

1 November 2016

Company Announcements Office  
Australian Securities Exchange

Finalisation of share placement

Further to the institutional placement announced to the market on the 26th of October 2016, Pacific Environment Limited is pleased to confirm that the placement funds have been received and new shares have been issued.

The Company provides the following information as required under ASX Listing Rule 3.10.5A:

*(a) Details of the dilution to existing holders of ordinary securities caused by the issue:*

The number of shares issued as part of this issue under LR7.1 is 28,341,888.

The total number of fully paid ordinary shares on issue prior to LR7.1A securities issue was 225,942,429

Ordinary shares issued under LR7.1.A were 4,991,446

The percentage of voting dilution to existing holders of ordinary security holders prior to the issue under LR7.1A is 2.16%.

The percentage of the post-placement issued capital held by the pre-placement security holders is 85.57%.

Further details are provided in Annexure 1 to the Appendix 3B attached.

*(b) Where the equity securities are issued for cash consideration, a statement of the reasons why the eligible entity issued the equity securities as a placement under rule 7.1A and not as (or in addition to) a pro rata issue or other type of issue in which existing ordinary security holders would have been eligible to participate:*

The Company issued the shares as a placement under ASX Listing Rules 7.1 and 7.1A as it was of the view that it was the most efficient and expedient mechanism to raise the funds required to achieve its stated objectives.

*(c) details of any underwriting arrangements, including any fees payable to the underwriter*

The Company confirms that there was no underwriter in respect to the Placement.

*(d) any other fees or costs incurred in connection with the issue.*

Total fees of \$210,000 plus GST were paid to the lead manager and the company's advisors pursuant to the funds raised under Listing Rules 7.1 and 7.1A.

The Cleansing Notice and Appendix 3B in respect to the securities issued pursuant to the Placement follows.

Yours faithfully



Adam Gallagher  
Director and Company Secretary  
Pacific Environment Limited

1 November 2016

Company Announcements Office  
Australian Securities Exchange  
20 Bridge Street  
SYDNEY NSW 2000

Dear Sir/Madam

**CLEANSING NOTICE UNDER PARAGRAPH 7(f)(ii) OF ASIC CLASS ORDER [CO 09/425]**

Cleansing notice under Section 708A(5)(e) of the Corporations Act 2001

This notice is given by Pacific Environment Limited (the Company) under section 708A(5)(e) of the Corporations Act 2001 (Cth) (Act).

The Company confirms that it today issued 33,333,334 fully paid ordinary shares without disclosure to investors under Part 6D.2 of the Corporations Act 2001 (Cth) (Corporations Act).

As at the date of this notice, the Company has complied with:

1. the provisions of Chapter 2M of the Corporations Act as they apply to the Company; and
2. section 674 of the Corporations Act.

The Company confirms that, as at the date of this notice, there is no excluded information as referred to in sections 708A(7) and (8) of the Corporations Act. Excluded information is information that has been excluded from a continuous disclosure notice given to ASX in accordance with the ASX Listing Rules and is reasonably required by investors and their professional advisers for the purpose of making an informed assessment of the assets and liabilities, financial position and performance, profits and losses and prospects of the Company or the rights and liabilities attaching to the fully paid ordinary shares of the Company.

Yours faithfully



Adam Gallagher  
Director and Company Secretary  
Pacific Environment Limited

# Appendix 3B

## New issue announcement, application for quotation of additional securities and agreement

*Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.*

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

Pacific Environment Limited

ABN

42 122 919 948

We (the entity) give ASX the following information.

### Part 1 - All issues

*You must complete the relevant sections (attach sheets if there is not enough space).*

- |   |   |                            |
|---|---|----------------------------|
| 1 | +Class of +securities issued or to be issued  | Ordinary Shares            |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued   | 33,333,334                 |
| 3 | Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Fully paid ordinary shares |

+ See chapter 19 for defined terms.

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4	Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?	Yes. Fully paid ordinary shares
	<p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul>	
5	Issue price or consideration	\$0.09 per share
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	Settlement of Placement announced to the market 26 October 2016

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+ See chapter 19 for defined terms.

6a	Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?  If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i	Yes
6b	The date the security holder resolution under rule 7.1A was passed	20/10/2016
6c	Number of +securities issued without security holder approval under rule 7.1	28,341,888
6d	Number of +securities issued with security holder approval under rule 7.1A	4,991,446
6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	n/a
6f	Number of +securities issued under an exception in rule 7.2	n/a
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	Yes VWAP Date: 21 Oct 2016 Share Issue Date: 1 Nov 2016 15 Day VWAP: \$0.098 75% VWAP: \$0.0735 Source: IRESS
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	n/a
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	14,569,812

+ See chapter 19 for defined terms.

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<p>7 +Issue dates</p> <p>Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A.</p> <p>Cross reference: item 33 of Appendix 3B.</p>	<p>1 November 2016</p>
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	Number	+Class
<p>8 Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)</p>	<p>230,933,875</p>	<p>Ordinary shares</p>
<p>9 Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable)</p>	<p>2,780,000</p>	<p>Options to acquire ordinary shares (issued under Employee Share Option Plan) – 680,000 exercisable at \$0.75; 100,000 exercisable at \$1.00; all expiring 10/02/18; 2,000,000 exercisable at \$0.055 expiring 09/04/2020</p>
	<p>1,450,000</p>	<p>Options to acquire ordinary shares: 250,000 exercisable at \$0.75; 150,000 exercisable at \$1.00 each; 150,000 exercisable at \$1.25 each; 100,000 exercisable at \$1.50 each; all expiring 05/02/18; 500,000 at \$0.05 each expiring 8/5/17; 300,000 exercisable at \$0.025 each expiring 8/5/17</p>
	<p>200,000</p>	<p>Options to acquire ordinary shares; 100,000 exercisable at \$0.55; 100,000 exercisable at \$0.75 each ; all expiring 10/02/18</p>
	<p>5,000,000</p>	<p>Options to acquire ordinary shares exercisable at \$0.03 expiring 12/11/2018</p>

+ See chapter 19 for defined terms.

9. Number and <sup>+</sup> class of all <sup>cont'd</sup> <sup>+</sup> securities not quoted on ASX (including the <sup>+</sup> securities in section 2 if applicable) <i>continued from previous page</i>	1,000,000	Options to acquire ordinary shares exercisable at \$0.05 expiring 12/11/2020
	6,025,000	Options to acquire ordinary shares exercisable at \$0.06 expiring 19/04/2018
	9,000,000	Options to acquire ordinary shares exercisable at: 1,000,000 at \$0.08, 1,000,000 at \$0.10, 1,500,000 at \$0.12, 1,500,000 at \$0.15, 2,000,000 at \$0.16, 2,000,000 at \$0.20 expiring 31/10/2018
	4,000,000	Options to acquire ordinary shares exercisable at: 2,000,000 at \$0.07, vesting 12/11/16 and expiring 12/11/19 1,000,000 at \$0.10, 1,000,000 at \$0.15 expiring 31/10/19
	1,000,000	Options to acquire ordinary shares exercisable at \$0.09 exp 01/04/20
	600,000	Options to acquire ordinary shares exercisable at \$0.09 exp 14/07/20
	4,600,000	Options to acquire ordinary shares exercisable at \$0.11 exp 04/02/21
	1,000,000	Options to acquire ordinary shares exercisable at \$0.16 exp 10/11/2020
	9,000,000	Options to acquire ordinary shares: 4,500,000 ex \$0.12 4,500,000 ex \$0.18 exp 9/12/2019

<sup>+</sup> See chapter 19 for defined terms.

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10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)

**Part 2 - Pro rata issue**

11 Is security holder approval required?

12 Is the issue renounceable or non-renounceable?

13 Ratio in which the +securities will be offered

14 +Class of +securities to which the offer relates

15 +Record date to determine entitlements

16 Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?

17 Policy for deciding entitlements in relation to fractions

18 Names of countries in which the entity has security holders who will not be sent new offer documents

Note: Security holders must be told how their entitlements are to be dealt with.

Cross reference: rule 7.7.

19 Closing date for receipt of acceptances or renunciations

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+ See chapter 19 for defined terms.



20	Names of any underwriters	
21	Amount of any underwriting fee or commission	
22	Names of any brokers to the issue	
23	Fee or commission payable to the broker to the issue	
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	
25	If the issue is contingent on security holders' approval, the date of the meeting	
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	
28	Date rights trading will begin (if applicable)	
29	Date rights trading will end (if applicable)	
30	How do security holders sell their entitlements <i>in full</i> through a broker?	
31	How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	

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+ See chapter 19 for defined terms.

## Appendix 3B New issue announcement

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32 How do security holders dispose of their entitlements (except by sale through a broker)?

33 <sup>+</sup>Issue date

### Part 3 - Quotation of securities

*You need only complete this section if you are applying for quotation of securities*

34 Type of <sup>+</sup>securities  
(tick one)

(a)  <sup>+</sup>Securities described in Part 1

(b) All other <sup>+</sup>securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

### Entities that have ticked box 34(a)

#### Additional securities forming a new class of securities

*Tick to indicate you are providing the information or documents*

35  If the <sup>+</sup>securities are <sup>+</sup>equity securities, the names of the 20 largest holders of the additional <sup>+</sup>securities, and the number and percentage of additional <sup>+</sup>securities held by those holders

36  If the <sup>+</sup>securities are <sup>+</sup>equity securities, a distribution schedule of the additional <sup>+</sup>securities setting out the number of holders in the categories  
1 - 1,000  
1,001 - 5,000  
5,001 - 10,000  
10,001 - 100,000  
100,001 and over

37  A copy of any trust deed for the additional <sup>+</sup>securities

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<sup>+</sup> See chapter 19 for defined terms.

**Entities that have ticked box 34(b)**

38	Number of +securities for which +quotation is sought	33,333,334				
39	+Class of +securities for which quotation is sought	Fully paid ordinary shares				
40	<p>Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul>	Yes				
41	<p>Reason for request for quotation now</p> <p><small>Example: In the case of restricted securities, end of restriction period</small></p> <p>(if issued upon conversion of another +security, clearly identify that other +security)</p>	Issue of ordinary shares				
42	Number and +class of all +securities quoted on ASX (including the +securities in clause 38)	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;">Number</th> <th style="width: 50%;">+Class</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">230,933,875</td> <td style="text-align: center;">Ordinary Shares</td> </tr> </tbody> </table>	Number	+Class	230,933,875	Ordinary Shares
Number	+Class					
230,933,875	Ordinary Shares					

+ See chapter 19 for defined terms.

**Appendix 3B**  
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**Quotation agreement**

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:



Date: 01/11/2016

(Director and Company Secretary)

Print name:

Adam Gallagher

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+ See chapter 19 for defined terms.

# Appendix 3B – Annexure 1

## Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

### Part 1

<b>Rule 7.1 – Issues exceeding 15% of capital</b>	
<b>Step 1: Calculate “A”, the base figure from which the placement capacity is calculated</b>	
<b>Insert</b> number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue	144,817,470
<b>Add</b> the following: <ul style="list-style-type: none"> <li>• Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2</li> <li>• Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval</li> <li>• Number of partly paid +ordinary securities that became fully paid in that 12 month period</li> </ul> <p><i>Note:</i></p> <ul style="list-style-type: none"> <li>• <i>Include only ordinary securities here – other classes of equity securities cannot be added</i></li> <li>• <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul>	200,000 13,353,115 13,353,115 23,888,889
<b>Subtract</b> the number of fully paid +ordinary securities cancelled during that 12 month period	-
<b>“A”</b>	195,612,589

+ See chapter 19 for defined terms.

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<b>Step 2: Calculate 15% of “A”</b>	
<b>“B”</b>	0.15 <i>[Note: this value cannot be changed]</i>
<b>Multiply “A” by 0.15</b>	29,341,888
<b>Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used</b>	
<p><b>Insert</b> number of +equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> <li>• Under an exception in rule 7.2</li> <li>• Under rule 7.1A</li> <li>• With security holder approval under rule 7.1 or rule 7.4</li> </ul> <p><i>Note:</i></p> <ul style="list-style-type: none"> <li>• <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i></li> <li>• <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul>	1,000,000 28,341,888
<b>“C”</b>	29,341,888
<b>Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1</b>	
<p>“A” x 0.15</p> <p><i>Note: number must be same as shown in Step 2</i></p>	29,341,888
<p><b>Subtract “C”</b></p> <p><i>Note: number must be same as shown in Step 3</i></p>	29,341,888
<p><b>Total</b> [“A” x 0.15] – “C”</p>	0 <i>Note: this is the remaining placement capacity under rule 7.1]</i>

+ See chapter 19 for defined terms.

## Part 2

<b>Rule 7.1A – Additional placement capacity for eligible entities</b>	
<b>Step 1: Calculate “A”, the base figure from which the placement capacity is calculated</b>	
<b>“A”</b> <i>Note: number must be same as shown in Step 1 of Part 1</i>	195,612,589
<b>Step 2: Calculate 10% of “A”</b>	
<b>“D”</b>	0.10 <i>Note: this value cannot be changed</i>
<b>Multiply “A” by 0.10</b>	19,561,258
<b>Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used</b>	
<b>Insert</b> number of <sup>+</sup> equity securities issued or agreed to be issued in that 12 month period under rule 7.1A  <b>Notes:</b> <ul style="list-style-type: none"> <li>• <i>This applies to equity securities – not just ordinary securities</i></li> <li>• <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul>	4,991,446
<b>“E”</b>	4,991,446

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<b>Step 4: Subtract "E" from ["A" x "D"] to calculate remaining placement capacity under rule 7.1A</b>	
"A" x 0.10 <i>Note: number must be same as shown in Step 2</i>	19,561,258
<b>Subtract "E"</b> <i>Note: number must be same as shown in Step 3</i>	4,991,446
<b>Total</b> ["A" x 0.10] – "E"	14,569,812 <i>Note: this is the remaining placement capacity under rule 7.1A</i>

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+ See chapter 19 for defined terms.