an exercise price of \$0.12 per option. Shareholder approval will be required.
Lead Manager Fee	6% of the total amount raised under the Offer (including any shortfall placement).
Success Fee	If gross proceeds under the Offer and any shortfall placement exceed \$3 million then the sum of \$30,000 plus GST is payable.

3. Action required by Shareholders

3.1 Your choices

If you are an Eligible Shareholder, you may do any one of the following:

- take up all or part of your Entitlement (see Section 3.2 below);
- take up all of your Entitlement and apply for Additional New Shares (ie New Shares in excess of your Entitlement) (see Section 3.3 below); or
- not take up any of your Entitlement and allow your Entitlement to form part of the Shortfall (see Section 3.4 below).

3.2 If you decide to take up all or part of your Entitlement

If you decide to take up all or part of your Entitlement, please:

- if you are within Australia or New Zealand and you have a bank account with an Australian financial institution that supports BPAY® payments, pay your Application Monies via BPAY®; or
- complete and return the personalised Entitlement and Acceptance Form with the requisite Application Monies by following the instructions set out on the personalised Entitlement and Acceptance Form.

The Company will treat you as applying for as many New Shares as your payment will pay for in full.

If you take up and pay for all or part of your Entitlement before the close of the Rights Issue, it is expected that you will be issued with your New Shares on or about Tuesday, 21 July 2020.

Any portion of your Entitlement not taken up will form part of the Shortfall.

The Company reserves the right (in its absolute discretion) to reduce the number of New Shares issued to Eligible Shareholders or persons claiming to be Eligible Shareholders if their claims prove to be incorrect or overstated or if they fail to provide information (if requested) to substantiate their claims.

To participate in the Rights Issue, your payment must be received by no later than the Closing Date and time, which is 5.00pm (AEST time) on Tuesday, 14 July 2020. Eligible Shareholders who wish to pay via cheque, bank draft or money order will also need to ensure that their completed personalised Entitlement and Acceptance Form is received by that time and date using the reply paid envelope provided with this Offer Booklet.

3.3 If you decide to take up all of your Entitlement and apply for Additional New Shares

If you decide to take up all of your Entitlement and apply for Additional New Shares, please:

- if you are within Australia or New Zealand and you have an account with an Australian financial institution that supports BPAY® payments, pay your Application Monies via BPAY®; or
- complete and return the personalised Entitlement and Acceptance Form with the requisite Application Monies by following the instructions set out on the personalised Entitlement and Acceptance Form.

The Company will treat you as applying for as many New Shares as your payment will pay for in full up to your full Entitlement and, in respect of amounts received by the Company in excess of your full Entitlement (**Excess Amount**), will treat your Application as applying for as many Additional New Shares as your Excess Amount will pay for in full, subject any scale back that the Company may determine to implement in its discretion.

3.4 Not take up any of your Entitlement

If you do not wish to accept any part of your Entitlement you do not need to take any action. In this case, your whole Entitlement will lapse and will form part of the Shortfall.

3.5 Allocation of Shortfall

In accordance with ASX Listing Rule 7.2 exception 3, the Directors intend to allow the Lead Manager to place up to the entirety of any Additional Shares available under a Shortfall at their discretion at an issue price no less than the Issue Price under this Rights Issue.

3.6 Acceptance of your Entitlement

The method of acceptance of your Entitlement will depend on your method of payment being by cheque, bank draft, BPAY® or money order. By completing and returning your personalised Entitlement and Acceptance Form, you will be deemed to have represented that you are an Eligible Shareholder.

3.7 Payment for New Shares

The Issue Price for each New Share accepted under your Entitlement is payable on Application. Payment by cheque, bank draft, money order or by BPAY® will be accepted.

For payment by cheque, bank draft or money order, you should complete your personalised Entitlement and Acceptance Form in accordance with the instructions set out on that form and return it to the address specified on the form accompanied by a cheque, bank draft or money order in Australian dollars for the amount of the Application Monies, payable to "Energy Technologies Limited" and crossed "Not Negotiable".

Your cheque, bank draft or money order must be:

- for an amount equal to \$0.08 multiplied by the number of New Shares (and Additional New Shares, if applicable to you) that you are applying for; and
- in Australian currency drawn on an Australian branch of a financial institution.

Payment by BPAY®

For payment by BPAY®, please follow the instructions on the Entitlement and Acceptance 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®:

- you do not need to submit the Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form; and
- you are deemed to have applied for such whole number of New Shares that is covered in full by your Application Monies, whether that number is less than, equal to, or more than your Entitlement.

It is your responsibility to ensure that your BPAY® payment is received by the Share Registry by no later than 5.00pm (AEST time) on the Closing Date.

You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment.

You should ensure that sufficient funds are held in the relevant account(s) to cover the Application Monies. If the amount of your cheque for Application Monies (or the amount for which the cheque clears in time for allocation) is insufficient to pay in full for the number of New Shares you have applied for in your personalised Entitlement and Acceptance Form, you will be taken to have applied for such lower number of whole New Shares as your cleared Application Monies will pay for (and taken to have specified that number of New Shares on your personalised Entitlement and Acceptance Form). Alternatively, your Application will not be accepted.

All payments must be in Australian dollars. Foreign currency will not be accepted. Cash payments will not be accepted. Other currency or cash payments will be returned to the Applicant and the acceptance will be deemed invalid. The amount payable on Application will be deemed not to have been received until the Company's receipt of clear funds. Receipts for payment will not be issued.

Application Monies will be held on trust for Applicants until the issue of the New Shares. Any Application Monies received for more than your final allocation of New Shares will be refunded (except when the amount is less than \$2.00, in which case it will be retained by the Company) on or around Wednesday, 22 July 2020.

No interest will be paid on any Application Monies received or refunded. Interest earned on Application Monies will be for the benefit of the Company and will be retained by it whether or not issue takes place.

3.8 Entitlement and Acceptance Form is binding

A completed and lodged Entitlement and Acceptance Form constitutes a binding offer to acquire New Shares on the terms and conditions set out in this Offer Booklet and, once lodged, cannot be withdrawn. If the Entitlement and Acceptance Form is not completed correctly, it may still be treated as a valid Application. The Directors' decision whether to treat an acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

3.9 Representations by Acceptance

By completing and returning your personalised Entitlement and Acceptance Form or by making a payment by BPAY®, you, and each person on whose account you are acting, will be deemed to have:

- acknowledged that you have fully read and understood both this Offer Booklet and your personalised Entitlement and Acceptance Form in their entirety;
- acknowledged the matters and made the warranties and representations and agreements contained in this Offer Booklet and in your personalised Entitlement and Acceptance Form;
- agreed to be bound by the terms of the Rights Issue, the provisions of this Offer Booklet and the Constitution;
- authorised the Company to register you as the holder(s) of any New Shares (and Additional New Shares, if applicable) issued to you;
- declared that all details and statements in your personalised Entitlement and Acceptance Form are complete and accurate;
- declared that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under your personalised Entitlement and Acceptance Form;
- acknowledged that once the Company receives your personalised Entitlement and Acceptance Form or any payment of Application Monies via BPAY, you may not withdraw your Application or Application Monies except as allowed by law;
- agreed to apply for and be issued with up to the number of New Shares (and Additional New Shares, if applicable) specified in your personalised Entitlement and Acceptance Form, or for which you have submitted payment of any Application Monies via BPAY®, in each case, at the Issue Price;
- authorised the Company and the Share Registry and their respective officers or agents to do anything on your behalf necessary for New Shares (and Additional New Shares, if applicable) to be issued to you, including to act on instructions of the Share Registry upon using the contact details set out in your personalised Entitlement and Acceptance Form;
- declared that you were the registered holder(s) at the Record Date of the Shares indicated on your personalised Entitlement and Acceptance Form as being held by you on the Record Date;
- acknowledged that the information contained in this Offer Booklet and your personalised Entitlement and Acceptance Form is not investment advice or financial product advice and both documents have been prepared without taking into account your investment objectives, financial circumstances or particular needs or circumstances. Furthermore, you will be taken to have acknowledged that this Offer Booklet and your personalised Entitlement and Acceptance Form is not a recommendation that New Shares (and Additional New Shares, if applicable) are suitable for you given your investment objectives, financial situation or particular needs;
- acknowledged that none of the Company or any of its related bodies corporate, affiliates, directors, officers, partners, employees, representatives, agents, consultants or advisers, guarantee the performance of the Company or the repayment of capital;

- agreed to provide (and direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Rights Issue and of your holding of Shares on the Record Date;
- authorised the Company to correct any errors in your personalised Entitlement and Acceptance Form or other form provided by you;
- represented and warranted that the law of any place does not prohibit you from being given this Offer Booklet and the personalised Entitlement and Acceptance Form, and nor does it prohibit you from making an Application; and
- represented and warranted that your acceptance of the Rights Issue does not breach any laws in a jurisdiction outside Australia or New Zealand.

By completing and returning your personalised Entitlement and Acceptance Form or making a payment by BPAY®, you will also be deemed to have acknowledged, represented and warranted on your own behalf and on behalf of each person on whose account you are acting that you are an Eligible Shareholder (as defined in this Offer Booklet) or otherwise eligible to participate in the Rights Issue and:

- you and each person on whose account you are acting are not in the United States and are not otherwise a person to whom it would be illegal to make an offer or issue of Entitlements, New Shares or Additional New Shares (if applicable) under the Rights Issue and under any applicable laws and regulations;
- the Entitlements, New Shares and Additional New Shares (if applicable) have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction in the United States, or in any other jurisdiction outside Australia or New Zealand and, accordingly, the Entitlements may not be taken up, and the securities being offered under this Offer Booklet may not be offered, sold or otherwise transferred, except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any other applicable securities laws;
- you and each person on whose account you are acting have not and will not send any materials relating to the Rights Issue to any person in the United States;
- if in the future you decide to sell or otherwise transfer New Shares or Additional New Shares (if applicable) you will only do so in regular way transactions on ASX where neither you nor any person acting on your behalf know, or have reason to know, that the sale has been pre-arranged with, or that the purchaser is, a person in the United States; and
- if you are acting as a nominee or custodian, each beneficial holder on whose behalf you are submitting the personalised Entitlement and Acceptance Form is not in the United States, and you have not sent this Offer Booklet, the personalised Entitlement and Acceptance Form or any information relating to the Rights Issue to any such person.

3.10 Brokerage

No brokerage is payable by Eligible Shareholders who accept their Entitlement. No stamp duty is payable for subscribing for an Entitlement.

3.11 Governing law

This Offer Booklet and the contracts which arise on the acceptance of Applications are governed by the laws applicable in Victoria and each Applicant submits to the non-exclusive jurisdiction of the courts of Victoria.

4. General information regarding the Rights Issue

4.1 Risks

An investment in New Shares (and, if applicable to you, Additional New Shares) should be regarded as speculative and involves many risks.

Eligible Shareholders intending to participate in the Rights Issue should refer to the announcements made by the Company to ASX. This information is available from the ASX's website, which is: www.asx.com.au (ASX code: EGY). Copies of the announcements are also available from the Company Secretary on request.

Shareholders should consider the investment in the context of their individual risk profile, investment objectives and financial circumstances. Each Eligible Shareholder should consult their own stockbroker, solicitor, accountant or other professional adviser before deciding whether or not to invest in the New Shares (and, if applicable to you, Additional New Shares).

Neither the New Shares (nor the Additional New Shares, if applicable) carry a guarantee with respect to the payment of dividends, returns of capital or the market value or liquidity of those Shares.

Eligible Shareholders should be aware that there are risks associated with an investment in shares of companies listed on a stock exchange. The value of securities can be expected to fluctuate depending on various factors including the general condition of the Australian economy, general worldwide economic and political conditions, changes in government policies, taxation changes and legislative or regulatory changes, investor sentiment, inflation levels, movements in the price of shares, movements in interest rates and stock markets, commodity prices, industrial disruption, environmental impacts, international competition, and other factors which may affect the Company's financial performance and position. Many of these factors are beyond the control of the Company and the Company cannot, to any degree of certainty, predict how they will impact on the Company. Accordingly, assuming that the New Shares (and if applicable, the Additional New Shares) are granted official quotation by ASX, they may trade on ASX at higher or lower prices than the Issue Price.

The information in this Offer Booklet does not constitute a recommendation to subscribe for New Shares (or Additional New Shares) and this Offer Booklet does not purport to contain all the information that you may require to evaluate a possible Application. You should make your assessment of what information is relevant to your decision to participate in the Rights Issue.

4.2 Tax consideration for investors

You should be aware that there may be taxation implications associated with participating in the Rights Issue. The Directors consider that it is not appropriate to give advice regarding the taxation consequences of subscribing for New Shares (and if applicable to you, the Additional New Shares) or the subsequent disposal of any such Shares. The Company, its advisers and its officers do not accept any responsibility or liability for any taxation consequences to Shareholders. The Directors recommend that all Shareholders consult their own professional tax advisers in connection with subscribing for, or subsequent disposal of, New Shares (and if applicable, the Additional New Shares).

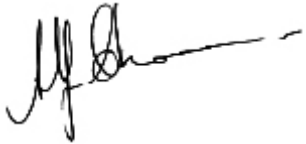
4.3 Enquiries

If you have any enquiries regarding the Rights Issue. Please do not hesitate to phone Alfred Chown, Chairman and Managing Director on 02 9938 5622 with any questions.

The Company cannot provide any advice regarding your decision to participate in the Rights Issue (or not) - this must be sought from your stockbroker or professional adviser.

For and on behalf of

Energy Technologies Ltd

A handwritten signature in black ink, appearing to read 'Alfred Chown', with a long horizontal stroke extending to the right.

Alfred Chown
Chairman and Managing Director

