

**HAZER GROUP LIMITED
(ACN 144 044 600)**

ENTITLEMENT OPTIONS ISSUE PROSPECTUS

For the offer of a pro-rata non-renounceable entitlement issue of up to approximately 16,134,251 Entitlement Options, on the basis of 1 Entitlement Option for every 4 Shares held by Eligible Shareholders at an issue price of 1 cent per Entitlement Option, to raise up to approximately \$161,343

Offer closes at 5:00pm WST on 20 April 2016

This document is a transaction specific prospectus issued in accordance with section 713 of the Corporations Act. This Prospectus contains important information about the Offer. You should read the entire document including the Entitlement and Acceptance Form. If after reading this Prospectus you have any questions about the Offer or this Prospectus, you should speak to your professional adviser.

The Entitlement Options offered by this Prospectus should be considered highly speculative.

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IMPORTANT NOTICE

This Prospectus is dated 21 March 2016 and was lodged with ASIC on that date. Neither ASIC, ASX nor any of their respective officers take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

Certain terms and abbreviations used in this Prospectus have defined meanings, which are explained in the Glossary. In this Prospectus, the words "we", "our" and "us" refer to the Company. The words "you" or "your" refer to Shareholders.

No securities will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus. Application for quotation of the Entitlement Options will be made to ASX within 7 days after the date of this Prospectus.

We are an ASX listed company whose securities are granted official quotation by ASX. In preparing this Prospectus regard has been had to the fact that we are a disclosing entity for the purposes of the Corporations Act and that certain matters may reasonably be expected to be known to investors and professional advisers who investors may consult.

No person is authorised to give any information or to make any representations in connection with this Offer that is not contained in this Prospectus. Any information or representation that is not contained in this Prospectus may not be relied upon as having been authorised by the Directors or by us.

Restrictions on distribution

The Offer is made in Australia and New Zealand only. This Prospectus does not constitute an offer in any overseas jurisdiction where it would be unlawful to make the Offer. You must ensure compliance with all laws of any country relevant to your Application. We will take the return of a duly completed Entitlement and Acceptance Form as a representation by you that there has been no breach of any laws and that you are an Eligible Shareholder.

The Corporations Act prohibits any person passing on to another person an application form unless it is accompanied by or included in a hard copy, or the complete and unaltered electronic version of this Prospectus. Please contact us if you wish to obtain a hard copy of this Prospectus free of charge.

A copy of this Prospectus can be downloaded from our website at www.hazergroup.com.au. If you access the electronic version of this Prospectus you should ensure that you download and read the entire Prospectus. The electronic version of this Prospectus is only available to Australian residents.

CORPORATE DIRECTORY

DIRECTORS

Mr Rick Hopkins (Non-Executive Chairman)
Mr Geoff Pocock (Managing Director)
Ms Danielle Lee (Non-Executive Director)
Mr Bryant Mclarty (Non-Executive Director)

COMPANY SECRETARY

Emma Waldon

REGISTERED OFFICE

Suite 7, 29 The Avenue
Nedlands, Western Australia, 6009
Tel: +61 8 9386 9577
Fax: +61 8 9389 1464
www.hazergroup.com.au

SOLICITORS

Fairweather Corporate Lawyers
595 Stirling Highway
Cottesloe WA 6011

SHARE REGISTRY *

Link Market Services Limited
Level 4, 152 St George's Terrace
Perth, Western Australia, 6000
Tel: +61 1800 502 355
(within Australia)

* The name of the Share Registry is included for information purposes only. It has not been involved in the preparation of any part of this Prospectus and has not consented to being named in the Prospectus.

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1. INVESTMENT OVERVIEW

Question	Response	Where to find more information
What is the Offer?	<p>We are offering to issue Entitlement Options to Eligible Shareholders by a pro-rata non-renounceable entitlement issue.</p> <p>Under the Offer, Eligible Shareholders may subscribe for 1 Entitlement Option for every 4 Shares held on the Record Date.</p>	Section 2.1
What is the Issue Price for the Entitlement Options?	The Issue Price is 1 cent per Entitlement Option.	Section 2.1
What are the terms of the Entitlement Options?	The Entitlement Options have an exercise price of 30 cents and an expiry date of 31 December 2018. The Company will apply for quotation of the Options on ASX. The full terms of the Entitlement Options are set out in Section 5.1.	Section 5.1
Who is an Eligible Shareholder?	The Offer is made to Eligible Shareholders only. An Eligible Shareholder is a Shareholder with a registered address in Australia or New Zealand on the Record Date.	Section 4.1(a)
How many Entitlement Options will be issued?	<p>At the date of this Prospectus, the maximum number of Entitlement Options that may be issued under the Offer is approximately 16,134,251.</p> <p>This may vary if existing Option holders exercise their Options before the Record Date to participate in the Offer.</p>	Section 2.1
What is the amount that will be raised under the Offer?	<p>As at the date of this Prospectus, the maximum amount that may be raised under the Offer is approximately \$161,343 before expenses (representing the issue of 16,134,251 Entitlement Options at an Issue price of 1 cent per Entitlement Option).</p> <p>This may vary if existing Option holders exercise their Options before the Record Date to participate in the Offer.</p>	Section 2.1
What is the purpose of the Offer?	The purpose of the Offer is to raise funds to be used as additional working capital for the Company and to meet Offer expenses of approximately \$20,000.	Section 2.2
What is the effect of the Offer on capital and cash reserves?	<p>The effect of the Offer is to:</p> <ul style="list-style-type: none">• Increase the number of Options on issue.• Increase our cash reserves by up to approximately \$161,343 before the expenses of the Offer.	Section 2.3

Question	Response	Where to find more information
What are the key risks of a further investment in the Company?	<p>The Offer should be considered highly speculative. Before deciding to subscribe under the Offer, you should consider the risk factors set out in this Prospectus and all other relevant material including our public announcements and reports. Some of the specific risks relevant to an investment in the Company are:</p> <ul style="list-style-type: none">• Technology development and Commercialisation risk - Hazer is an early stage company with IP rights to the Hazer Process Technology. A significant risk is whether the Company can further develop and then commercialise the Technology; through developing large scale in-laboratory development, progressing through demonstration and pilot plants to a commercial plant utilising the Technology. The Hazer Process features production costs associated with increased natural gas consumption compared to other hydrogen production technologies. The Company will seek to more than offset this increase in production costs by the sale of high purity graphite co-produced with hydrogen from the Hazer Process. A failure to achieve commercialisation of the Hazer Process will have a significant adverse impact on the Company's business model, operating results and financial position.• Operational Risk - The demonstration plant, pilot plants and any commercial plant proposed by the Company may be affected by various factors, including operational and technical difficulties in scaling up the Hazer Process; difficulties in commissioning and operating plant and equipment; mechanical failure or plant breakdown; unanticipated reactor issues which may effect through-put; industrial and environmental accidents; industrial disputes; and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.• Future Funding Needs - The Company has yet to build sufficient scale and commercialise the Technology and therefore has not as yet generated any revenue or profits. The Company will depend on the availability of investor funds if and until the Company generates cash flows from successful commercialisation of the Technology. No assurance can be given that future funding for further development of the Technology will be made available on acceptable terms (if at all). If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its expansion and development programs as the case may be.	Section 3

Question	Response	Where to find more information
	<ul style="list-style-type: none"> • Intellectual Property risk - The success of the Company's Technology will depend in part on the Company's ability to obtain patents (and therefore proprietary rights) without infringing the proprietary rights of others. Three patent applications have been made in respect of the Technology. The strength of patents involves complex legal and scientific questions and can be uncertain. There can be no assurance that any patents in relation to the Hazer Process will afford the Company commercially significant protection of the Hazer Process or that competitors will not develop competing technologies that circumvents such patents. There is also a risk of unauthorised replication of the Technology and the Company being forced to litigate to enforce or defend any intellectual property rights. • Supply contracts /customer engagement – In order to successfully commercialise the Technology, the Company will need to supply hydrogen gas and/or bulk graphite to customers to generate revenue and this will require customer engagement and the execution of product supply contracts. The Company could also look to licence its Technology. Given the Company is at an early stage, it does not currently have any customers. • Dependence on key personnel - The Company's prospects depend in part on the ability of management to advance the Technology of the Company. Loss of key personnel may have an adverse impact on the Company's performance. 	
<p>How do I accept my Entitlement under the Offer?</p>	<p>All Eligible Shareholders are entitled to subscribe for Entitlement Options under the Offer. If you wish to make an Application in respect of your Entitlement, you must complete the Entitlement and Acceptance Form that accompanies this Prospectus.</p> <p>You may accept all or part of your Entitlement.</p> <p>If you do not wish to take up any of your Entitlement, you do not need to take any action and your Entitlement will lapse.</p>	<p>Section 4.2(a)</p>
<p>What will happen to Excluded Shareholders?</p>	<p>The Offer is not extended to Excluded Shareholders (any Shareholder whose registered address on the Record Date is not situated in Australia or New Zealand).</p>	<p>Section 4.2(b)</p>
<p>Is the Offer underwritten?</p>	<p>The Offer is not underwritten. Any Entitlement not accepted will form the Shortfall.</p>	<p>Section 4.1</p>

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Question	Response	Where to find more information
How will Shortfall be allocated?	<p>Any Entitlement not accepted will form the Shortfall.</p> <p>The Directors reserve the right within 3 months of the Closing Date, to issue the Shortfall at the discretion of the Directors on the same terms as being offered to Eligible Shareholders under this Prospectus.</p>	Section 4.4
What is the effect of the Offer on control of the Company?	<p>The Entitlement Options have no participating rights or entitlements until exercised. It is only upon exercise of the Entitlement Options and the issue of Shares that rights such as voting rights arise.</p> <p>The effect of the Offer on the capital structure is set out in Section 2.4. If all the Entitlement Options are issued under the Offer they will represent approximately 12.96% of the capital of the Company on a fully diluted basis at the date of this Prospectus.</p> <p>By reason of the above, the Offer should not have a material effect on the control of the Company.</p>	Section 2.6
What are the key dates of the Offer?	<p>Prospectus lodged with ASIC and ASX</p> <p>Appendix 3B lodged with ASX</p> <p>Notice sent to Optionholders</p> <p>Notice sent to Shareholders</p> <p>"Ex" date (date from which Entitlement Options trade on ASX without the entitlement to participate in the Offer)</p> <p>Record Date (to determine eligibility of Shareholders to participate in the Offer)</p> <p>Anticipated despatch of Prospectus and Entitlement and Acceptance Forms to Eligible Shareholders/ Opening Date</p> <p>Closing Date</p> <p>Securities quoted on a deferred settlement basis</p> <p>ASX notified of under-subscriptions</p> <p>Issue date</p>	<p>21 March 2016</p> <p>21 March 2016</p> <p>21 March 2016</p> <p>23 March 2016</p> <p>24 March 2016</p> <p>29 March 2016</p> <p>1 April 2016</p> <p>20 April 2016</p> <p>21 April 2016</p> <p>26 April 2016</p> <p>28 April 2016</p>

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Question	Response	Where to find more information
	Deferred settlement trading ends	28 April 2016
	Entitlement Options commence normal trading on ASX	29 April 2016
	Please note that these dates are subject to change. We reserve the right, subject to the Corporations Act and the Listing Rules to amend the timetable at any time, and in particular, to extend the Closing Date or to withdraw the Offer without prior notice.	

2. REASON FOR THE OFFER AND EFFECT ON THE COMPANY

2.1 Background

The Company is making this Offer which consists of a pro-rata non-renounceable entitlement issue to Eligible Shareholders on the basis of 1 Entitlement Option for every 4 Shares held by Eligible Shareholders on the Record Date at an issue price of 1 cent per Entitlement Option ("Offer").

The Offer will raise up to \$161,343 before expenses at Full Subscription by the issue of 16,134,251 Entitlement Options.

As at the date of this Prospectus, the Company has 64,537,002 Shares and 32,300,000 Options on issue. Option holders with an address in Australia or New Zealand may exercise their Options before the Record Date and participate in the Offer. In this event, the number of Entitlement Options to be issued under this Prospectus and the funds raised as a result of the Offer may vary.

2.2 Use of funds

The funds raised by the Offer of up to approximately \$161,343 will be used as additional working capital for the Company and also to meet Offer expenses of approximately \$20,000.

2.3 Effect on shareholders' equity and cash reserves

Assuming that all Entitlement Options offered under the Offer are issued, the principal effects of the Offer on the Company will be to:

- (a) increase the total number of Options on issue (see Section 2.4); and
- (b) increase our cash reserves by approximately \$161,343, before taking into account the expenses of the Offer (see Section 2.5).

A pro forma statement of financial position, which that contains further information about the effect of the Offer on the Company, is provided in Section 2.5.

2.4 Effect on capital structure

The effect of the Offer on the Company's capital structure at the date of the Prospectus and assuming Full Subscription is shown in the following table:

Shares	
Existing Shares	64,537,002
Shares issued under this Offer	0
Total Shares on issue after completion of the Offer	64,537,002
Options	
Series A Options (existing) ¹	11,500,000
Series C Options (existing) ²	5,250,000
Series D Options (existing) ³	5,250,000

Series E Options (existing) ⁴	10,300,000
Entitlement Options issued under this Offer	16,134,251
Total Options on issue after completion of the Offer	48,434,251

1. The Series A Options have an exercise price of 25 cents and an expiry date of 31 December 2017. The Series A Options are primary Options which upon exercise of each Series A Option result in the issue of one Share and one Series B Option (a secondary Option). A Series B Option has an exercise price of 40 cents and an expiry date of 31 December 2020.
2. The Series C Options have an exercise price of 25 cents and an expiry date of 31 December 2018. They vest 6 months after the Company is admitted to the Official List (31 May 2016) provided the holder has continued to be engaged as an employee, contractor, consultant or Board member prior to the vesting date.
3. The Series D Options have an exercise price of 40 cents and an expiry date of 31 December 2019. They vest 18 months after the Company is admitted to the Official List (31 May 2017) provided the holder has continued to be engaged as an employee, contractor, consultant or Board member prior to the vesting date.
4. The Series E Options have the same terms as the Entitlement Options (upon payment of the subscription price for the Entitlement Options). They will form the same series of Options being a total of 26,434,251 Options with an exercise price of 30 cents and an expiry date of 31 December 2018.

2.5 Pro-forma balance sheet

To illustrate the effect of the Offer on the Company, a pro-forma balance sheet has been prepared based on the unaudited balance sheet as at 31 December 2015. The pro forma balance sheet shows the effect of the Offer as if it had been made on 31 December 2015 based on the following assumptions:

- (a) The issue of 16,134,251 Entitlement Options under the Offer at an issue price of 1 cent each to raise \$161,343.
- (b) Expenses of the Offer, being approximately \$20,000.

	Non-Audited Balance Sheet	Pro-forma Adjustments	Pro-forma Balance Sheet
	31 December 2015		31 December 2015
	\$	\$	\$
Current assets			
Cash and cash equivalents	4,594,971	141,343	4,736,314
GST refundable	55,567	-	55,567
Total current assets	4,650,538	141,343	4,791,881
Total assets	4,650,538	141,343	4,791,881
Current liabilities			
Trade and other payables	102,143	-	102,143
Total current liabilities	102,143	-	102,143
Total liabilities	102,143	-	102,143
Net assets	4,548,395	141,343	4,689,738
Equity			
Issued Capital & Reserves	6,340,050	141,343	6,481,393
Accumulated losses	(1,791,655)		(1,791,655)
Total equity	4,548,395	141,343	4,689,738

2.6 Potential effect on control

The Entitlement Options have no participating rights or entitlements until exercised. It is only upon exercise of the Entitlement Options and the issue of Shares that rights such as voting rights arise.

The effect of the Offer on the capital structure is set out in Section 2.4. If all the Entitlement Options are issued under the Offer they will represent approximately 12.96% of the capital of the Company on a fully diluted basis at the date of this Prospectus.

By reason of the above, the Offer should not have any material effect on the control of the Company.

3. RISK FACTORS

3.1 Introduction

An investment in the Entitlement Options the subject of this Prospectus is highly speculative as the Company is an early stage technology commercialisation company without a history of revenue generation. Careful consideration should be given to the risk factors prior to applying for Entitlement Options offered for subscription under this Prospectus. Some of these risks can be mitigated by the use of appropriate safeguards and actions, but some are outside the Company's control and cannot be mitigated. You should also consider consulting with your professional advisers before deciding whether or not to apply for Entitlement Options.

The following is a list of the material risks that may affect the financial position of the Company, the value of an investment in the Company, as well as the Company's operations. The list is set out under "Company and Industry Risks" and "General Investment Risks". The list is not an exhaustive list of risks.

3.2 Company and Industry Risks

Technology development and commercialisation risk

Hazer is an early stage company which has intellectual property rights to the Hazer Process Technology. A significant risk is whether the Company can further develop and then commercialise the Technology; through developing large scale in-laboratory development, progressing through demonstration and pilot plants to a commercial plant utilising the Technology. The Hazer Process features production costs associated with increased natural gas consumption compared to other hydrogen production technologies. The Company will seek to more than offset this increase in production costs by the sale of high purity graphite co-produced with hydrogen from the Hazer Process. A failure to achieve commercialisation of the Hazer Process will have a significant adverse impact on the Company's business model, operating results and financial position.

Operational Risks

The demonstration plant, pilot plants and any commercial plant proposed by the Company may be affected by various factors, including operational and technical difficulties in scaling up the Hazer Process; difficulties in commissioning and operating plant and equipment; mechanical failure or plant breakdown; unanticipated reactor issues which may effect through-put; industrial and environmental accidents; industrial disputes; and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

Future funding needs

The funds raised by the Offer will be used for general working capital and to meet the expenses of the Offer.

The operations of the Company are at an early stage. The Company has yet to build sufficient scale to commercialise the Technology and therefore has not as yet generated any revenue or profits. The Company will depend on the availability of investor funds if and until the Company generates cash flows from successful commercialisation of the technology. No assurance can be given that future funding for further development activities will be made available on acceptance terms (if at all). If the Company is unable to obtain additional

financing as needed, it may be required to reduce the scope of its operations and scale back its expansion and development programs as the case may be.

Intellectual Property risk

The success of the Company's Technology will depend in part on the Company's ability to obtain patents (and therefore proprietary rights) without infringing the proprietary rights of others. Three patent applications have been made in respect of the Technology. The strength of patents involves complex legal and scientific questions and can be uncertain. There can be no assurance that any patents in relation to the Hazer Process will afford the Company commercially significant protection of the Hazer Process or that competitors will not develop competing technologies that circumvents such patents.

There is also a risk of unauthorised replication of the Technology and the Company being forced to litigate to enforce or defend any intellectual property rights.

Supply contracts/customer engagement

In order to successfully commercialise the Technology, the Company will need to supply hydrogen gas and/or bulk graphite to customers to generate revenue and this will require customer engagement and the execution of product supply contracts. The Company could also look to licence its Technology. Given the Company is at an early stage, it does not currently have any customers.

Dependence on key personnel

The Company's success largely depends on the core competencies of the Directors and management and the ability of the Company to retain these key executives. Loss of key personnel may have an adverse impact on the Company's performance.

Management of Growth

There is a risk that management of the Company will not be able to implement the Company's growth strategy. The capacity of the management to properly implement and manage the strategic direction of the Company may affect the Company's financial performance.

Competition

The industry in which the Company will be involved is subject to domestic and global competition. While the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, whose activities or actions may, positively or negatively, affect the operating and financial performance of the Company's business.

Insurance

The Company may maintain insurance within ranges of coverage that it believes to be consistent with industry practice and having regard to the nature of activities being conducted. However, it is not always possible to insure against all risks associated with activities in development of technology. The Company may decide not to take out insurance against certain risks as a result of high premiums or for other reasons. Should liabilities arise on uninsured risks, the Company's business, financial condition and results of operations and the market price of securities may be materially adversely affected.

Legal Proceedings

Legal proceedings may arise from time to time in the course of the business of the Company. As at the date of this Prospectus, there are no material legal proceedings affecting the Company and the Directors are not aware of any legal proceedings pending or threatened against or affecting the Company.

3.3

General Investment Risks

Securities investments and share market conditions

There are risks associated with any securities investment. The prices at which the securities trade may fluctuate in response to a number of factors.

Furthermore, the stock market, and in particular the market for early stage technology commercialisation companies, may experience extreme price and volume fluctuations that may be unrelated or disproportionate to the operating performance of such companies. These factors may materially adversely affect the market price of the securities of the Company regardless of the Company's operational performance. Neither the Company nor the Directors warrant the future performance of the Company, or any return of an investment in the Company.

Legislative

Changes in relevant taxes, legal and administration regimes, accounting practice and government policies may adversely affect the financial performance of the Company.

Economic risk

Changes in both Australian and world economic conditions may adversely affect the financial performance of the Company. Factors such as inflation, currency fluctuations, interest rates, industrial disruption and economic growth may impact on future operations and earnings.

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4. DETAILS OF THE OFFER

4.1 The Offer

(a) Overview

All Eligible Shareholders are entitled to participate in the Offer. You are an Eligible Shareholder if you are a Shareholder with a registered address in Australia or New Zealand on the Record Date. The Record Date is 5.00pm WST, 29 March 2016.

As an Eligible Shareholder you are entitled to subscribe for 1 Entitlement Option for every 4 Shares held on the Record Date at the Issue price of 1 cent per Entitlement Option.

When calculating your Entitlement, we will round up fractions to the nearest whole number.

The Company's share registry must receive your Entitlement and Acceptance Form by the Closing Date (being 5.00pm WST on 20 April 2016).

The Offer is non-renounceable. This means that you may not sell or transfer all or part of your Entitlement. The Offer will lapse if you do not accept your Entitlement by the Closing Date.

(b) No Minimum Subscription

There is no minimum subscription under the Offer. The Company has sufficient working capital to meet its current objectives. Any capital raised pursuant to this Offer will be applied to general working capital after the payment of the expenses of the Offer.

(c) Offer is not underwritten

The Offer is not underwritten. Any Entitlement not accepted will form the Shortfall (see Section 4.4).

(d) Rights attaching to Entitlement Options and underlying securities

A summary of the rights attaching to the Entitlement Options and the underlying securities (Shares) are set out in Sections 5.1 and 5.2.

(e) Taxation

There may be taxation implications in relation to subscribing for Entitlement Options. These taxation implications vary depending on your individual circumstances. You should seek and rely on your own taxation advice regarding an investment in the Company. Neither the Company nor any of its officers, employees, agents and advisers accepts any liability or responsibility with respect to the taxation consequences connected with the Offer or the Entitlement Options.

4.2 How to accept the Offer

(a) Action required by Eligible Shareholders

Your Entitlement is shown on the Entitlement and Acceptance Form accompanying the Prospectus sent to you. To subscribe to the Offer, you must complete this form in accordance with the instructions.

You may take up your Entitlement in whole or in part or allow all of your Entitlement to lapse.

You may pay by cheque or by BPAY.

If you pay by cheque, please make the cheque payable to "Hazer Group Limited – Entitlement Option Offer Account" and cross it "Not Negotiable". Completed Entitlement and Acceptance Forms (and a cheque for the Application Money) must be mailed to the postal address, or delivered by hand to the delivery address set out below.

Postal address:

Hazer Group Limited
c/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235

Delivery address:

Hazer Group Limited
c/- Link Market Services Limited
1A Homebush Bay Drive
Rhodes NSW 2138

If you pay by BPAY, please follow the procedure set out in the Entitlement and Acceptance Form. You do not have to send us a completed Entitlement and Acceptance Form if you pay by BPAY. It is your responsibility to ensure that we receive your payment by the Closing Date. We do not accept any responsibility for incorrectly completed BPAY payments.

We must receive your Entitlement and Acceptance Form by the Closing Date. If we receive your Entitlement and Acceptance Form after the Closing Date, we may, at our discretion, accept or reject your Application. If we reject your Application, you will receive a refund in full of any payment of Application Money without interest.

If you complete and lodge an Entitlement and Acceptance Form, you will be deemed to have accepted the Offer to subscribe, on the terms set out in this Prospectus and in the Entitlement and Acceptance Form, for the number of Entitlement Options specified in the Entitlement and Acceptance Form.

We will hold your Application Money on trust until we issue the Entitlement Options in accordance with the Corporations Act. We will retain any interest earned on the Application Money, whether or not the Entitlement Options are issued to you.

If you are in any doubt as to how to complete or deal with your Entitlement and Acceptance Form, you should contact your professional adviser for assistance.

(b) **Excluded Shareholders**

The Offer is not extended to Excluded Shareholders (a Shareholder whose registered address on the Record Date is situated outside Australia or New Zealand). The Offer does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

In making this decision, the Directors have taken into account the number of Excluded Shareholders and the cost and administrative complexity of complying with applicable regulations in jurisdictions outside Australia and New Zealand.

(c) **New Zealand offer restrictions**

The Entitlement Options are not being offered or sold to the public within New Zealand other than to existing Shareholders of the Company with registered addresses in New Zealand.

This Prospectus has not been registered, filed with or approved by any New Zealand regulatory authority. This Prospectus is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

4.3 **Allotment and quotation**

(a) **Allotment of Entitlement Options**

The Entitlement Options issued pursuant to the Offer will be allotted as soon as practicable after the Closing Date. We will allot the Entitlement Options on the basis of your Entitlement.

Pending the allotment and issue of Entitlement Options or payment of refunds under this Prospectus, we will hold all Application Money on trust for you in a separate bank account. We will, however, be entitled to retain all interest that accrues on any Application Money we hold.

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

(b) **Quotation by ASX**

We intend to apply to ASX for quotation of the Entitlement Options within 7 days of the date of this Prospectus. If the ASX accepts our application, quotation of the Entitlement Options will commence after the allotment of the Entitlement Options.

If any Entitlement Options are not granted quotation on ASX within 3 months after the date of this Prospectus, or such longer period as is permitted by the Corporations Act, we will not issue those Entitlement Options and the Application Money in respect of those Entitlement Options will be refunded to you without interest within the time prescribed by the Corporations Act.

(c) **Holding statements**

We participate in the security transfer system known as CHESSE. CHESSE is operated by ASX Settlement Pty Ltd (ACN 008 504 532) (a wholly owned subsidiary of ASX) in accordance with the Listing Rules and the ASX Settlement Operating Rules. Under CHESSE you will receive a holding statement setting out the number of Entitlement Options issued to you under this Prospectus. If you are broker sponsored, ASX Settlement Pty Ltd will send you a CHESSE statement.

4.4 **Shortfall**

Any Entitlement Options under the Offer that are not applied for will form the Shortfall. The Offer to issue Shortfall is a separate offer under this Prospectus.

The Directors reserve the right within 3 months of the Closing Date, to issue the Shortfall at the discretion of the Directors on the same terms as being offered to Eligible Shareholders under this Prospectus. No related party will be issued with Shortfall without prior Shareholder approval.

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5. RIGHTS ATTACHING TO ENTITLEMENT OPTIONS AND UNDERLYING SECURITIES

5.1 Rights attaching to Entitlement Options

The terms of the issue of the Entitlement Options are:

- (a) The Options will be issued for a subscription price of 1 cent each.
- (b) Each Option entitles the holder to one Share (fully paid ordinary share).
- (c) The exercise price of the Options is 30 cents.
- (d) The Options are exercisable at any time prior to 5.00 pm WST on 31 December 2018 (Expiry Date).
- (e) The Options are freely transferable. The Company will apply for quotation of the Options on ASX.
- (f) The Company will provide to each Option holder a notice that is to be completed when exercising the Options (Notice of Exercise). The Options may be exercised wholly or in part by completing the Notice of Exercise and delivering it together with payment to the secretary of the Company to be received any time prior to the Expiry Date. The Company will process all relevant documents received at the end of every calendar month.
- (g) Upon the exercise of an Option and receipt of all relevant documents and payment, the holder will be issued a Share ranking equally with the then issued Shares.
- (h) There will be no participating rights or entitlements inherent in the Options and the holders will not be entitled to participate in new issues of capital which may be offered to Shareholders during the currency of the Options. However, the Company will ensure that the Optionholder will be notified of a proposed issue after the issue is announced. This will give an Optionholder the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
- (i) If there is a bonus issue (Bonus Issue) to Shareholders, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the holder would have received if the Option had been exercised before the record date for the Bonus Issue (Bonus Shares). The Bonus Shares must be paid up by the Company out of profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue, and upon issue will rank equally in all respects with the other Shares on issue as at the date of issue of the Bonus Shares.
- (j) In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company prior to the Expiry Date, all rights of an Optionholder are to be changed in a manner consistent with the Listing Rules.

5.2 Rights attaching to underlying securities (Shares)

The securities underlying the Entitlement Options are Shares. The rights attaching to ownership of Shares in the Company are:

- (a) set out in the Company's Constitution; and
- (b) in certain circumstances, regulated by the Corporations Act, the Listing Rules and the general law.

A summary of the more significant rights attaching to Shares is set out below. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of our Shareholders.

Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at a general meeting of members every member has one vote on a show of hands and one vote per Share on a poll. The person who holds a share which is not fully paid shall be entitled to a fraction of a vote equal to that proportion of a vote that the amount paid on the relevant share bears to the total issue price of the share. Voting may be in person or by proxy, attorney or representative.

Dividends

Subject to the rights of holders of shares issued with any special rights (at present there are none), the profits of the Company which the Board may from time to time determine to distribute by way of dividend are divisible to each share of a class on which the Board resolves to pay a dividend in proportion to the amount for the time being paid on a share bears to the total issue price of the share. All Shares currently on issue and the shares to be issued under this Prospectus are fully paid Shares.

Future Issues of Securities

Subject to the Corporations Act and the Listing Rules, the Directors may issue, grant options over, or otherwise dispose of unissued shares in the Company at the times and on the terms that the Directors think proper and a share may be issued with preferential or special rights.

Transfer of Shares

A shareholder may transfer Shares by a market transfer in accordance with any computerised or electronic system established or recognised by ASX for the purpose of facilitating transfers in Shares or by an instrument in writing in a form approved by ASX or the Board.

Meetings and Notices

Each shareholder is entitled to receive notice of, and to attend, general meetings for the Company and to receive all notices, accounts and other documents required to be sent to shareholders under the Constitution, the Corporations Act or the Listing Rules.

Shareholders may requisition meetings in accordance with the Corporations Act.

Election of Directors

There must be a minimum of 3 Directors. At every annual general meeting one third of the Directors (rounded to the nearest whole number) must retire from office. If the Company has less than 3 Directors, one Director must retire from office together with any Director who would have held office for more than 3 years if that Director remains in office until the next general meeting. These retirement rules do not apply to certain appointments including the managing director.

Indemnities

To the extent permitted by law the Company must indemnify each past and present Director and secretary against any liability incurred by that person as an officer of the Company and any legal costs incurred in defending an action in respect of such liability.

Winding Up

If the Company is wound up, the liquidator may, with the sanction of a special resolution of the shareholders:

- divide the assets of the Company among the members in kind;
- for that purpose fix the value of assets and decide how the division is to be carried out as between the members and different class of members; and
- vest assets of the Company in trustees on any trusts for the benefit of the members as the liquidator thinks appropriate.

Alteration to the Constitution

The Constitution can only be amended by a special resolution passed by at least three quarters of shareholders present and voting at the general meeting. At least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

Listing Rules

While the Company is admitted to trading on the Official List, then despite anything in the Constitution, if the Listing Rules prohibit an act being done, the act must not be done. Nothing in the Constitution prevents an act being done that the Listing Rules require to be done. If the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). If the Listing Rules require the Constitution to contain a provision and it does not contain such a provision, the Constitution is deemed to contain that provision. If the Listing Rules require the Constitution not to contain a provision and it contains such a provision, the Constitution is deemed not to contain that provision. If a provision of the Constitution is inconsistent with the Listing Rules, the Constitution is deemed not to contain that provision to the extent of the inconsistency.

6. ADDITIONAL INFORMATION

6.1 Transaction specific prospectus and continuous disclosure obligations

We are a disclosing entity under the Corporations Act and therefore are subject to regular reporting and disclosure obligations. Under those obligations, we are required to comply with all applicable continuous disclosure and reporting requirements in the Corporations Act and the Listing Rules. In particular, we must comply with the requirement to disclose to ASX any information held by us which a reasonable person would expect to have a material effect on the price or the value of the Company's securities. The Shares that will be issued on the exercise of the Entitlement Options issued pursuant to this Prospectus will be in the same class of Shares that have been granted official quotation by ASX in the 3 months prior to the issue of this Prospectus.

As this Prospectus is a transaction specific prospectus issued under section 713 of the Corporations Act, it is only required to contain information in relation to the effect of the Offer on the Company and the rights and liabilities attaching to the securities offered. This Prospectus is not required to provide information regarding our assets and liabilities, financial position and performance, profits and losses or prospects on the basis that, as at the date of this Prospectus, the Company has not withheld from its continuous disclosure reporting any information about such matters that investors and their professional advisers would reasonably require to make an informed assessment of such matters and expect to find in this Prospectus.

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 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 ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request:
 - (i) the annual financial report most recently lodged by the Company with ASIC;
 - (ii) any half-year financial report lodged with ASIC after lodgement of the annual financial report and before lodgement of this Prospectus with ASIC; and
 - (iii) any continuous disclosure notices given by the Company after the lodgement of the annual financial report and before the lodgement of this Prospectus with ASIC.

We lodged our latest annual report with ASX on 30 November 2015. Since then, we have made the following announcements to ASX, shown in the table below.

Date	Description of Announcement
30/11/2015	Options – Terms and Conditions
30/11/2015	Securities Trading Policy
30/11/2015	Restricted Securities
02/12/2015	Initial Director's Interest Notice x4
02/12/2015	Becoming a substantial holder
02/12/2015	Becoming a substantial holder
23/12/2015	Change of Director's Interest Notice – BM
31/12/2015	Change of Director's Interest Notice – BM
07/01/2016	Change of Director's Interest Notice – BM
18/01/2016	Release of Restricted Securities from Escrow
29/01/2016	Appendix 4C - quarterly
01/02/2016	Appendix 3B - Release of Restricted Securities
03/02/2016	Trading Halt
05/02/2016	Hazer Group Collaboration with Sydney University
05/02/2016	Response to ASX Price Query
11/02/2016	Change of Director's Interest Notice - BM
19/02/2016	Change of Director's Interest Notice – BM
29/02/2016	Appendix 4D Half Yearly Report and Accounts
02/03/2016	Entitlement Option Issue Update
14/03/2016	Trading Halt
16/03/2016	Placement to Raise \$0.9m & Executive Appointment
17/03/2016	New Agreements for Graphene & Demonstration Plant Scale UP
18/03/2016	Appendix 3B
18/03/2016	Cleansing Statement

6.2 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 and lowest closing market price of the Company's quoted Shares on ASX during the 3 months immediately preceding the date of lodgement of this Prospectus with ASIC and the respective dates of those sales and the last closing market price on the day on which Shares traded prior to lodgement of this Prospectus with ASIC were:

	Price	Date
Highest	33 cents	18 March 2016
Lowest	22 cents	25 January 2016
Latest	33 cents	18 March 2016

6.3 Board

The Board consists of:

- Mr Rick Hopkins (Non-Executive Chairman)
- Mr Geoff Pocock (Managing Director)
- Ms Danielle Lee (Non-Executive Director)
- Mr Bryant Mclarty (Non-Executive Director)

The current independent Directors are Rick Hopkins and Danielle Lee.

6.4 Directors' Interests

(a) Interests of Directors

Other than as disclosed in this Prospectus, no Director or proposed Director holds, or has held at any time during the last two years, any interest in:

- (i) the formation or promotion of the Company; or
- (ii) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Company or the Offer; or
- (iii) the Offer;

and no amounts have been paid or agreed to be paid by any person and no benefits have been given or agreed to be given by any person to a Director or proposed Director to induce him or her to become, or to qualify as, a Director or for services provided by a Director or proposed Director in connection with the formation or promotion of the Company or the Offer.

(b) Interests in securities as at the date of this Prospectus

As at the date of this Prospectus, the Directors (and their respective associates) have relevant interests in the Shares and Options of the Company at set out in the table below. Interests include those held directly and indirectly.

The Directors other than Danielle Lee will be entitled to participate in the Offer and have each advised the Company they intend to subscribe for their Entitlement. The

table below includes the Entitlement Options that these Directors may subscribe for under the Offer.

Director	Shares	Series A Options ¹	Series C Options ²	Series D Options ³	Series E Options/ Entitlement Options ⁴
Rick Hopkins	800,010	200,000	550,000	550,000	200,003
Geoff Pocock	4,200,000	3,000,000	2,000,000	2,000,000	1,050,000
Danielle Lee	0	150,000	400,000	400,000	0
Bryant Mclarty	2,183,979	2,500,000	400,000	400,000	2,795,995

Notes:

1. The Series A Options have an exercise price of 25 cents and an expiry date of 31 December 2017. The Series A Options are primary Options which upon exercise of each Series A Option result in the issue of one Share and one Series B Option (a secondary Option). A Series B Option has an exercise price of 40 cents and an expiry date of 31 December 2020.
2. The Series C Options have an exercise price of 25 cents and an expiry date of 31 December 2018. They vest 6 months after the Company is admitted to the Official List (31 May 2016) provided the holder has continued to be engaged as an employee, contractor, consultant or Board member prior to the vesting date.
3. The Series D Options have an exercise price of 40 cents and an expiry date of 31 December 2019. They vest 18 months after the Company is admitted to the Official List (31 May 2017) provided the holder has continued to be engaged as an employee, contractor, consultant or Board member prior to the vesting date.
4. Upon payment of the subscription price of 1 cent each for the Entitlement Options, the terms of the Entitlement Options are the same as the Series E Options. The relevant interest for Rick Hopkins and Geoff Pocock are in respect of solely Entitlement Options. The relevant interest for Bryant Mclarty includes 545,995 Entitlement Options and 2,250,000 Series E Options.

(c) **Remuneration of Directors**

Mr Rick Hopkins is paid a Director's fee of \$35,000 per annum plus statutory superannuation as non-executive Chairman and he has been issued with 200,000 Series A Options, 550,000 Series C Options and 550,000 Series D Options. In the 2 years prior to the date of this Prospectus, Mr Hopkins has become entitled to cash remuneration of \$22,356.

Mr Geoff Pocock is paid \$240,000 per annum plus statutory superannuation as managing director. Mr Pocock is a shareholder and director of Mac Equity Partners (International) Pty Ltd which has entered into a corporate services agreement with the Company by which Mac Equity Partners (International) Pty Ltd is paid \$13,000 per month. In the 2 years prior to the date of this Prospectus, Mac Equity Partners (International) Pty Ltd has received total cash remuneration of \$104,000 pursuant to this contract and has received a fee on a placement in March 2016 of \$35,784 plus

GST. A company controlled by Mr Pocock, Polaris Consulting (WA) Pty Ltd, received a fee of \$50,000 plus GST upon the listing of the Company on ASX and up until the listing of the Company on the ASX had a contract with the Company to provide operational management services. In the 2 years prior to the date of this Prospectus, Mr Pocock or entities controlled by him have received cash remuneration totalling approximately \$470,663 exclusive of GST from the Company and have been issued with 2,250,000 Shares, 3,000,000 Series A Options, 2,000,000 Series C Options and 2,000,000 Series D Options for services associated with managing director services and co-ordinating capital raisings prior to ASX listing. This excludes fees paid to Mac Equity Partners (International) Pty Ltd for corporate services and capital raisings as noted above.

Ms Danielle Lee is paid a Director's fee of \$25,000 per annum plus statutory superannuation and she has been issued with 150,000 Series A Options, 400,000 Series C Options and 400,000 Series D Options. In the 2 years prior to the date of this Prospectus, Ms Lee has received total cash remuneration of \$15,969.

Mr Bryant Mclarty is paid a Director's fee of \$25,000 per annum plus statutory superannuation and he has been issued with 400,000 Series C Options and 400,000 Series D Options. Mr Mclarty is a shareholder and a director of Mac Equity Partners (International) Pty Ltd which has entered into a corporate services agreement with the Company by which Mac Equity Partners (International) Pty Ltd is paid \$13,000 per month. In the 2 years prior to the date of this Prospectus, Mac Equity Partners (International) Pty Ltd has received total cash remuneration of \$104,000 pursuant to this contract and has received a fee on a placement in March 2016 of \$35,784 plus GST. In addition, in the 2 years prior to the date of this Prospectus, Mr Mclarty or entities controlled by him or his nominees have received cash remuneration totalling \$349,178 exclusive of GST from the Company and have been issued or entitled to be issued with 2,802,177 Shares, 5,000,000 Series A Options and 10,000,000 Series E Options for services associated with underwriting a rights issue and providing corporate advice and office space and for director's fees.

A Director may also be paid fees or other amounts as the Directors determine if a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. A Director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

6.5 Interests of experts and advisers

Other than as disclosed in this Prospectus, no expert, promoter or any other 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, nor any firm in which any of those persons is or was a partner nor any company in which any of those persons is or was associated with, has now, or has had, in the two year period ending on the date of this Prospectus, any interest in:

- (a) the formation or promotion of the Company; or
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- (c) the Offer.

Other than as disclosed in this Prospectus, no amounts of any kind (whether in cash, securities or otherwise) have been paid or agreed to be paid to any expert, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, or to any firm in which any of those persons is or was a partner or to any company in which any of those persons is or was associated with, for services rendered by that person in connection with the formation or promotion of the Company or the Offer.

Fairweather Corporate Lawyers has acted as lawyers to the Company in relation to the Offer. We estimate that we will pay approximately \$7,000 (excluding GST) for these services. In the past two years, Fairweather Corporate Lawyers has been paid fees (excluding GST) of approximately \$63,900 by the Company.

6.6 Expenses of the Offer

The expenses connected to the Offer payable by the Company are estimated at approximately \$20,000 cash. These estimated expenses include legal fees, ASX and ASIC fees and other miscellaneous expenses directly attributable to the Offer.

6.7 Consents

The following parties have given their written consent to be named in this Prospectus and for the inclusion of statements made by that party (as described below in the form and context in which they are included), and has not withdrawn such consent before lodgement of this Prospectus with ASIC.

FW Legal Pty Ltd trading as Fairweather Corporate Lawyers has consented to Fairweather Corporate Lawyers being named as the Solicitors to the Offer.

The parties referred to in this Section:

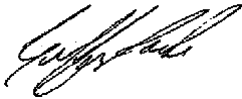
- does not make, or purport to make any statement in this Prospectus, or on which a statement made in this Prospectus is based other than as specified in this Section;
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in the Prospectus with the consent of that party as specified in this Section; and
- has not caused or authorised the issue of this Prospectus.

7. DIRECTORS' AUTHORISATION AND CONSENT

This Prospectus is authorised by the Company and lodged with the ASIC pursuant to section 718 of the Corporations Act.

Each Director has consented to lodgement of this Prospectus with ASIC in accordance with the terms of section 720 of the Corporations Act and has not withdrawn that consent.

Dated: 21 March 2016



.....
Signed for and on behalf of
Hazer Group Limited
By Mr Geoff Pocock
Managing Director

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8. GLOSSARY

Where the following terms are used in this Prospectus they have the following meanings:

Applicant	A person who submits an Entitlement and Acceptance Form.
Application	An application for Entitlement Options under the Offer.
Application Money	The Issue Price multiplied by the total number of Entitlement Options applied for by an Applicant under an Entitlement and Acceptance Form.
ASIC	Australian Securities and Investments Commission.
ASX	ASX Limited (ACN 008 624 691) and the Australian Securities Exchange it operates
Board	The Board of Directors.
Closing Date	The time and date at which the Offer expires, being 5.00pm WST, 20 April 2016 subject to the Company varying this date.
Company or Hazer	Hazer Group Limited (ACN 144 044 600).
Constitution	The constitution of the Company.
Corporations Act	The Corporations Act 2001 (Cth)
Director	A director of the Company for the time being.
Eligible Shareholder	Shareholders with a registered address in Australia or New Zealand at the Record Date.
Entitlement	The entitlement to subscribe for Entitlement Options under the Offer.
Entitlement and Acceptance Form	The entitlement and acceptance form attached to or accompanying this Prospectus, personalised for each Eligible Shareholder, which allows each Eligible Shareholder to accept the Offer.
Entitlement Options	The Options to be issued under this Prospectus on the terms set out in Section 5.1.
Excluded Shareholder	A Shareholder whose registered address is not in Australia or New Zealand.
Full Subscription	The maximum amount to be raised under the Offer being the sum of \$161,343 assuming no existing Options are exercised.
Hazer Process or Technology	The hydrogen graphite production technology over which the Company has intellectual property rights.
Issue Price	1 cent per Entitlement Option.

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Listing Rules	The official listing rules of ASX.
Offer	The pro-rata non-renounceable offer of Entitlement Options under this Prospectus on the basis of 1 Entitlement Option for every 4 Shares held by Eligible Shareholders on the Record Date at an issue price of 1 cent per Entitlement Option.
Official List	The official list of the ASX.
Option	An option to acquire a Share.
Prospectus	This prospectus.
Record Date	The time and date for determining an Eligible Shareholder's entitlement in the Offer, being 5.00pm WST, 29 March 2016.
Share	A fully paid ordinary share in the issued capital of the Company.
Shareholder	Registered holder of Shares.
Shortfall	Entitlement Options not applied for under the Offer before the Closing Date.
WST	Western Standard Time.
\$	means Australian dollars unless otherwise stated.