

SECOND SUPPLEMENTARY PROSPECTUS

1 IMPORTANT INFORMATION

This is a second Supplementary Prospectus (**Second Supplementary Prospectus**) intended to be read with the replacement prospectus dated 28 May 2018 (**Prospectus**) as modified by the first Supplementary Prospectus dated 14 June 2018 (**First Supplementary Prospectus**) issued by 1414 Degrees Limited ACN 138 803 620 (**Company**). The Prospectus replaced the prospectus dated 30 April 2018 (**Original Prospectus**).

This Second Supplementary Prospectus is dated 13 July 2018 and was lodged with ASIC on that date. Neither ASIC nor ASX takes any responsibility for the contents of this Second Supplementary Prospectus.

This Second Supplementary Prospectus is a 'refresh document' as defined in section 724(3H) of the Corporations Act, as inserted by ASIC Corporations (Minimum Subscription and Quotation Conditions) Instrument 2016/70 (**ASIC Instrument**).

This Second Supplementary Prospectus should be read together with the Prospectus and the First Supplementary Prospectus.

Other than the changes set out in this Second Supplementary Prospectus, all other details in relation to the Prospectus remain unchanged. To the extent of any inconsistency between this Second Supplementary Prospectus and the Prospectus or the First Supplementary Prospectus, the provisions of this Second Supplementary Prospectus will prevail. Unless otherwise indicated, terms defined and used in the Prospectus have the same meaning in this Second Supplementary Prospectus.

The Prospectus, the First Supplementary Prospectus and this Second Supplementary Prospectus may be viewed on the Company's website at <https://1414degrees.com.au/prospectus/>. The Company will send a copy of this Second Supplementary Prospectus to all Applicants who have applied for securities under the Prospectus (as modified by the First Supplementary Prospectus) as at the date of this Second Supplementary Prospectus.

This Second Supplementary Prospectus is important and should be read in its entirety and in conjunction with the Prospectus and the First Supplementary Prospectus. If you do not understand its contents, you should consult your professional advisor.

2 REASON FOR SECOND SUPPLEMENTARY PROSPECTUS

Although the Company has received over 1,600 applications for more than \$15,000,000, it has not yet achieved the Minimum Subscription funding. However, the Directors are of the view that the key commercial objectives as described in the Prospectus can be satisfied by a lesser subscription amount and have therefore revised and adjusted the Company's business plan over the next 2 years to focus on the installations in commercial sites described in the Prospectus.

If the Company receives sufficient Applications above the Minimum Subscription, the TESS-GRID test cell will be built and tested but aspects of the proposed research and development innovation program, including construction of the 200MWh TESS-GRID device, will be deferred pending completion of the industrial demonstration units.

2.1 Purpose of Document

This Second Supplementary Prospectus has been prepared for the purpose of:

- (a) reducing the Minimum Subscription for the Offer from 85,714,286 Shares to raise at least \$30,000,000 to 35,714,286 Shares to raise at least \$12,500,000;
- (b) reducing the Maximum Subscription for the Offer from 142,857,143 Shares to raise a maximum of \$50,000,000 to 71,428,571 Shares to raise a maximum of \$25,000,000;
- (c) advising investors of the Company's revised and adjusted business plan;

- (d) outlining the terms of an offer of options over unissued Shares (**Bonus Loyalty Options**) to Applicants to recognise and reward their loyalty to, and support of, the Company during the Offer Period. The Company has expanded the terms of the Offer and will now issue, for no additional monetary consideration, Bonus Loyalty Options with an exercise price of \$0.35 each and an expiry date 2 years after their date of issue on a 1 for 4 basis to each Applicant who has submitted a valid Application before 5.00pm (AEST) on the Closing Date and to whom Shares are issued. The Bonus Loyalty Options will vest immediately upon issue and will be transferable. The Company intends to apply for quotation of the Bonus Loyalty Options on ASX within seven days of the date of this Second Supplementary Prospectus; and
- (e) outlining the material terms and conditions of a Loan Agreement and General Security Deed entered into between the Company and Rocking Horse Nominees Pty Ltd (ACN 608 184 916) as trustee for the Rocking Horse Unit Trust (ABN 31 577 512 901) (**Lender**) in relation to a loan facility based on the Company's Research and Development tax rebate and provided to the Company by the Lender to assist the Company to meet its short term working capital requirements (**2018 R&D Loan Facility**). Further details of the 2018 R&D Loan Facility are set out in Section 4.12 of this Second Supplementary Prospectus.

Accordingly, the Company has issued this Second Supplementary Prospectus to make the amendments to the Prospectus set out in Section 4 below. The amendments to the Prospectus outlined in Section 4 should be read in conjunction with the Prospectus and the First Supplementary Prospectus.

In addition, this Second Supplementary Prospectus has been prepared to:

- (f) refresh the period for admission to quotation of Shares offered under the Prospectus from the date that is three months from the date of the Original Prospectus to the date that is three months from the date of this Second Supplementary Prospectus (**Quotation Condition**); and
- (g) refresh the period for obtaining the Minimum Subscription for the Offer from the date that is four months from the date of the Original Prospectus to the date that is four months from the date of this Second Supplementary Prospectus (**Minimum Subscription Condition**),

pursuant to the ASIC Instrument.

2.2 Quotation Condition

The Company makes the following statements regarding the Quotation Condition as required by the ASIC Instrument:

- (a) an application for admission to quotation of Shares offered under the Prospectus was made within seven days after the date of the Original Prospectus;
- (b) the Shares offered under the Prospectus have not been admitted to quotation as at the date of this Second Supplementary Prospectus;
- (c) ASX has not indicated that the Shares offered under the Prospectus will not be admitted to quotation and, as at the date of this Second Supplementary Prospectus, the Company has not received an indication from ASX that the Shares will be admitted to quotation subject to certain conditions being satisfied;
- (d) the Quotation Condition is being amended to extend the period for admission to quotation of Shares offered under the Prospectus from the date that is three months from the date of the Original Prospectus to the date that is three months from the date of this Second Supplementary Prospectus;
- (e) the Quotation Condition must be satisfied by 15 October 2018, being the date that is three months from the date of this Second Supplementary Prospectus; and
- (f) as at the date of this Second Supplementary Prospectus, the number of Shares for which Applications have been received is 43,367,438 Shares.

2.3 Minimum Subscription Condition

The Company makes the following statements regarding the Minimum Subscription Condition as required by the ASIC Instrument:

- (a) as at the date of this Second Supplementary Prospectus, the Company has received Applications for 43,367,438 Shares amounting to \$15,178,603.30;
- (b) the Minimum Subscription Condition is being amended to:
 - (i) reduce the Minimum Subscription for the Offer from 85,714,286 Shares to raise at least \$30,000,000 to 35,714,286 Shares to raise at least \$12,500,000; and
 - (ii) extend the period for the Minimum Subscription being achieved from the date that is four months from the date of the Original Prospectus to the date that is four months from the date of this Second Supplementary Prospectus; and
- (c) the Minimum Subscription Condition must be satisfied by 13 November 2018, being the date that is four months from the date of this Second Supplementary Prospectus.

2.4 Withdrawal of previous Applications

As at the date of this Second Supplementary Prospectus, no Applications have been processed and no Shares have been issued under the Prospectus.

In accordance with section 724 of the Corporations Act (as modified by the ASIC Instrument), the Company must allow all Applicants who have lodged Application Forms prior to the date of this Second Supplementary Prospectus (**Existing Applicants**) one month from the date of this Second Supplementary Prospectus (**Withdrawal Period**) to withdraw their Applications and be repaid their Application Monies if they do not wish to proceed with their Application. The Offer will remain open at least until the end of the Withdrawal Period (i.e. 5.00pm (AEST) on 13 August 2018).

Any repayments made by the Company pursuant to an Existing Applicant exercising their right to withdraw their Application will be made in full without interest.

An Existing Applicant who wishes to withdraw their Application and be repaid their Application Monies in full must submit a written request, including the full name of the Applicant as submitted on the Application Form, and the number of Shares applied for by that Applicant, to the Company's Share Registrar by mail to:

1414 Degrees Ltd Share Issue
Computershare Investor Services Pty Limited
GPO Box 1326
Adelaide, SA, 5001,

so that the written request is received within one month of the date of this Second Supplementary Prospectus (i.e. by 5.00pm (AEST) on 13 August 2018). Written requests received after this date would not be valid and therefore, would not be acted upon.

The refund cheque is to be made payable to the full name of the Applicant and the address to which it will be sent is as per the submitted Application Form. It is not possible to withdraw a partial amount of your Application.

If you are an Existing Applicant and do not wish to withdraw your Application, you do not need to take any action.

2.5 New Applications

All new Applications under the Offer after the date of this Second Supplementary Prospectus must be made using the Application Form attached to or accompanying this Second Supplementary Prospectus (**Second Supplementary Application Form**) and otherwise on the terms set out in the Prospectus.

Applications made after the date of this Second Supplementary Prospectus must NOT be made on an application form attached to or accompanying the Prospectus or the First Supplementary Prospectus.

The Second Supplementary Application Form contains detailed instructions on how it is to be completed and returned.

3 BONUS LOYALTY OPTIONS

To recognise and reward investors' loyalty to, and support of, the Company during the Offer Period, the Company has expanded the Offer to contemplate the grant, for no additional monetary consideration, of options over unissued Shares (**Bonus Loyalty Options**) with an exercise price of \$0.35 each and an expiry date 2 years after their date of issue. Bonus Loyalty Options will be issued on a 1 for 4 basis to each Applicant who has submitted a valid Application before 5.00pm (AEST) on the Closing Date and to whom Shares are issued. The Bonus Loyalty Options will vest immediately upon issue and will be transferable. The Company intends to apply for quotation of the Bonus Loyalty Options on ASX within seven days of the date of the Second Supplementary Prospectus. Upon exercise of a Bonus Loyalty Option and payment of the exercise price, the Company will issue one fully paid Share to the optionholder.

Bonus Loyalty Options will be issued automatically to Applicants on the date on which Shares are issued under the Offer. Applicants applying under the Offer after the date of the Second Supplementary Prospectus can apply for Shares and Bonus Loyalty Options using the Application Form attached to this Second Supplementary Prospectus. Existing Applicants are not required to take any additional action to receive Bonus Loyalty Options.

The rights and liabilities attaching to the Bonus Loyalty Options are now set out in Section 12.1A of the Prospectus, as inserted by Section 4.13 of this Second Supplementary Prospectus.

4 AMENDMENTS TO THE PROSPECTUS

4.1 Introduction

The Directors have resolved to:

- (a) reduce the Minimum Subscription for the Offer from 85,714,286 Shares to raise at least \$30,000,000 to 35,714,286 Shares to raise at least \$12,500,000;
- (b) reduce the Maximum Subscription for the Offer from 142,857,143 Shares to raise a maximum of \$50,000,000 to 71,428,571 Shares to raise a maximum of \$25,000,000;
- (c) issue Bonus Loyalty Options to all Applicants under the Offer;
- (d) refresh the period for admission to quotation of the Shares offered under the Prospectus to 15 October 2018, being the date that is three months from the date of this Second Supplementary Prospectus; and
- (e) refresh the period to raise the Minimum Subscription to 13 November 2018, being the date that is four months from the date of this Second Supplementary Prospectus.

In addition, the Company has entered into a Loan Agreement and General Security Deed in relation to the 2018 R&D Loan Facility to assist the Company to meet its short term working capital requirements pending completion of the Offer. Under the 2018 R&D Loan Facility, the Company may borrow from the Lender up to \$1,600,000, being 80% of the Company's estimated FY17/18 research and development tax rebate from the Australian Taxation Office. The Lender has agreed to an initial advance of \$900,000, which the Company expects to receive within a short period of the date of this Second Supplementary Prospectus. Further details in relation to the 2018 R&D Loan Facility are contained in Section 4.12.

As a result of the reduction in the Minimum Subscription and the Maximum Subscription, the restructure of the Offer to contemplate the grant of the Bonus Loyalty Options, the extension of the Quotation Condition and the Minimum Subscription Condition, and the entry into of the 2018 R&D Loan Facility, the following amendments are made to the Prospectus.

4.2 General

All references to:

- (a) The Offer being an invitation to apply for fully paid ordinary shares in the Company are replaced with the Offer being an invitation to apply for fully paid ordinary shares in the Company plus **1 free attaching Bonus Loyalty Option for every 4 fully paid ordinary shares** in the Company subscribed for under the Offer;

- (b) The Offer being for an offer of a minimum 85,714,286 Shares at an issue price of \$0.35 per Share to raise a minimum of \$30,000,000 are replaced with the Offer being for an offer of a minimum of 35,714,286 Shares at an issue price of \$0.35 to raise a minimum of \$12,500,000 and an offer of 8,928,572 Bonus Loyalty Options having an exercise price of \$0.35 each;
- (c) \$30,000,000 being the Minimum Subscription in respect of the Offer are replaced with the Minimum Subscription being \$12,500,000;
- (d) The Offer being for an offer of a maximum 142,857,143 Shares at an issue price of \$0.35 per Share to raise a maximum of \$50,000,000 are replaced with the Offer being for an offer of a maximum of 71,428,571 Shares at an issue price of \$0.35 to raise a maximum of \$25,000,000 and an offer of up to 17,857,143 Bonus Loyalty Options having an exercise price of \$0.35 each;
- (e) \$50,000,000 being the Maximum Subscription in respect of the Offer are replaced with the Maximum Subscription being \$25,000,000; and
- (f) Applications for Shares on an Application Form are replaced with applications for Shares and Bonus Loyalty Options on a Second Supplementary Application Form.

4.3 Indicative Timetable

The Key Dates as set out in the Key Offer Information section on page 6 of the Prospectus and all references to each corresponding date throughout the Prospectus (as amended by the First Supplementary Prospectus) are replaced with the following:

Key Dates	
Lodgement date of the Prospectus	28 May 2018
Opening Date of the Offer (9.00am)	28 May 2018
Lodgement date of the First Supplementary Prospectus	14 June 2018
Lodgement date of this Second Supplementary Prospectus	13 July 2018
Last date for Existing Applicants to notify the Company of their election to withdraw their Application (5.00pm)	13 August 2018
Expected Closing Date of the Offer (5.00pm)	13 August 2018
Expected date of issue and allotment of Shares and Bonus Loyalty Options under the Offer	21 August 2018
Expected date of despatch of holding statements	24 August 2018
Expected date of quotation of Shares and Bonus Loyalty Options on the ASX	29 August 2018

Note: This timetable is indicative only and is subject to change. Unless otherwise indicated, all times are in AEST. The Company reserves the right to vary the dates and times of the Offer, including to close the Offer early (provided that the Offer must remain open until at least the expiration of the one month period to withdraw applications set out in Section 2.4 of the Second Supplementary Prospectus), to extend the time or date of the Closing Date or to accept late Applications, in each case without prior notice. Applicants are encouraged to submit their Applications as soon as possible.

4.4 Key Offer Statistics

The table in the Key Offer Statistics as set out in the Key Offer Information section on page 6 of the Prospectus is replaced with the following table:

Key Offer Statistics	Minimum Subscription	Maximum Subscription
Offer Price per Share	\$0.35	\$0.35
Total number of Shares currently on issue	125,708,946	125,708,946
Total number of options currently on issue	nil	nil

Key Offer Statistics	Minimum Subscription	Maximum Subscription
Shares offered under the Prospectus	35,714,286	71,428,571
Bonus Loyalty Options offered under the Second Supplementary Prospectus	8,928,572	17,857,143
Total Shares on issue at listing on the ASX	161,423,232	197,137,517
Total Bonus Loyalty Options on issue at listing on the ASX	8,928,572	17,857,143
Other Shares offered but yet to be issued ^{(1) (2) (3)}	1,830,000	1,830,000
Total Shares on issue on a fully diluted basis (including Shares issued upon exercise of Bonus Loyalty Options) ⁽⁴⁾	172,181,804	216,824,660
Gross proceeds of the Offer	\$12,500,000	\$25,000,000

⁽¹⁾ The Company has offered to issue 500,000 Shares to Reactive Engineering Pty Ltd or its nominee, subject to the satisfaction of certain conditions, pursuant to the terms of a Letter of Offer dated 23 March 2018. Further details of the agreement are set out in Section 11.

⁽²⁾ The Company has agreed to issue 1,000,000 Shares to Pitstop Marketing Pty Ltd, subject to the satisfaction of certain conditions, pursuant to the terms of an undated Offer of Contractual Engagement. Further details of the agreement are set out in Section 11.

⁽³⁾ The Company has agreed to issue 330,000 Shares to Burwood Family Investments Pty Ltd as trustee for the Burwood Family Investment Trust, subject to the satisfaction of certain conditions, pursuant to the terms of a Heads of Agreement dated 16 April 2018. Further details of the agreement are set out in Section 11.

⁽⁴⁾ If any Bonus Loyalty Options lapse before they are exercised, the total Shares on issue in the Company on a fully diluted basis will be lower than the figure stated in the table.

4.5 Section 1 – Investment Overview

(a) Section 1.2 - Overview of the Company's Business

The subsection 'How does 1414 Degrees generate its income and what are the Company's key costs?' in Section 1.2 of the Prospectus is amended as follows:

The first sentence of the 6th paragraph in this subsection is deleted in its entirety and replaced with the following:

“Key costs for the Company over the next 24 months arise from building and installing up to three devices at the characterisation sites.”

(b) Section 1.2 - Overview of the Company's Business

The subsection 'What is the 1414 Degrees business strategy?' in Section 1.2 of the Prospectus is amended as follows:

The 5th paragraph in this subsection is deleted in its entirety and replaced with the following:

“The conceptual design of the TESS-GRID and its 1/15th scale test cell will commence following the close of the Offer. Assessment of commercial sites for construction of the 200MWh TESS-GRID device will continue. If the Company achieves the Maximum Subscription as a result of the Offer, the Company will proceed to finalise the designs, build and test the 1/15th scale test cell before proceeding with construction of a 200MWh TESS-GRID device (noting that the Company will require further funding for the construction phase of the 200MWh TESS-GRID device). The Company's business plan contemplates commercialisation of the TESS-GRID within three years of the Offer.”

(c) Section 1.2 - Overview of the Company's Business

The subsection 'What is the 1414 Degrees business strategy?' in Section 1.2 of the Prospectus is amended as follows:

The first and second sentences of the 6th paragraph in this subsection are deleted in their entirety and replaced with the following:

"The Minimum Subscription will provide sufficient funds to finalise the conceptual design of this device. Concurrently, commercial sites for construction of the 200MWh TESS-GRID device will be assessed, but the construction and testing of the 1/15th scale test cell and construction of the 200MWh TESS-GRID device will require further funding to be secured."

(d) Section 1.2 - Overview of the Company's Business

The subsection 'What is the 1414 Degrees business strategy?' in Section 1.2 of the Prospectus is amended as follows:

The last sentence of the 8th paragraph in this subsection is deleted in its entirety and replaced with the following:

"In June 2018, the Company commenced technical and engineering assessment and review studies for the Austcor Packaging and Pepe's Ducks projects. As a result of these studies, the Company's scope of works for the Pepe's Ducks project has been narrowed to a specific part of the Pepe's Ducks manufacturing plant. The narrowed scope of works, including a reduction in the cost of components and the labour requirements, has allowed the Company to reduce its expected costs for developing the project. The revision of costs for the Pepe's Ducks project is reflected in the use of funds described in Section 4 of this Prospectus."

(e) Section 1.3 - Key Risks

The subsection 'What are the key company specific risks?' in Section 1.3 of the Prospectus is amended as follows:

Numbered paragraph 3 is deleted in its entirety and replaced with the following:

"3. FAILURE TO BUILD AND COMMISSION TESS TECHNOLOGY: *There is no assurance that the Company will be able to develop the TESS technology to meet the Company's operational objectives, and failure to meet such objectives may adversely impact the financial position and operating results of the Company. For example, there can be no guarantee that the Company will be successful in building and commissioning the pilot TESS units at the commercial sites.*

The Company is in the process of commencing trials of the TESS technology in operating industries. These trials will be funded by the Company in accordance with the allocation of funds set out in Section 4, and supported by grant funding. As the Company's products are based on novel technology it is difficult for the Company to predict the time and costs associated with the development and commissioning of the TESS technology and so there is a risk that the allocation of funds set out in Section 4 will be inadequate to enable the Company to meet its business objectives. This risk is increased as a result of the reduction in the Minimum Subscription for the Offer and the associated reduction in funds available to the Company to achieve its business plan. There is an additional risk that the TESS technology may not perform in the same way outside of the Company's demonstration trials, which may further delay the development and commercialisation of the TESS technology and the Company's marketing and distribution of the TESS.

As part of the pilot projects, the TESS technology will need to be integrated into a customer's existing facilities at the site, including the use, extraction and application of the heat, which will differ for each customer installation. The Company cannot and does not make any assurance, representation or warranty in relation to the way that the TESS technology may be integrated into a customer's site until such time as an engineering feasibility study has been completed and agreed between the relevant customer and the Company. In the short term, the failure to successfully integrate the TESS devices into customer sites may adversely affect the Company's ability to achieve its business strategy (in particular the ability to generate operating specifications required to support future sales of TESS devices), and as a result, its operational and financial performance."

(f) Section 1.3 - Key Risks

The subsection 'What are the key company specific risks?' in Section 1.3 of the Prospectus is amended as follows:

Numbered paragraph 5 is deleted in its entirety and replaced with the following:

"5. SHORTAGE OF FUNDING: Investors should be aware that as the Company's products are based on novel technology which make it difficult for the Company to predict the time and costs associated with the development and commissioning of the TESS technology, there is a risk that the Company may not be able to build and/or commission the pilot TESS projects within the budget contemplated by the allocation of funds set out in Section 4 (as supported by grant funding). In the event that the Company achieves the Maximum Subscription as a result of the Offer, the Company will proceed to finalise the designs, build and test the 1/15th scale test cell for the TESS-GRID, but the Company will require further capital before proceeding with construction of a 200MWh TESS-GRID device. If only the Minimum Subscription is achieved, the Company will require further capital for both the construction and testing of the 1/15th scale test cell for the TESS-GRID, and for the construction and commissioning of the 200MWh device. Given the nature and scale of the 200MWh TESS-GRID device, and the Company's current business plan (which contemplates construction and commissioning of the full 200MWh device within 3 years of the Offer) the Company anticipates it will need to raise significant further funding (whether by way of debt or equity) in the near to medium term to achieve this aspect of its business plan. There can be no assurance that the Company will be able to raise sufficient additional funding on favourable terms, or at all. If the Company is unable to raise such additional funding, it will not be in a position to pursue that part of its business plan which relates to the development and commercialisation of the TESS-GRID device. This may have an adverse impact on the Company's operating results in the medium to long term.

In addition, the Company may seek to exploit other opportunities that will require it to raise additional capital from equity or debt markets. There can be no assurances that the Company will be able to raise such additional funding on favourable terms or at all. If the Company is unable to obtain such additional capital, it may be required to reduce the scope of its anticipated additional activities, which could adversely affect its business, financial condition and operations. In addition, the Company's operating results may vary significantly from period to period, and it may not be able to sustain operating profitability. If the Company incurs unexpected costs or is unable to generate sufficient operating income, further funding may be required. The Company may require additional funding to carry out further product development or product improvement. Any additional financing through share issues may dilute shareholdings acquired under this Prospectus. Debt financing may not be available to support the scope and extent of proposed developments. If available, it may impose restrictions on operating activities or anticipated expansion of the Company's operations."

(g) Section 1.3 - Key Risks

The subsection 'What are the key company specific risks?' in Section 1.3 of the Prospectus is amended as follows:

The following paragraphs are included as a new numbered paragraph 13 after numbered paragraph 12:

"13. DEBT FACILITY RISK: During the Offer Period, the Company has entered into the 2018 R&D Loan Facility to assist the Company to meet its short term working capital requirements pending completion of the Offer. Prior to entering into the 2018 R&D Loan Facility, the Company had no debt financing in place. The terms of the 2018 R&D Loan Facility are set out in Section 11.1 of this Prospectus.

Under the 2018 R&D Loan Facility, the Company may borrow from the Lender up to \$1,600,000, being 80% of the Company's estimated FY17/18 research and development tax rebate (Rebate) from the Australian Taxation Office (ATO), which is currently expected to be in the order of \$2,000,000. The 2018 R&D Loan Facility provides that the Company must direct the ATO to pay the amount of any Rebate ultimately assessed by the ATO directly to the Lender in repayment of the advanced amount plus any interest accrued. Any excess of the Rebate paid to the Lender over the amount advanced by the Lender to the Company under the 2018 R&D Loan Facility will be refunded by the Lender to the Company. The Lender has agreed to an initial advance of \$900,000. The Company expects to receive this initial advance within a short period of the date of the Second Supplementary Prospectus. Further advances up to the maximum facility amount of \$1,600,000 will be made available at the Lender's discretion.

If the Company accesses funds under the 2018 R&D Loan Facility in excess of the Rebate ultimately assessed by the ATO, there is a risk that the Company will not have sufficient cash available to repay the outstanding amount while also implementing its business plan. This could cause the Company to seek to raise further funds (whether by way of debt or equity) to meet its repayment obligations and, if this is not possible, could materially

adversely affect the Company's business, financial condition and operations. The 2018 R&D Loan Facility also contemplates a range of other potential events of default which, if triggered, give the Lender the right to require immediate repayment of any amounts outstanding. Again, there is a risk that the Company will be unable to repay such amounts at the time at which they become due (for example, if the Offer has not yet completed and the Rebate has not yet been assessed by the ATO). The 2018 R&D Loan Facility is secured against the whole of the assets and undertaking of the Company pursuant to the terms of a General Security Deed. If the Company is unable to make any required repayments under the 2018 R&D Loan Facility or otherwise breaches its obligations under that arrangement or the General Security Deed, there is a risk that the Lender will seek to enforce its security and take control of some or all of the assets of the Company to secure repayment of amounts owed to it. Such enforcement action could adversely affect the Company's business, financial condition and operations."

(h) Section 1.3 - Key Risks

The subsection 'What are the key general risks?' in Section 1.3 of the Prospectus is amended as follows:

Numbered paragraph 1 is deleted in its entirety and replaced with the following:

"1. LIQUIDITY RISK: *Once the Shares and Bonus Loyalty Options are quoted on the ASX, there can be no guarantee that an active trading market for the Shares or Bonus Loyalty Options will develop or that the price of the Shares will increase. There may be relatively few potential buyers or sellers of the Shares or Bonus Loyalty Options on the ASX at any given time which may increase the volatility of the market price of the Shares.*

In addition, the price at which the Bonus Loyalty Options are quoted on the ASX may increase or decrease due to a number of factors which may cause the Bonus Loyalty Options to trade at prices below the fixed exercise price of the Bonus Loyalty Options or the Share price may fall below the fixed exercise price of the Bonus Loyalty Options (i.e. they may be "out of the money"). This may limit the financial benefit associated with holding the Bonus Loyalty Options. Any unexercised Bonus Loyalty Options will lapse at the end of the exercise period, so you may never realise the benefit of the Bonus Loyalty Options."

(i) Section 1.4 - Financial Information

The subsection 'What is the key financial information of the Company?' in Section 1.4 of the Prospectus is amended as follows:

The second table entitled 'Pro Forma Statement of Financial Position' is deleted in its entirety and replaced with the following:

	Pro Forma Statement of Financial Position	
\$000s	Minimum	Maximum
Cash assets	16,809	28,795
Total assets	20,197	32,183
Total liabilities	300	300
Net assets	19,897	31,883

(j) Section 1.4 - Financial Information

The subsection 'What is the key financial information of the Company?' in Section 1.4 of the Prospectus is amended as follows:

The paragraph immediately following the table 'Pro Forma Statement of Financial Position' is deleted in its entirety and replaced with the following:

"Other than the 2018 R&D Loan Facility, the Company is not a party to any banking, financial or investment facilities (whether as lender, borrower or guarantor). Please refer to Section 11.1 of this Prospectus for further details in relation to the 2018 R&D Loan Facility. The 2018 R&D Loan Facility is undrawn as at the date of this Prospectus."

(k) Section 1.6 - Significant Interests of Key People and Related Party Transactions

The paragraph immediately preceding the second table, the second table and the paragraph which immediately follows it in the subsection 'Who are the key shareholders of the Company and what is their interest in the Company upon completion of the Offer?' in Section 1.6 of the Prospectus are deleted and replaced with the following:

"Assuming the Minimum Subscription and that no existing substantial Shareholder subscribes for and receives additional Shares pursuant to the Offer, those Shareholders holding 5% or more of the Shares on completion of the Offer will be:

Shareholder	%
Harold Tomblin & Judith Johnston <Tomblin Superfund>	7.77%
Focem Pty Ltd <Towarnie Superannuation Fund>	7.68% ⁽¹⁾
John & Wendy Moss <Moss Retirement Trust>	5.31%

⁽¹⁾ Kevin Moriarty is a director and shareholder of Focem Pty Ltd which is the trustee of the Towarnie Superannuation Fund.

Assuming the Maximum Subscription and that no existing substantial Shareholder subscribes for and receives additional Shares pursuant to the Offer, those Shareholders holding 5% or more of the Shares on completion of the Offer will be:

Shareholder	%
Harold Tomblin & Judith Johnston <Tomblin Superfund>	6.36%
Focem Pty Ltd <Towarnie Superannuation Fund>	6.29% ⁽¹⁾

⁽¹⁾ Kevin Moriarty is a director and shareholder of Focem Pty Ltd which is the trustee of the Towarnie Superannuation Fund."

(l) Section 1.6 - Significant Interests of Key People and Related Party Transactions

The subsection 'What escrow restrictions apply to the existing Shareholders' Shares?' in Section 1.6 of the Prospectus is amended as follows:

The second paragraph is deleted and replaced with the following paragraphs:

"In addition, John Moss and Wendy Moss in their capacity as trustees for the Moss Retirement Trust (who are not required by ASX to have any of their existing Shares escrowed), have agreed to voluntarily escrow 7,282,312 Shares until 30 June 2020.

The Company will announce to the ASX full details (quantity and duration) of the Shares which will be escrowed (including in respect of shareholders who have agreed to voluntarily escrow their existing Shares) prior to the Shares commencing trading on the ASX."

(m) Section 1.7 – Overview of the Offer

Subsection 1.7 'Overview of the Offer' is deleted in its entirety and replaced with the following:

"1.7 OVERVIEW OF THE OFFER

Question	Answer	More Information
Who is the Issuer of this Prospectus?	1414 Degrees Limited (ACN 138 803 620).	SECTION 2
What is the	An offer of up to 71,428,571 Shares at an Offer Price of	SECTION 4

Question	Answer	More Information
Offer?	<p><i>\$0.35 per Share to raise a maximum of \$25,000,000 and an offer of up to 17,857,143 Bonus Loyalty Options having an exercise price of \$0.35 each.</i></p> <p><i>The Offer made under this Prospectus and the issue of Shares and Bonus Loyalty Options pursuant to this Prospectus are subject to and conditional upon the Company achieving the Minimum Subscription of 35,714,286 Shares to raise at least \$12,500,000.</i></p> <p><i>Fractional amounts are being rounded up to the next whole number.</i></p> <p><i>For details relating to the rights and liabilities of the Shares and the Bonus Loyalty Options, refer to Section 12.</i></p>	
What is the Offer Price?	<p><i>The Offer Price is \$0.35 per Share.</i></p> <p><i>No additional monetary consideration is payable in respect of the grant of the Bonus Loyalty Options. The exercise price for Bonus Loyalty Options is \$0.35 per Bonus Loyalty Option, payable at the time of exercise.</i></p>	SECTION 4
Is the Offer underwritten?	<p><i>The Offer is not underwritten.</i></p>	SECTION 4
What happens if the Minimum Subscription is not received?	<p><i>The Minimum Subscription for the Offer to proceed is \$12,500,000. If the Minimum Subscription is not obtained within four months after the date of the Second Supplementary Prospectus (or any longer period permitted by law), the issue of Shares and Bonus Loyalty Options under the Offer will not proceed and no Shares or Bonus Loyalty Options will be allotted pursuant to this Prospectus. The Company will repay all Application Monies in full without interest as soon as practicable, or the Company will issue a Supplementary or Replacement Prospectus and allow Applicants one month to withdraw their Applications and be repaid their Application Monies in full without interest.</i></p>	SECTION 4
What are the terms of the Shares and Bonus Loyalty Options	<p><i>The rights attaching to the Shares and the Bonus Loyalty Options are summarised in Section 12.</i></p>	SECTION 12
Where and when will the Shares and Bonus Loyalty Options be quoted?	<p><i>The Company applied to the ASX within seven days of the date of the Original Prospectus, for its admission to the Official List and quotation of the Shares on the ASX. The Shares are expected to be quoted under the ASX trading code of "14D".</i></p> <p><i>The Company will, within seven days of the date of the Second Supplementary Prospectus, apply for quotation of the Bonus Loyalty Options on ASX. The Bonus Loyalty Options are expected to be quoted under the ASX trading code of "14DO".</i></p> <p><i>Quotation of the Shares and Bonus Loyalty Options is expected to occur on 29 August 2018.</i></p> <p><i>Completion of the Offer is conditional on the ASX approving the Company's listing application and the Shares and Bonus Loyalty Options being admitted to quotation by the ASX.</i></p> <p><i>If the Shares and Bonus Loyalty Options are not admitted</i></p>	SECTION 4

Question	Answer	More Information
	<p><i>to quotation within three months after the date of the Second Supplementary Prospectus (or any longer period permitted by law), the Company will repay all Application Monies in full without interest as soon as practicable or issue a Supplementary or Replacement Prospectus and allow Applicants one month to withdraw their Applications and be repaid their Application Monies in full without interest.</i></p>	
<p><i>Are there are restrictions on the disposal of the Shares and Bonus Loyalty Options?</i></p>	<p><i>Upon completion of the Offer and subject to the ASX Listing Rules, the Shares and Bonus Loyalty Options (and any Shares issued upon exercise of the Bonus Loyalty Options) issued under the Prospectus will not be subject to any restrictions on disposal.</i></p> <p><i>It is expected that some of the Shares held by the Company's Shareholders as at the date of this Prospectus will be subject to escrow.</i></p>	SECTION 4
<p><i>What is the minimum investment amount under the Offer?</i></p>	<p><i>Applications must be for a minimum of 6,000 Shares (\$2,100) (with Bonus Loyalty Options issued on a 1 for 4 basis for no additional monetary consideration) and can only be made by completing the Application Form accompanying or attached to this Prospectus (e.g. Applicants applying for and being issued 6,000 Shares (\$2,100) will be issued 1,500 Bonus Loyalty Options).</i></p>	SECTION 4
<p><i>What are the tax implications of investing in the Offer securities?</i></p>	<p><i>The taxation consequences of an investment in the Shares or the Bonus Loyalty Options will depend on your particular circumstances. It is your responsibility to make your own enquiries concerning the taxation consequences of an investment in the Company. Further information about the taxation consequences of an investment in the Shares or the Bonus Loyalty Options is set out in Section 4.15.</i></p>	SECTION 4
<p><i>What is the allocation policy?</i></p>	<p><i>Pursuant to the terms of the Mandate Letter with Taylor Collison, the Directors have the authority to allocate up to \$20 million in Shares under the Offer to Applicants from the Pre-Registered List. Taylor Collison will be entitled to allocate (in consultation with the Company) the remaining Shares to Applicants. Taylor Collison must disclose the identity of the beneficial owners of Applicants who apply for more than \$500,000 in Shares and allocation to these Applicants will be at the Directors' discretion (acting reasonably).</i></p> <p><i>The Company reserves the right to reject any Application or allocate a lesser amount of Shares than those applied for at its absolute discretion.</i></p> <p><i>In determining allocations, regard will be given by the Company and the Lead Manager to the timing of receipt of Applications and the Applicants are therefore encouraged to submit their Applications as soon as possible.</i></p> <p><i>Bonus Loyalty Options will be allocated on a 1 for 4 basis having regard to the number of Shares allocated to each Applicant.</i></p>	SECTION 4
<p><i>What is the proposed use of the proceeds received in connection of</i></p>	<p><i>The Company's primary use of funds received in connection with the Offer will be to construct and commission its products on three sites – a wastewater treatment plant, a poultry processing facility and a packaging manufacturer. If the Maximum Subscription is received, the Company intends</i></p>	SECTIONS 2 AND 4

Question	Answer	More Information
with the Offer?	to construct and commission a TESS-GRID test cell at a site with heat offtake and connection to the electricity network. The funds will also be used for engineering and commercial assessment of the local and international proposals received for TESS installations to identify the most profitable and logistically viable sites to build sales.	
How is the Offer structured?	The Offer presented in this Prospectus is open to investors who have a registered address in Australia and New Zealand.	SECTION 4
Who is the Lead Manager?	Taylor Collison.	SECTION 11
What fees and costs are payable to the Lead Manager?	<p>The Company has agreed to pay the Lead Manager:</p> <ul style="list-style-type: none"> • an offer management fee of 1.5% of the total funds raised under the Offer; and • a selling fee of 4.5% of the funds raised under the Offer other than those funds raised from investors on the Pre-Registered List (unless such persons on the Pre-Registered List were clients of Taylor Collison as at 18 April 2018). 	SECTION 11
Is there any brokerage, commission or stamp duty payable by applicants?	No brokerage, commission or stamp duty is payable by applicants on acquisition of Shares or Bonus Loyalty Options under the Offer.	SECTION 4
How can I apply?	<p>Applications for Shares and Bonus Loyalty Options can only be made by completing the Application Form accompanying or attached to this Prospectus.</p> <p>Applications under the Offer may be made, and will only be accepted by:</p> <ul style="list-style-type: none"> • submitting a paper Application Form accompanying or attached to this Prospectus and a personal cheque, money order or bank draft for the Application Monies to the Share Registrar; or • completing an electronic Application Form which accompanies the electronic version of this Prospectus, both of which can be found at https://1414degrees.com.au/prospectus/, and making payment of the Application Monies by BPAY®. <p>Existing Applicants are not required to take any additional action to receive Bonus Loyalty Options.</p> <p>The Application constitutes an offer by the Applicant to subscribe for Shares and Bonus Loyalty Options on the terms and subject to the conditions set out in this Prospectus. Applications will be accepted at any time after the Opening Date and prior to 5.00pm (AEST) on the Closing Date. Applications must be received by the Share Registrar no later than 5.00 pm (AEST) on the Closing Date.</p> <p>An Application may not be withdrawn after it is submitted unless the Applicant is permitted to withdraw the Application in accordance with the Corporations Act. Existing Applicants are entitled to withdraw their Application at any time prior to</p>	SECTION 4

Question	Answer	More Information
	<p>5.00pm (AEST) on the Closing Date.</p> <p>For further information on how to apply, please refer to Section 4.</p>	
<p>How do I pay for the Shares using cheque, money order or bank draft?</p>	<p>An Applicant may apply for Shares (and, as a result, Bonus Loyalty Options) by completing the paper Application Form accompanying or attached to this Prospectus. Detailed instructions on how to complete paper Application Forms are set out on the reverse of the Application Form. You are not required to sign the Application Form. Existing Applicants are not required to take any additional action to receive Bonus Loyalty Options.</p> <p>Paper Application Forms must be accompanied by payment of the Application Monies by personal cheque, money order or bank draft, payable in Australian dollars. Cash will not be accepted. Receipt of payment will not be forwarded.</p> <p>Completed paper Application Forms, together with accompanying cheque(s), money order(s) or bank draft(s), should be mailed to:</p> <p style="text-align: center;">1414 Degrees Ltd Share Issue Computershare Investor Services Pty Limited GPO Box 1326 Adelaide, SA, 5001</p> <p>Paper Application Forms and Application Monies will not be accepted at any other address or office and will not be accepted at the Company's registered office.</p> <p>Completed paper Application Forms, together with accompanying cheque(s), money order(s) or bank draft(s), must be received by the Share Registrar no later than 5.00 pm (AEST) on the Closing Date.</p>	<p>SECTION 4</p>
<p>How do I pay for the Shares using BPAY®?</p>	<p>You may apply for Shares (and, as a result, Bonus Loyalty Options) online and pay your Application Monies by BPAY®.</p> <p>Applicants wishing to pay by BPAY® should complete the online Application Form accompanying the electronic version of this Prospectus, both of which can be found at https://1414degrees.com.au/prospectus/ and follow the instructions for the online Application.</p> <p>A unique BPAY® reference number will be quoted upon completion of the online Application. Your BPAY® reference number will process your payment to your Application electronically and you will be deemed to have applied for such Shares (and, as a result, Bonus Loyalty Options) for which you have paid.</p> <p>It is the responsibility of the Applicant to ensure that funds submitted through BPAY® are received prior to 5.00pm (AEST) on the Closing Date.</p> <p>You do not need to return any documents if you have made payment via BPAY®.</p>	
<p>When will I receive confirmation that my Application has been successful?</p>	<p>The Company expects that holding statements confirming Applicants' allocations under the Offer will be sent to the successful Applicants by regular post on or about 24 August 2018.</p>	<p>SECTION 4</p>

Question	Answer	More Information
<p><i>When are the Shares and Bonus Loyalty Options expected to commence trading?</i></p>	<p><i>It is expected that the Shares and Bonus Loyalty Options issued under the Offer will commence trading on the ASX on a normal settlement basis on or about 29 August 2018.</i></p> <p><i>After quotation, shareholders and other investors may buy or sell Shares and Bonus Loyalty Options at the prevailing market price. There may or may not be a liquid market for Shares or Bonus Loyalty Options, and Shares may trade above or below the Offer Price or, in the case of the Bonus Loyalty Options, their exercise price.</i></p> <p><i>It is the responsibility of each Applicant to confirm their holding before trading Shares or Bonus Loyalty Options. Applicants who sell Shares or Bonus Loyalty Options before they receive an initial holding statement do so at their own risk.</i></p>	<p>SECTION 4</p>
<p><i>Can the Offer be withdrawn?</i></p>	<p><i>Yes. The Company reserves the right not to proceed with the Offer at any time before the issue of Shares or Bonus Loyalty Options to successful Applicants.</i></p> <p><i>If the Offer does not proceed, Application Monies will be refunded.</i></p> <p><i>No interest will be paid on any Application Monies refunded as a result of the withdrawal of the Offer.</i></p>	<p>SECTION 4</p>
<p><i>Is there a cooling off period?</i></p>	<p><i>No. The Application constitutes an offer by the Applicant to subscribe for Shares and Bonus Loyalty Options on the terms and subject to the conditions set out in this Prospectus.</i></p> <p><i>Application Forms will be accepted at any time after the Opening Date and prior to the Closing Date.</i></p> <p><i>An Application may not be withdrawn after lodgement unless the Applicant is permitted to withdraw the Application in accordance with the Corporations Act. Existing Applicants are entitled to withdraw their Application at any time prior to 5.00pm (AEST) on the Closing Date.</i></p>	<p>SECTION 4</p>
<p><i>Where can I find more information about this Prospectus or the Offer?</i></p>	<p><i>If you would like more information or have any questions relating to the Offer, please contact the Share Registrar on 1300 556 161 (within Australia) or +61 3 9415 4000 (outside Australia) from 9.00am to 5.00pm (AEST) Monday to Friday or www.investorcentre.com/contact.</i></p> <p><i>An electronic copy of the Prospectus can be downloaded at https://1414degrees.com.au/prospectus/.</i></p> <p><i>If you are uncertain as to whether an investment in the Company is suitable for you, please contact your stockbroker, financial advisor, accountant, lawyer or other professional advisor.</i></p>	

(n) Section 1.8 - Capital Structure

The table in the subsection 'What is the Company's share capital structure on completion of the Offer?' in Section 1.8 of the Prospectus is deleted and replaced with the following:

	Minimum Subscription	Maximum Subscription
	\$12,500,000	\$25,000,000
<i>Existing Shares on issue</i>	125,708,946	125,708,946
<i>Existing options on issue</i>	<i>nil</i>	<i>nil</i>
<i>Shares issued under this Prospectus</i>	35,714,286	71,428,571
<i>Bonus Loyalty Options issued under this Prospectus⁽¹⁾</i>	8,928,572	17,857,143
<i>Total Shares on issue at the completion of the Offer</i>	161,423,232	197,137,517
<i>Total Bonus Loyalty Options on issue at listing on the ASX</i>	8,928,572	17,857,143
<i>Other Shares offered but yet to be issued</i>	1,830,000	1,830,000
<i>Total Shares on issue on a fully diluted basis (including Shares issued upon exercise of Bonus Loyalty Options)⁽¹⁾</i>	172,181,804	216,824,660

⁽¹⁾ If any Bonus Loyalty Options lapse before they are exercised, the total Shares on issue in the Company on a fully diluted basis will be lower than the figure stated in the table."

4.6 Section 2 - Company Overview

(a) Section 2.2 – The Company’s Objectives

The first paragraph in Section 2.2 of the Prospectus is deleted in its entirety and replaced with the following:

“Upon completion of the Offer, the Company intends to commission and test three of its four key product lines in operating commercial industries, thereby generating product specifications for further sales. In addition, if the Company achieves the Minimum Subscription, it will progress the conceptual designs for a 1/15th scale test cell of its TESS-GRID device. In the event that the Company achieves the Maximum Subscription, it will finalise the designs, build and test the 1/15th scale test cell before proceeding with construction of a 200MWh TESS-GRID device (noting that the Company will require further funding for the construction phase of the 200MWh TESS-GRID device). The Company will also assess the large number of sites proposed by potential customers in many countries to determine their priority to generate revenues from sales.”

(b) Section 2.8 – 1414 Degrees TESS Products

The subsection 'TESS-GRID - low cost storage and generation for large industries and electricity networks' in Section 2.8 of the Prospectus is amended as follows:

The fourth paragraph in this subsection is deleted in its entirety and replaced with the following:

“The Company has been assessing several sites in Australia and overseas for construction of a 200MWh TESS-GRID and this will continue until design specifications can be determined. As a preliminary, the conceptual designs for a test cell, being a 1/15th scale section of the 200MWh unit, will be progressed. In the event that the Company achieves the Maximum Subscription, it will finalise the designs, build and test the 1/15th scale test cell for technical testing and validation of the thermal modelling before the Company builds the first 200MWh TESS-GRID device (noting that the Company will require further funding for the construction phase of the 200MWh TESS-GRID device).”

(c) Section 2.9 - 1414 Degrees Business Model

In the subsection 'Commercialisation of the TESS-GRID Device' in Section 2.9 of the Prospectus,

numbered paragraphs 1, 2, 3 and 4 (inclusive) are deleted and replaced with the following:

- “1. **Design, test and site selection:** *The cost for the full project will not be known until the design of the 200MWh TESS-GRID device has been finalised and the feasibility studies for the TESS-GRID device have been conducted on the nominated site. The conceptual design of the 1/15th scale test cell of the 200MWh unit will commence following the close of the Offer. Concurrently, the Company will assess commercial sites for construction of the 200MWh TESS-GRID device.*
2. **Construction Scenario 1 - Maximum Subscription:** *In the event of the Maximum Subscription, the Company expects to have access to sufficient funding, through rebates and grants similar to those it currently accesses, to finalise the designs, build and test the 1/15th scale test cell. The Company would need to secure further capital by way of grants, equity, debt, or revenue generated from the commercialisation of its other devices in order to complete construction of the 200MWh TESS-GRID module.*
3. **Construction Scenario 2 - less than Maximum Subscription:** *In the event the Company achieves less than the Maximum Subscription, it is anticipated that the Company will have sufficient resources to progress the conceptual design of the 1/15th scale test cell of the 200MWh unit. The Company would need to secure further capital by way of grants, equity, debt, or revenue generated from the commercialisation of its other devices in order to complete construction of the 1/15th scale test cell and the 200MWh TESS-GRID module.*
4. *Not used.”*

4.7 Section 4 - Details of the Offer

The information set out in Section 4 of the Prospectus is deleted in its entirety and replaced with the following:

“4.1 THE OFFER AND MINIMUM AND MAXIMUM SUBSCRIPTIONS

This Prospectus invites investors to apply for up to 71,428,571 Shares at the Offer Price of \$0.35 per Share to raise a maximum of \$25,000,000. The Offer made under this Prospectus and the issue of Shares with Bonus Loyalty Options pursuant to this Prospectus are subject to and conditional upon the Company achieving the Minimum Subscription of 35,714,286 Shares to raise at least \$12,500,000. Fractional amounts are being rounded up to the next whole number.

All Shares issued pursuant to this Prospectus will be issued as fully paid ordinary shares and will rank equally in all respects with the Shares already on issue. The rights attaching to the Shares are summarised in Section 12.1 of this Prospectus.

*This Prospectus also relates to the issue by the Company of up to 17,857,143 Bonus Loyalty Options for no additional monetary consideration. The Bonus Loyalty Options have an exercise price of \$0.35 per Bonus Loyalty Option and a term of 2 years following the date of issue of the Bonus Loyalty Options. The Bonus Loyalty Options will vest immediately upon issue and are transferable. The Company intends to apply for quotation of the Bonus Loyalty Options on the ASX within seven days of the date of the Second Supplementary Prospectus. Upon exercise of a Bonus Loyalty Option and payment of the exercise price, the Company will issue one Share per Bonus Loyalty Option. Bonus Loyalty Options will be issued automatically to Applicants who have submitted a valid Application by the Closing Date. **Existing Applicants are not required to take any additional action to receive Bonus Loyalty Options.** The rights attaching to the Bonus Loyalty Options are summarised in Section 12.1A of this Prospectus.*

The Offer is not underwritten.

4.2 CONDITION PRECEDENT

The Offer made under this Prospectus and the issue of Shares and Bonus Loyalty Options pursuant to this Prospectus are subject to and conditional upon the Company achieving the Minimum Subscription of 35,714,286 Shares to raise at least \$12,500,000 within four months after the date of the Second Supplementary Prospectus (or any longer period permitted by law). If the Minimum Subscription is not achieved within the time period set out above, the issue of Shares and Bonus Loyalty Options under the Offer will not proceed and no Shares or Bonus Loyalty Options will be allotted pursuant to this Prospectus and the Company will repay all Application Monies received from Applicants without interest, as soon as practicable, or the Company will issue a Supplementary or Replacement Prospectus and allow Applicants one month to withdraw their Applications and be repaid

their Application Monies in full without interest.

4.3 OFFER PERIOD

The Offer will open on the Opening Date and will remain open until 5.00 pm (AEST) on the Closing Date. Subject to any statutory requirements, the Company reserves the right to vary the dates and times of the Offer, including to open or close the Offer early, to extend the time or date of the Closing Date, or to accept late Applications, in each case without prior notice. Applicants are encouraged to submit their Applications as early as possible.

4.4 PURPOSE OF THE OFFER

The purpose of the Offer is to facilitate an application by the Company for admission of the Company to the Official List and to position the Company to achieve the objectives set out in this Prospectus, including the development of the TESS business strategy as described in Section 2.

4.5 USE OF FUNDS

The proposed application of funds received in connection with the Offer over two calendar years from the date on which the Shares and Bonus Loyalty Options allotted under this Prospectus are quoted on the ASX is as follows:

MINIMUM SUBSCRIPTION

The below use of funds is based on the Minimum Subscription being raised.

Total funds raised under the Offer \$12,500,000			
USE OF FUNDS	Year 1 \$	Year 2 \$	TOTAL \$
Expenses of the Offer*	840,477		840,477
PRODUCT DEVELOPMENT			
TESS-IND: component testing, Southlink SA	715,300	589,100	1,304,400
TESS-GRID: 13.3MWh test cell conceptual design	100,000	100,000	200,000
TESS-STEAM	100,000		100,000
INSTALLATIONS AT COMMERCIAL SITES			
Austcor Packaging - NSW	2,950,000		2,950,000
Pepe's ducks - NSW	1,500,000		1,500,000
GAS-TESS: wastewater treatment plant, Glenelg SA	1,487,000		1,487,000
TESS-GRID: 200MWh Module	40,000	10,000	50,000
Working capital	2,034,062	2,034,061	4,068,123
Total funds applied	9,766,839	2,733,161	12,500,000

*A breakdown of expenses of the Offer is set out in Section 12.

MAXIMUM SUBSCRIPTION

The below use of funds is based on the Maximum Subscription being raised.

Total funds raised under the Offer \$25,000,000			
USE OF FUNDS	Year 1 \$	Year 2 \$	TOTAL \$
Expenses of the Offer*	1,354,462		1,354,462
PRODUCT DEVELOPMENT			
TESS-IND: component testing, Southlink SA	1,058,000	780,000	1,838,000

Total funds raised under the Offer \$25,000,000			
USE OF FUNDS	Year 1 \$	Year 2 \$	TOTAL \$
TESS-GRID: Design, build and test 13.3MWh test cell	3,640,000		3,640,000
TESS-STEAM	1,250,000		1,250,000
INSTALLATIONS AT COMMERCIAL SITES			
Austcor Packaging - NSW	2,950,000		2,950,000
Pepe's ducks - NSW	1,500,000		1,500,000
GAS-TESS: wastewater treatment plant, Glenelg SA	1,487,000		1,487,000
TESS-GRID: 200MWh Module	40,000	2,000,000	2,040,000
Working capital	4,470,269	4,470,269	8,940,538
Total funds applied	17,749,731	7,250,269	25,000,000

*A breakdown of expenses of the Offer is set out in Section 12.

It is noted that, as a consequence of the reduction in the Minimum Subscription and Maximum Subscription, the Directors have reduced the funds allocated to the 13.3MWh TESS-GRID test cell, to the development of the TESS-STEAM device, and to the installation at Pepe's Ducks following the completion of the high level technical and engineering assessment and review studies for that project. The Directors do not consider a reduction of \$17,500,000 to the Minimum Subscription for the Offer will materially adversely affect the Company's ability to generate revenue in the near term through the commercialisation of its developed product designs, on the basis that its business plan in relation to the TESS-IND and GAS-TESS devices (being the devices from which it expects to generate revenue in the near term) has not materially changed as a result of the reduction.

TESS-GRID and TESS-STEAM

The commercialisation of the TESS-GRID and the TESS-STEAM forms part of the Company's long-term business strategy, with the Company focusing on the development and commissioning of the TESS-IND and GAS-TESS devices to industrial customers over the next 24 months.

Based on this business strategy, the Company has prioritised the allocation of funds to be raised under the revised Offer towards the commercialisation of its projects at commercial sites ahead of its product development.

On this basis the Company has allocated \$100,000 towards the development of its TESS-STEAM (under the Minimum Subscription) or \$1,250,000 (under the Maximum Subscription).

The Company has allocated \$200,000 towards the conceptual design of a 13.3MWh TESS-GRID test cell in the event that the reduced Minimum Subscription is achieved. If the reduced Maximum Subscription is received, the Company has allocated \$3,640,000 for the final design, build and test of the 13.3MWh TESS-GRID test cell.

In order to complete the construction of the 200MWh TESS-GRID module, the Company would need to secure further capital by way of grants, equity, debt, or revenue generated from the commercialisation of its other devices.

Pepe's Ducks Project

Following the completion of the high level technical and engineering assessment and review studies for the Pepe's Ducks project in June 2018, the Company's scope of works for this project has now been narrowed to a specific part of the Pepe's Ducks manufacturing plant. A reduction in the cost of components and the labour costs (in terms of both the number of persons required for, and time taken by those persons to complete, the project) associated with the Pepe's Ducks project has allowed the Company to reduce its overall costs for developing the project. Based on the refined scope for the Pepe's Ducks project, the Company has reduced the capital expenditure for this project from \$3,915,000 to \$1,500,000.

Summary

The Directors consider that the Company will have sufficient capital to carry out its stated objectives following completion of the Offer, noting the deferral of material expenditure associated with product development activities for the TESS-GRID and TESS-STEAM devices. The Directors restate that an investment in the Company is speculative and investors are encouraged to read the risk factors outlined in Section 6 of this Prospectus.

4.6 APPLICANTS

WHO CAN APPLY FOR SHARES

The Offer presented in this Prospectus is open to investors who have a registered address in Australia or New Zealand.

WHAT IS THE MINIMUM APPLICATION AMOUNT

Applications must be for a minimum of 6,000 Shares (\$2,100) (and as a result, Bonus Loyalty Options will be issued on a 1 for 4 basis for no additional monetary consideration).

HOW DO I APPLY FOR SHARES

Applications must be made by completing the Application Form accompanying or attached to this Prospectus. Applications under the Offer may be made, and will only be accepted by:

- submitting a paper Application Form accompanying or attached to this Prospectus and a personal cheque, money order or bank draft for the Application Monies to the Share Registrar (for further details, please refer to 'How do I pay for the Shares using cheque, money order or bank draft?' below); or
- completing an electronic Application Form which accompanies the electronic version of this Prospectus, both of which can be found at <https://1414degrees.com.au/prospectus/>, and making payment of the Application Monies by BPAY[®] (for further details, please refer to 'How do I pay for the Shares using BPAY[®]?').

Applications must be accompanied by payment in Australian currency. Application monies must be received by cheque, money order or bank draft, or by BPAY[®] (as set out below).

Existing Applicants are not required to take any additional action to receive Bonus Loyalty Options.

The Application constitutes an offer by the Applicant to subscribe for Shares and Bonus Loyalty Options on the terms and subject to the conditions set out in this Prospectus. Applications will be accepted at any time after the Opening Date and prior to 5.00pm (AEST) on the Closing Date. Applications must be received by the Share Registrar no later than 5.00 pm (AEST) on the Closing Date.

An Application may not be withdrawn after it is submitted unless the Applicant is permitted to withdraw the Application in accordance with the Corporations Act.

The Company reserves the right to accept, reject or scale back any Application, in its absolute discretion.

Where the number of Shares allotted is less than the number applied for, or where no allotment is made, the surplus Application Monies will be refunded (without interest) by cheque as soon as practicable after the Closing Date.

A binding contract to issue Shares and Bonus Loyalty Options will only be formed at the time Shares and Bonus Loyalty Options are allotted to Applicants.

Application monies will be held in trust in a subscription account established and controlled by the Company until allotment of Shares and Bonus Loyalty Options has taken place.

HOW DO I PAY FOR THE SHARES USING CHEQUE, MONEY ORDER OR BANK DRAFT?

An Applicant may apply for Shares (and as a result, Bonus Loyalty Options) by completing the paper Application Form accompanying or attached to this Prospectus. Detailed instructions on how to complete paper Application Forms are set out on the reverse of the Application Form. You are not required to sign the Application Form. Existing Applicants are not required to take any additional action to receive Bonus Loyalty Options.

Paper Application Forms must be accompanied by payment of the Application Monies (being an amount equal to the number of Shares for which you wish to apply multiplied by the Offer Price of \$0.35 per Share) by personal cheque, money order or bank draft, payable in Australian dollars. Cash will not be accepted. Receipt of payment will not be forwarded.

Cheques, money orders or bank drafts must be drawn on an Australian branch of a financial institution, payable in Australian dollars and made payable to '1414 Degrees Limited Application Account' and crossed 'Not Negotiable'. No brokerage or stamp duty is payable by Applicants. The Offer Price will not vary during the period of the Offer.

Completed paper Application Forms, together with accompanying cheque(s), money order(s) or bank draft(s), should be mailed to:

**1414 Degrees Ltd Share Issue
Computershare Investor Services Pty Limited
GPO Box 1326
Adelaide, SA, 5001**

Paper Application Forms and Application Monies will not be accepted at any other address or office and will not be accepted at the Company's registered office.

Completed paper Application Forms, together with accompanying cheque(s), money order(s) or bank draft(s), must be received by the Share Registrar no later than 5.00 pm (AEST) on the Closing Date.

Payments by cheque, money order or bank draft will be deemed to have been made when the cheque, money order or bank draft is honoured by the bank on which it is drawn. Accordingly, Applicants should ensure that sufficient funds are held in the relevant account(s) to cover their cheque, money order or bank draft at the time the paper Application Form is submitted. Dishonoured cheques, money orders and bank drafts will result in the Application being rejected.

If the amount of your cheque(s), money order(s) or bank draft(s) for Application Monies is insufficient to pay for the amount you have applied for in your paper Application Form, you may be taken to have applied for such lower amount as your cleared Application Monies will pay for (and to have specified that amount in your paper Application Form) or your Application may be rejected.

HOW DO I PAY FOR THE SHARES USING BPAY[®]

You may apply for Shares (and, as a result, Bonus Loyalty Options) online and pay your Application Monies (being an amount equal to the number of Shares for which you wish to apply multiplied by the Offer Price of \$0.35 per Share) by BPAY[®].

Applicants wishing to pay by BPAY[®] should complete the online Application Form accompanying the electronic version of this Prospectus, both of which can be found at <https://1414degrees.com.au/prospectus/> and follow the instructions for the online Application.

A unique BPAY[®] reference number will be quoted upon completion of the online Application. Your BPAY[®] reference number will process your payment to your Application electronically and you will be deemed to have applied for such Shares for which you have paid.

Applicants using BPAY[®] should be aware that their own financial institution may implement earlier cut off times with regard to electronic payment, and therefore take this into consideration when making payment. Financial institutions may impose a limit on the amount which a person can transact on BPAY[®], and policies with respect to processing BPAY[®] transactions may vary between financial institutions. Neither the Share Registrar nor the Company accepts any responsibility for loss incurred through incorrectly completed BPAY[®] payments. Neither the Share Registrar nor the Company accepts any responsibility for any failure to receive Application Monies or payments by BPAY[®] before the Closing Date arising as a result of, among other things, processing of payments by financial institutions.

It is the responsibility of the Applicant to ensure that funds submitted through BPAY[®] are received prior to 5.00pm (AEST) on Closing Date.

You should be aware that you will only be able to make a payment via BPAY[®] if you are the holder of an account with an Australian financial institution which supports BPAY[®] transactions.

You do not need to return any documents if you have made payment via BPAY[®].

FURTHER INSTRUCTIONS

The Company reserves the right to reject any Application (including where the Application has not been correctly completed) or to allocate fewer Shares (and as a result, Bonus Loyalty Options) than the number for which an Application was received, or (subject to relevant statutory requirements) vary the dates and times of the Offer without prior notice.

Regard will be given by the Company and the Lead Manager to the timing of receipt of Applications, and Applicants are therefore encouraged to submit their Applications as soon as possible.

Where Applications are rejected or fewer Shares are allotted than applied for, surplus Application Monies will be refunded. No interest will be paid on any Application Monies refunded.

The Company reserves the right not to proceed with the Offer at any time before the issue of Shares and Bonus Loyalty Options to successful Applicants. If the Offer does not proceed, Application Monies will be refunded. No interest will be paid on any Application Monies refunded as a result of the withdrawal of the Offer.

4.7 CAPITAL STRUCTURE

The Shareholders as at the date of this Prospectus hold 125,708,946 Shares.

Following Completion of the Offer, the proposed issued capital structure of the Company will be as set out in the Table below:

SHARES	Minimum Subscription		Maximum Subscription	
	Number	%	Number	%
Shares on issue as at date of this Prospectus ⁽¹⁾	125,708,946	77.88	125,708,946	63.77
Options on issue as at date of this Prospectus	nil		nil	
Shares issued pursuant to this Prospectus	35,714,286	22.12	71,428,571	36.23
Total Shares on issue following completion of the Offer	161,423,232	100	197,137,517	100
Total Bonus Loyalty Options on issue following completion of the Offer	8,928,572		17,857,143	
Other Shares offered but yet be issued ^{(2) (3) (4)}	1,830,000		1,830,000	
Total Shares on issue on a fully diluted basis (including Shares issued upon exercise of Bonus Loyalty Options) ⁽⁵⁾	172,181,804		216,824,660	

⁽¹⁾ Some of these Shares may be subject to escrow arrangements. Details are provided in this Section 4.

⁽²⁾ The Company has offered to issue 500,000 Shares to Reactive Engineering Pty Ltd or its nominee, subject to the satisfaction of certain conditions, pursuant to the terms of a Letter of Offer dated 23 March 2018. Further details of the agreement are set out in Section 11.

⁽³⁾ The Company has agreed to issue 1,000,000 Shares to Pitstop Marketing Pty Ltd, subject to the satisfaction of certain conditions, pursuant to the terms of an undated Offer of Contractual Engagement. Further details of the agreement are set out in Section 11.

⁽⁴⁾ The Company has agreed to issue 330,000 Shares to Burwood Family Investments Pty Ltd as trustee for the Burwood Family Investment Trust, subject to the satisfaction of certain conditions, pursuant to the terms of a Heads of Agreement dated 16 April 2018. Further details of the agreement are set out in Section 11.

⁽⁵⁾ If any Bonus Loyalty Options lapse before they are exercised, the total Shares on issue in the Company on a fully diluted basis will be lower than the figure stated in the table.

The Company does not have any other securities on issue other than the Shares set out above. The rights attaching to Shares and Bonus Loyalty Options are summarised in Section 12 of this Prospectus.

4.8 SUBSTANTIAL SHAREHOLDERS

Those Shareholders holding 5% or more of the Shares on issue at the date of this Prospectus are:

Shareholder	Shares	%
Harold Tomblin & Judith Johnston <Tomblin Superfund>	12,544,527	9.98
Focem Pty Ltd <Towarnie Superannuation Fund> ⁽¹⁾	12,403,000	9.87
John & Wendy Moss <Moss Retirement Trust>	8,567,427	6.82
Robert & Lynette Shepherd <Shepherd Superfund>	7,107,594	5.65
ammjohn Pty Ltd ⁽²⁾	6,466,039	5.14

⁽¹⁾ Kevin Moriarty is a director and shareholder of Focem Pty Ltd which is the trustee of the Towarnie Superannuation Fund.

⁽²⁾ Matthew Johnson is a director and shareholder of ammjohn Pty Ltd.

MINIMUM SUBSCRIPTION

Assuming the Minimum Subscription and that no existing substantial Shareholder subscribes for and receives additional Shares or Bonus Loyalty Options pursuant to the Offer, those Shareholders holding 5% or more of the Shares on completion of the Offer will be:

Shareholder	Shares	%
Harold Tomblin & Judith Johnston <Tomblin Superfund>	12,544,527	7.77
Focem Pty Ltd <Towarnie Superannuation Fund> ⁽¹⁾	12,403,000	7.68
John & Wendy Moss <Moss Retirement Trust>	8,567,427	5.31

⁽¹⁾ Kevin Moriarty is a director and shareholder of Focem Pty Ltd which is the trustee of the Towarnie Superannuation Fund.

MAXIMUM SUBSCRIPTION

Assuming the Maximum Subscription and that no existing substantial Shareholder subscribes for and receives additional Shares or Bonus Loyalty Options pursuant to the Offer, those Shareholders holding 5% or more of the Shares on completion of the Offer will be:

Shareholder	Shares	%
Harold Tomblin & Judith Johnston <Tomblin Superfund>	12,544,527	6.36
Focem Pty Ltd <Towarnie Superannuation Fund> ⁽¹⁾	12,403,000	6.29

⁽¹⁾ Kevin Moriarty is a director and shareholder of Focem Pty Ltd which is the trustee of the Towarnie Superannuation Fund.

TOP 20 SHAREHOLDERS

The Company will announce to the ASX details of its top-20 Shareholders (following completion of the Offer) prior to the Shares and Bonus Loyalty Options commencing trading on the ASX.

4.9 ALLOCATION AND ALLOTMENT OF SHARES

Subject to the Minimum Subscription under the Offer being achieved and the ASX granting approval for quotation of the Shares and the Bonus Loyalty Options on the ASX, the allotment of Shares and Bonus Loyalty Options will occur as soon as practicable after the Closing Date. Holding statements will be dispatched as required by the ASX. It is the responsibility of Applicants to determine their allocation prior to trading in Shares or Bonus Loyalty Options.

Pending the allotment and issue of Shares and Bonus Loyalty Options or payment of refunds pursuant to this Prospectus, all Application Monies will be held in trust in a subscription account established and controlled by the Company. The Company will, however, be entitled to retain all interest that accrues on the subscription account and you waive the right to claim interest.

Pursuant to the terms of the Mandate Letter with Taylor Collison, the Directors have the authority to allocate up to \$20 million in Shares (and, as a result, any associated Bonus Loyalty Options) under the Offer to Applicants from the Pre-Registered List. Taylor Collison will be entitled to allocate (in consultation with the Company) the remaining Shares (and, as a result, any associated Bonus Loyalty Options) to Applicants. Taylor Collison must disclose the identity of the beneficial owners of Applicants who apply for more than \$500,000 in Shares and allocation to these Applicants will be at the Directors' discretion (acting reasonably). The Company reserves the right to reject any Application or allocate Applicants fewer Shares (and, as a result, Bonus Loyalty Options) than that Applicant applied for at its absolute discretion. Regard will be given by the Company and the Lead Manager to the timing of receipt of Applications and Applicants are therefore encouraged to submit their Applications as soon as possible.

Where Applications are rejected or fewer Shares (and, as a result, Bonus Loyalty Options) are allotted than applied for, surplus Application Monies will be refunded as soon as practicable after the Closing Date. No interest will be paid on any Application Monies refunded.

4.10 BROKERAGE AND HANDLING FEES

No brokerage, commission or stamp duty is payable by Applicants on acquisition of Shares and Bonus Loyalty Options under the Offer.

4.11 - ASX LISTING

It is expected that the Shares and Bonus Loyalty Options issued under this Offer will commence trading on the ASX on a normal settlement basis on or about 29 August 2018.

The Shares are expected to be quoted under the ASX trading code of "14D". The Bonus Loyalty Options are expected to be quoted under the ASX trading code of "14DO".

Within seven days after the date of the Original Prospectus, the Company applied to the ASX for the Company to be admitted to the Official List and for quotation of the Shares on the ASX. The Company intends to apply for quotation of the Bonus Loyalty Options on ASX within seven days of the date of the Second Supplementary Prospectus. If approval for quotation of the Shares and the Bonus Loyalty Options is not granted within three months after the date of the Second Supplementary Prospectus (or any longer period permitted by law), the Company will not allot any Shares or Bonus Loyalty Options pursuant to the Offer and will repay all Application Monies in full without interest as soon as practicable, or the Company will issue a Supplementary or Replacement Prospectus and allow Applicants one month to withdraw their Applications and be repaid their Application Monies in full without interest.

The fact that the ASX may admit the Company to its Official List is not to be taken in any way as an indication of the merits of the Company or the Shares offered pursuant to this Prospectus. The ASX takes no responsibility for this Prospectus or the investment to which it relates. Admission to the Official List and quotation of the Shares on the ASX are not to be taken as an endorsement by the ASX of the Company.

4.12 CHESS AND ISSUER SPONSORSHIP

The Company will participate in CHESS, operated by ASX Settlement, a wholly owned

subsidiary of the ASX, in accordance with the Listing Rules and the ASX Settlement Operating Rules.

Under this system, the Company will not issue certificates to investors in relation to their Shares or Bonus Loyalty Options. Instead, investors will receive a statement of their shareholdings and optionholdings in the Company.

If an investor is broker sponsored, ASX Settlement will send them CHESSE statements. The CHESSE statement will set out the number of Shares and Bonus Loyalty Options allotted to the investor under this Prospectus, give details of the investor's Holder Identification Number (HIN) and give the participant identification number of the sponsor.

Alternatively, if an investor is registered on the issuer sponsored sub register, the statement will be dispatched by the Share Registrar and will contain the number of Shares and Bonus Loyalty Options allotted under this Prospectus and the investor's Security Holder Reference Number (SRN).

A CHESSE statement or issuer sponsored statement will routinely be sent to investors at the end of any calendar month during which the balance of their holding changes. An investor may request a statement at any other time, however, a charge may be made for additional statements.

4.13 FOREIGN JURISDICTIONS

The Offer does not constitute a public offer in any jurisdiction outside Australia and New Zealand. This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation.

This Prospectus has been prepared for distribution in Australia and New Zealand. The distribution of this Prospectus (including an electronic copy) in jurisdictions outside Australia and New Zealand may be restricted by law, and persons who come into possession of this Prospectus should seek advice on, and observe, any such restrictions. No action has been taken to register or qualify the Shares, the Bonus Loyalty Options or the Offer, or otherwise to permit a public offering of the Shares or Bonus Loyalty Options, in any jurisdiction outside Australia and New Zealand.

Any failure to comply with such restrictions may constitute a violation of applicable securities laws. It is the responsibility of Applicants outside Australia and New Zealand to obtain all necessary approvals for the allotment and issue of the Shares and Bonus Loyalty Options pursuant to this Prospectus. Lodgement of a duly completed Application Form will be taken by the Company to constitute a representation and warranty by the Applicant that all relevant approvals have been obtained and that there has been no breach of such laws.

If you are resident in countries other than Australia or New Zealand you should consult your professional advisors as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

Important notice to New Zealand investors: This Offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act and the Corporation Regulations 2001 (Cth). In New Zealand, this is subpart 6 of Part 9 of the Financial Markets Conduct Act 2013 and Part 9 of the Financial Markets Conduct Regulations 2014.

The Offer and the content of this Prospectus are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act and the Corporation Regulations 2001 (Cth) set out how the Offer must be made.

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

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

Both the Australian and New Zealand financial markets regulators have enforcement responsibilities in relation to the Offer. If you need to make a complaint about the Offer, please contact the Financial Markets Authority, New Zealand (<http://www.fma.govt.nz>). The Australian and New Zealand regulators will work together to settle your complaint.

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

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

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

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

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

4.14 PRIVACY ACT

The Company and the Share Registrar, on the Company's behalf, collect, hold and use information about each Applicant from the Application Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's shareholding or optionholding in the Company. The Company is also required under relevant laws to collect some information.

By submitting an Application Form, each Applicant agrees that the Company and/or the Share Registrar may use the information in the Application Form for the purposes set out in this Prospectus and may disclose it or your personal information for those purposes to the Share Registrar, the Company's related bodies corporate, agents, contractors, third party service providers (including mailing houses), the ASX, ASIC and other regulatory authorities or as otherwise authorised under the Privacy Act 1988 (Cth) (as applicable).

If an Applicant becomes a Shareholder, the Corporations Act requires the Company to include information about the Shareholder (name, address and details of the Shares held) in its public registers. This information must remain in the registers even if that person ceases to be a Shareholder. Information contained in the Company's registers is also used to facilitate distribution payments and corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to the Shareholders) and compliance by the Company with legal and regulatory requirements. Successful Applicants may request access to their personal information held by (or on behalf of) the Company by telephoning or writing to the Company Secretary.

If you do not provide the information required on the Application Form, the Company may not be able to accept or process your Application.

4.15 TAXATION CONSEQUENCES

The Australian taxation consequences of any investment in Shares will depend upon an investor's particular circumstances. It is an obligation of investors to make their own enquiries concerning the taxation consequences of an investment in the Company. If you are in any doubt as to the course of action you should take, you should consult your professional advisers.

The issue of Bonus Loyalty Options should not result in any immediate tax implications for investors. As investors will not pay any monetary consideration for the acquisition of the Bonus Loyalty Options, the investor's cost base should be limited to any incidental and holding costs incurred. However, the cost base of your Shares and Bonus Loyalty Options may require apportionment.

Where Bonus Loyalty Options held by an investor lapse, a CGT event will arise. Given no consideration will be received as a result of the lapse of a Bonus Loyalty Option, a capital loss may arise on the date the Bonus Loyalty Options lapse, equal to any incidental or holding costs incurred to acquire the Bonus Loyalty Options.

Where an investor sells their Bonus Loyalty Options on the ASX a CGT event will arise on the date of sale. A capital gain will arise where the capital proceeds on the disposal of the Bonus Loyalty Options exceed the cost base. The CGT discount should be available to eligible investors where the Bonus Loyalty Options have been held for greater than twelve

months. A capital loss will arise where the reduced cost base of the Bonus Loyalty Options exceeds the capital proceeds from disposal.

Where an investor exercises the Bonus Loyalty Options and is issued with Shares in the Company the cost base for those Shares will include the amount paid to exercise those Bonus Loyalty Options plus any incidental and holding costs incurred. The Shares will be deemed to be acquired on the day the Bonus Loyalty Options are exercised. No other capital gains event should arise through the exercise of the Bonus Loyalty Option.

4.16 RESTRICTED SECURITIES

Subject to the Company being admitted to the Official List and quotation of the Shares and Bonus Loyalty Options on the ASX, certain Shares on issue prior to the Offer (Escrowed Securities), are likely to be classified by the ASX as restricted securities and will be required to be held in escrow for the period imposed by the ASX under the ASX Listing Rules (Escrow Period).

The restriction agreements to be entered into by the holders of Escrowed Securities which are subject to escrow (Escrowed Shareholders) will be in the form as required by the ASX, and will include standard terms prohibiting the Escrowed Shareholders during the Escrow Period from:

- disposing of, or agreeing to offer to dispose of, the Escrowed Securities;
- creating, or agreeing to offer to create, any security interest in the Escrowed Securities;
- doing, or omitting to do, any act if the act or omission would have the effect of transferring effective ownership or control of the Escrowed Securities; and
- participating in a return of capital made by the Company.

The imposition of the Escrow Period is intended to:

- help to create a stable market for the Shares (by reducing the number of Shares that can be traded immediately after quotation of the Shares on the ASX);
- prevent the Escrowed Shareholders from selling out of the Company on a large scale within the Escrow Period (which could diminish the value of the Shares); and
- keep the Escrowed Shareholders interested in the operations and success of the Company.

In addition, John Moss and Wendy Moss in their capacity as trustees for the Moss Retirement Trust (who are not required by ASX to have any of their existing Shares escrowed), have agreed to voluntarily escrow 7,282,312 Shares until 30 June 2020.

The Company will announce to the ASX full details (quantity and duration) of the Shares which will be escrowed (including in respect of Shareholders that have agreed to voluntarily escrow their existing Shares) prior to the Shares commencing trading on the ASX.

4.17 FREE FLOAT

The Company expects that it will have a free float of not less than 20% at the time of its admission to the ASX. "Free float" refers to the percentage of the entity's main class of securities that:

- are not restricted securities or subject to voluntary escrow; and
- are held by non-affiliated security holders.

4.18 INVESTOR ENQUIRIES

This Prospectus is important and should be read in its entirety. Persons in doubt as to the course of action to be followed should consult their stockbroker, solicitor, accountant or other professional advisor without delay.

Additional copies of this Prospectus can be obtained from the Share Registrar by telephone on 1300 556 161 (within Australia) or +61 3 9415 4000 (outside Australia).

Questions relating to the Offer or further advice on how to complete the Application Form can be directed to the Company's Share Registrar, on 1300 556 161 (within Australia) or +61 3 9415 4000 (outside Australia) from 9.00am to 5.00pm (AEST) Monday to Friday or www.investorcentre.com/contact.

4.8 Section 5 - Directors, Management and Corporate Governance

(a) Section 5.3 - Key Management Personnel

The second and third tables in the subsection 'Disclosure of Interests' in Section 5.3 of the Prospectus are deleted in their entirety and replaced with the following:

"On completion of the Offer (assuming the Minimum Subscription and no Director acquires a direct or indirect interest in any additional Shares or Bonus Loyalty Options pursuant to the Offer), the direct and indirect interests of the current Directors in the Shares will be as follows:

Shares⁽¹⁾			
1414 Degrees Director	Direct	Indirect	% Total Shares
Kevin Moriarty	0	12,403,000 ⁽²⁾	7.68
Robert Shepherd	7,107,594 ⁽³⁾	0	4.40
Dana Larson	250,000	0	0.15
Total	7,357,594	12,403,000	12.23

⁽¹⁾ Assumes that the maximum number of Shares issued under the Offer is 35,714,286 Shares.

⁽²⁾ As at the date of this Prospectus, Kevin Moriarty has an indirect interest in 12,403,000 Shares held by Focem Pty Ltd as trustee for the Towarnie Superannuation Fund.

⁽³⁾ As at the date of this Prospectus, Robert Shepherd has an interest in 7,107,594 Shares held by Robert & Lynette Shepherd in their capacity as trustees of the Shepherd Superfund.

On completion of the Offer (assuming the Maximum Subscription and no Director acquires a direct or indirect interest in any additional Shares or Bonus Loyalty Options pursuant to the Offer), the direct and indirect interests of the current Directors in the Shares will be as follows:

Shares⁽¹⁾			
1414 Degrees Director	Direct	Indirect	% Total Shares
Kevin Moriarty	0	12,403,000 ⁽²⁾	6.29
Robert Shepherd	7,107,594 ⁽³⁾	0	3.61
Dana Larson	250,000	0	0.13
Total	7,357,594	12,403,000	10.03

⁽¹⁾ Assumes that the maximum number of Shares issued under the Offer is 71,428,571 Shares.

⁽²⁾ As at the date of this Prospectus, Kevin Moriarty has an indirect interest in 12,403,000 Shares held by Focem Pty Ltd as trustee for the Towarnie Superannuation Fund.

⁽³⁾ As at the date of this Prospectus, Robert Shepherd has an interest in 7,107,594 Shares held by Robert & Lynette Shepherd in their capacity as trustees of the Shepherd Superfund.

(b) Section 5.3 - Key Management Personnel

The second table and sixth paragraph in the subsection 'Remuneration of Directors' in Section 5.3 of the Prospectus are deleted in their entirety and replaced with the following:

"In the two year period ending on 13 July 2018 (being the date of the Second Supplementary Prospectus issued by the Company), the following amounts have been paid to the Directors:

Director	Amounts Received (excluding GST)
Kevin Moriarty	\$154,113 ⁽¹⁾
Robert Shepherd	\$38,500 ⁽²⁾
Dana Larson	Nil

⁽¹⁾ Kevin Moriarty received \$154,113 (excluding GST) in connection with his position as Executive Chairman of the Company.

⁽²⁾ Merchant Accounting Partners Pty Ltd, an accounting firm of which Mr Shepherd is a director, received an amount of \$38,500 (excluding GST) in payment for accounting services provided to the Company in the ordinary course of its business and in connection with the Offer.

In addition, in the two year period ending on 13 July 2018 (being the date of the Second Supplementary Prospectus issued by the Company), ammjohn received an amount of \$1,533,055 (excluding GST), of which \$110,075 (excluding GST) related to Matthew Johnson's position as Executive Director (until 4 April 2018) and Chief Technology Officer, and the balance of \$1,422,980 which related to the services provided by ammjohn under the Services Agreement dated 1 July 2014 between the Company and ammjohn."

4.9 Section 6 - Key Risks

(a) Section 6.2 - Company Specific Risks

The information contained in the subsection 'Failure to Build and Commission TESS Technology' in Section 6.2 of the Prospectus is deleted in its entirety and replaced with the following:

"There is no assurance that the Company will be able to develop the TESS technology to meet the Company's operational objectives, and failure to meet such objectives may adversely impact the financial position and operating results of the Company. For example, there can be no guarantee that the Company will be successful in building and commissioning the pilot TESS units at the commercial sites.

The Company is in the process of commencing trials of the TESS technology in operating industries. These trials will be funded by the Company in accordance with the allocation of funds set out in Section 4, and supported by grant funding. As the Company's products are based on novel technology it is difficult for the Company to predict the time and costs associated with the development and commissioning of the TESS technology and so there is a risk that the allocation of funds set out in Section 4 will be inadequate to enable the Company to meet its business objectives. This risk is increased as a result of the reduction in the Minimum Subscription for the Offer and the associated reduction in funds available to the Company to achieve its business plan. There is an additional risk that the TESS technology may not perform in the same way outside of the Company's demonstration trials, which may further delay the development and commercialisation of the TESS technology and the Company's marketing and distribution of the TESS.

As part of the pilot projects, the TESS technology will need to be integrated into a customer's existing facilities at the site, including the use, extraction and application of the heat, which will differ for each customer installation. The Company cannot and does not make any assurance, representation or warranty in relation to the way that the TESS technology may be integrated into a customer's site until such time as an engineering feasibility study has been completed and agreed between the relevant customer and the Company. In the short term, the failure to successfully integrate the TESS devices into customer sites may adversely affect the Company's ability to achieve its business strategy (in particular the ability to generate operating specifications required to support future sales of TESS devices), and as a result, its operational and financial performance.

To mitigate, the Company has contracted multiple sites such that the successful integration on any one would provide the necessary requirements to advance its business strategy. It has also developed specific quality and risk management systems for the development and integration of the TESS technology and wherever practicable and economic, the Company will utilise insurance to mitigate business risks. The Company has significant engineering expertise with detailed understanding of site integration."

(b) Section 6.2 - Company Specific Risks

The information contained in the subsection 'Shortage of Funding' in Section 6.2 of the Prospectus is deleted in its entirety and replaced with the following:

"Investors should be aware that as the Company's products are based on novel technology which make it difficult for the Company to predict the time and costs associated with the development and commissioning of the TESS technology, there is a risk that the Company may not be able to build and/or commission the pilot TESS projects within the budget contemplated by the allocation of funds set out in Section 4 (as supported by grant funding). In the event that the Company achieves the Maximum Subscription as a result of the Offer, the Company will proceed to finalise the designs, build and test the 1/15th scale test cell for the TESS-GRID, but the Company will require further capital before proceeding with construction of a 200MWh TESS-GRID device. If only the Minimum Subscription is achieved, the Company will require further capital for both the construction and testing of the 1/15th scale test cell for the TESS-GRID, and for the construction and commissioning of the 200MWh device. Given the nature and scale of the 200MWh TESS-GRID device, and the Company's current business plan (which contemplates construction and commissioning of the full 200MWh device within 3 years of the Offer) the Company anticipates it will need to raise significant further funding (whether by way of debt or equity) in the near to medium term to achieve this aspect of its business plan. There can be no assurance that the Company will be able to raise sufficient additional funding on favourable terms, or at all. If the Company is unable to raise such additional funding, it will not be in a position to pursue that part of its business plan which relates to the development and commercialisation of the TESS-GRID device. This may have an adverse impact on the Company's operating results in the medium to long term.

In addition, the Company may seek to exploit other opportunities that will require it to raise additional capital from equity or debt markets. There can be no assurances that the Company will be able to raise such additional funding on favorable terms or at all. If the Company is unable to obtain such additional capital, it may be required to reduce the scope of its anticipated additional activities, which could adversely affect its business, financial condition and operations. In addition, the Company's operating results may vary significantly from period to period, and it may not be able to sustain operating profitability. If the Company incurs unexpected costs or is unable to generate sufficient operating income, further funding may be required. The Company may require additional funding to carry out further product development or product improvement. Any additional financing through share issues may dilute shareholdings acquired under this Prospectus. Debt financing may not be available to support the scope and extent of proposed developments. If available, it may impose restrictions on operating activities or anticipated expansion of the Company's operations."

(c) Section 6.2 - Company Specific Risks

The following new paragraph is included at the end of the subsection entitled 'Economic Risks' in Section 6.2 of the Prospectus:

"DEBT FACILITY RISK

During the Offer Period, the Company has entered into the 2018 R&D Loan Facility to assist the Company to meet its short term working capital requirements pending completion of the Offer. Prior to entering into the 2018 R&D Loan Facility, the Company had no debt financing in place. The terms of the 2018 R&D Loan Facility are set out in Section 11.1 of this Prospectus.

Under the 2018 R&D Loan Facility, the Company may borrow from the Lender up to \$1,600,000, being 80% of the Company's estimated FY17/18 research and development tax rebate (Rebate) from the Australian Taxation Office (ATO), which is currently expected to be in the order of \$2,000,000. The 2018 R&D Loan Facility provides that the Company must direct the ATO to pay the amount of any Rebate ultimately assessed by the ATO directly to the Lender in repayment of the advanced amount plus any interest accrued. Any excess of the Rebate paid to the Lender over the amount advanced by the Lender to the Company under the 2018 R&D Loan Facility will be refunded by the Lender to the Company. The Lender has agreed to an initial advance of \$900,000. The Company expects to receive this initial advance within a short period of the date of the Second Supplementary Prospectus. Further advances up to the maximum facility amount of \$1,600,000 will be made available at the Lender's discretion.

If the Company accesses funds under the 2018 R&D Loan Facility in excess of the Rebate ultimately assessed by the ATO, there is a risk that the Company will not have sufficient

cash available to repay the outstanding amount while also implementing its business plan. This could cause the Company to seek to raise further funds (whether by way of debt or equity) to meet its repayment obligations and, if this is not possible, could materially adversely affect the Company's business, financial condition and operations. The 2018 R&D Loan Facility also contemplates a range of other potential events of default which, if triggered, give the Lender the right to require immediate repayment of any amounts outstanding. Again, there is a risk that the Company will be unable to repay such amounts at the time at which they become due (for example, if the Offer has not yet completed and the Rebate has not yet been assessed by the ATO). The 2018 R&D Loan Facility is secured against the whole of the assets and undertaking of the Company pursuant to the terms of a General Security Deed. If the Company is unable to make any required repayments under the 2018 R&D Loan Facility or otherwise breaches its obligations under that arrangement or the General Security Deed, there is a risk that the Lender will seek to enforce its security and take control of some or all of the assets of the Company to secure repayment of amounts owed to it. Such enforcement action could adversely affect the Company's business, financial condition and operations."

(d) **Section 6.3 - General Company Risks**

The information contained in the subsection 'Liquidity Risk' in Section 6.3 of the Prospectus is deleted in its entirety and replaced with the following:

"Prior to the Offer, there has been no public market in the Shares. Once the Shares and Bonus Loyalty Options are quoted on the ASX, there can be no guarantee that an active trading market for the Shares or Bonus Loyalty Options will develop or that the price of the Shares will increase. There may be relatively few potential buyers or sellers of the Shares or Bonus Loyalty Options on the ASX at any given time which may increase the volatility of the market price of the Shares. It may also affect the prevailing market price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for their Shares that is less or more than the price that Shareholders paid for their Shares under the public offer.

In addition, the price at which the Bonus Loyalty Options are quoted on the ASX may increase or decrease due to a number of factors which may cause the Bonus Loyalty Options to trade at prices below the fixed exercise price of the Bonus Loyalty Options or the Share price may fall below the fixed exercise price of the Bonus Loyalty Options (i.e. they may be "out of the money"). This may limit the financial benefit associated with holding the Bonus Loyalty Options. Any unexercised Bonus Loyalty Options will lapse at the end of the exercise period, so you may never realise the benefit of the Bonus Loyalty Options."

4.10 Section 7 - Financial Information

(a) **Section 7.3 - Pro-forma Financial Information**

The third and fourth paragraphs in Section 7.3 of the Prospectus is deleted in its entirety and replaced with the following:

- "1) the issue of between 35,714,286 and 71,428,571 Shares pursuant to a capital raising at an Offer Price of \$0.35 per Share to raise between \$12,500,000 and \$25,000,000 cash before expenses of the Offer and the issue of up to 17,857,143 Bonus Loyalty Options for no monetary consideration. All Shares issued pursuant to this Prospectus will be issued as fully paid. The minimum and maximum subscription scenarios are included in the Pro-Forma Statement of Financial Position;*
- 2) total costs expected to be incurred in connection with the Offer are estimated to be \$1,354,462 (being \$1,028,991 settled in cash and charged to equity and \$325,471 settled in cash and charged to the Profit or Loss) based on the Maximum Subscription and \$840,477 based on the Minimum Subscription (being \$480,014 settled in cash and charged to equity and \$360,463 settled in cash and charged to the Profit or Loss)."*

(b) **Section 7.4.1 - Pro-Forma Statement of Financial Position of 1414 Degrees for HYDEC17**

The table set out in Section 7.4.1 of the Prospectus is deleted in its entirety and replaced with the following table:

Statement of Financial Position							
	Notes	Reviewed as at	Subsequent	Pro-forma adjustments		Pro-forma after offer	
\$'000s		31-Dec-17	events	Min	Max	Min	Max
CURRENT ASSETS							
Cash and cash equivalents	1	1,613	3,536	11,660	23,646	16,809	28,795
Trade and other receivables		1,368	-	-	-	1,368	1,368
TOTAL CURRENT ASSETS		2,981	3,536	11,660	23,646	18,177	30,163
NON CURRENT ASSETS							
Plant and equipment		141	-	-	-	141	141
Intangible assets		1,879	-	-	-	1,879	1,879
TOTAL NON-CURRENT ASSETS		2,020	-	-	-	2,020	2,020
TOTAL ASSETS		5,002	3,536	11,660	23,646	20,197	32,183
CURRENT LIABILITIES							
Trade and other payables		294	-	-	-	294	294
Provision for employee benefits		6	-	-	-	6	6
TOTAL CURRENT LIABILITIES		300	-	-	-	300	300
TOTAL LIABILITIES		300	-	-	-	300	300
NET ASSETS		4,702	3,536	11,660	23,646	19,897	31,883
EQUITY							
Contributed equity	2	10,487	3,615	12,020	23,971	26,122	38,073
Share based payments reserve		20	-	-	-	20	20
Accumulated losses	3	(5,805)	(79)	(360)	(325)	(6,244)	(6,209)
TOTAL EQUITY		4,702	3,536	11,660	23,646	19,897	31,883

(c) Section 7.5 - Notes To and Forming Part of the Pro-Forma Financial Information

The paragraphs numbered '1)' and '2)' in Section 7.5 of the Prospectus is deleted in its entirety and replaced with the following:

"1) the issue of between 35,714,286 and 71,428,571 Shares pursuant to a capital raising at an Offer Price of \$0.35 per Share to raise between \$12,500,000 and \$25,000,000 cash before expenses of the Offer and the issue of up to 17,857,143 Bonus Loyalty Options

for no monetary consideration. All Shares issued pursuant to this Prospectus will be issued as fully paid. The minimum and maximum subscription scenarios are included in the Pro-Forma Statement of Financial Position;

- 2) total costs expected to be incurred in connection with the Offer are estimated to be \$1,354,462 (being \$1,028,991 settled in cash and charged to equity and \$325,471 settled in cash and charged to the Profit or Loss) based on the Maximum Subscription and \$840,477 based on the Minimum Subscription (being \$480,014 settled in cash and charged to equity and \$360,463 settled in cash and charged to the Profit or Loss)."

(d) Section 7.5 - Notes To and Forming Part of the Pro-Forma Financial Information

The table titled 'Note 1. Cash and Cash Equivalents' in Section 7.5 of the Prospectus is deleted in its entirety and replaced with the following table:

Note 1. Cash and cash equivalents	Reviewed	Pro-forma	Pro-forma
\$'000s	31-Dec-17	\$12.5 million	\$25 million
Cash and cash equivalents	1,613	16,809	28,795
Reviewed balance of the Company at 31 December 2017		1,613	1,613
Subsequent events:			
Issue of shares		3,536	3,536
		<u>3,536</u>	<u>3,536</u>
Pro-forma adjustments:			
Proceeds from the Offer		12,500	25,000
Costs of the Offer		(840)	(1,354)
		<u>11,660</u>	<u>23,646</u>
Pro-forma Balance		<u>16,809</u>	<u>28,795</u>

(e) Section 7.5 - Notes To and Forming Part of the Pro-Forma Financial Information

The paragraph following the table titled 'Note 1. Cash and Cash Equivalents' in Section 7.5 of the Prospectus is deleted in its entirety and replaced with the following:

"No Pro-Forma adjustments have been made to reflect cash flow movements from operating activities between 1 January 2018 and the date of this document. As at 11 July 2018, the unaudited cash balance of the Company reduced by approximately \$911,870 to \$701,130."

(f) Section 7.5 - Notes To and Forming Part of the Pro-Forma Financial Information

The table titled 'Note 2. Issued Capital' in Section 7.5 of the Prospectus is deleted in its entirety and replaced with the following table:

Note 2. Issued capital

\$'000s	Reviewed		Pro-forma after Offer	
	31-Dec-17		\$12.5 million	\$25 million
Issued capital	10,487		26,122	38,073
	Number of shares (min)	Number of shares (max)	\$'000s	\$'000s
Fully paid ordinary share capital of the Company at 31 December 2017	106,895,156	106,895,156	10,487	10,487
Subsequent events:				
Issue of shares post 31 December 2017	18,813,790	18,813,790	3,615	3,615
	18,813,790	18,813,790	3,615	3,615
Pro-forma adjustments:				
Proceeds from shares issued under this Prospectus	35,714,286	71,428,571	12,500	25,000
Costs of the Offer			(480)	(1,029)
	35,714,286	71,428,571	12,020	23,971
Pro-forma Balance	161,423,232	197,137,517	26,122	38,073

(g) Section 7.5 - Notes To and Forming Part of the Pro-Forma Financial Information

The table titled 'Note 3. Accumulated Losses' in Section 7.5 of the Prospectus is deleted in its entirety and replaced with the following table:

Note 3. Accumulated losses

\$'000s	Reviewed		Pro forma after Offer	
	31-Dec-17		\$12.5 million	\$25 million
Accumulated losses	(5,805)		(6,244)	(6,209)
Reviewed balance of the Company at 31 December 2017			(5,805)	(5,805)
Subsequent events:				
Issue of shares post 31 December 2017			(79)	(79)
			(79)	(79)
Pro-forma adjustments:				
Costs of the Offer			(360)	(325)
			(360)	(325)

(6,244)

(6,209)

(h) *Section 7.6 - Financing Facilities, Liquidity and Working Capital*

The information in the first paragraph of the subsection '*Financing Facilities, Liquidity and Working Capital*' in Section 7.6 of the Prospectus is deleted and replaced with the following:

"Other than the 2018 R&D Loan Facility, the Company is not a party to any banking, financial or investment facilities (whether as lender, borrower or guarantor). Please refer to Section 11.1 of this Prospectus for further details in relation to the 2018 R&D Loan Facility. The 2018 R&D Loan Facility is undrawn as at the date of this Prospectus."

4.11 Section 8 - Independent Limited Assurance Report

BDO Advisory (SA) Pty Ltd (**Investigating Accountant**) has issued a further report in relation to the financial information of the Company as affected by the matters set out in Section 2.1 of this Second Supplementary Prospectus. A copy of that report is set out at Annexure A of this Second Supplementary Prospectus. References in the Prospectus to the Investigating Accountant's Report in Section 8 of the Prospectus are to be taken to refer to the revised report.

4.12 Section 11 - Material Contracts

A new subsection entitled '*2018 R&D Loan Facility*' is to be included at the end of Section 11.1 of the Prospectus as follows:

"To allow the Company to obtain advanced access to the funds expected to be received under its FY17/18 research and development tax rebate from the Australian Taxation Office (ATO) for the purpose of assisting the Company to meet its short term working capital requirements, the Company has entered into a Loan Agreement and General Security Deed with Rocking Horse Nominees Pty Ltd (ACN 608 184 916) as trustee for the Rocking Horse Unit Trust (ABN 31 577 512 901) (Lender) (2018 R&D Loan Facility).

Pursuant to the 2018 R&D Loan Facility, the Company may borrow from the Lender up to \$1,600,000, being 80% of the Company's estimated FY17/18 research and development tax rebate from the ATO (Rebate), which is currently expected to be in the order of \$2,000,000. The 2018 R&D Loan Facility provides that the Company must direct the ATO to pay the amount of any Rebate ultimately assessed by the ATO directly to the Lender in repayment of the advanced amount plus any interest accrued. Any excess of the Rebate paid to the Lender over the amount advanced by the Lender to the Company under the 2018 R&D Loan Facility will be refunded by the Lender to the Company.

The Lender has agreed to an initial advance of \$900,000 which will be payable to the Company following the provision of all documents required to be supplied to the Lender, and satisfaction of certain conditions precedent specified by the Lender. The Company expects to receive this initial advance within a short period of the date of the Second Supplementary Prospectus. Further advances up to the maximum facility amount of \$1,600,000 will be made available at the Lender's discretion, subject to review of the Company's liquidity, financial position and statutory lodgements at the time.

The Company is required to pay an establishment fee of \$27,000 (excluding GST) under the 2018 R&D Loan Facility on execution of the agreement.

Under the terms of the 2018 R&D Loan Facility, interest accrues daily on all amounts owed by the Company to the Lender (including interest already accrued but unpaid) at an interest rate of 1.25% per month, calculated for each month after the funds are advanced to the Company. Interest is added to the amount owed by the Company to the Lender under the 2018 R&D Loan Facility to the extent that interest is not paid by the Company at the time of its calculation. The total amount owed to the Lender by the Company under the 2018 R&D Loan Facility (including all interest accrued) must be repaid by the Company on or before the earlier of:

- 1. 21 Business Days after the notice of assessment is issued by the ATO to the Company for the financial year in respect of which the advance is made (being FY17/18); and*
- 2. the date on which an event of default occurs under the Loan Agreement (including the failure to pay amounts owed under the 2018 R&D Loan Facility on time, and the occurrence of an insolvency event in respect of the Company); and*

3. 30 November 2018.

The 2018 R&D Loan Facility is secured against the whole of the assets and undertaking of the Company pursuant to the terms of the General Security Deed entered into by the Company and the Lender.

The General Security Deed contains standard provisions that protect the Lender, including restrictions on the Company's ability to deal with the secured property without the Lender's consent as well as obligations on the Company to comply with all transaction documents relating to the 2018 R&D Loan Facility, pay all money owed to the Lender under the 2018 R&D Loan Facility, allow the Lender to register its security interest, and protect the secured property. The Company is also prohibited under the General Security Deed from undertaking certain actions such as giving guarantees, acquiring shares in another company, amending its constitution, lending money to another person, and creating any security interest over or affecting its property."

4.13 Section 12 - Additional Information

(a) *Section 12.1A - Rights attaching to Bonus Loyalty Options*

A new Section 12.1A be inserted immediately after Section 12.1 'Rights attaching to Shares' as follows:

"12.1A Rights attaching to the Bonus Loyalty Options

The terms and conditions of the Bonus Loyalty Options are as follows:

- (a) *the Bonus Loyalty Options will be issued on the same date as the Shares issued under the Offer (Option Issue Date);*
- (b) *the Bonus Loyalty Options will be issued for nil consideration and vest immediately on issue;*
- (c) *each Bonus Loyalty Option entitles the holder to be issued one Share upon exercise of the Bonus Loyalty Option in accordance with these terms;*
- (d) *the exercise price of each Bonus Loyalty Option is \$0.35 (Exercise Price);*
- (e) *the Bonus Loyalty Options are transferrable. The Company will apply for quotation of the Bonus Loyalty Options on the ASX within seven days of the date of the Second Supplementary Prospectus;*
- (f) *each Bonus Loyalty Option expires on the date that is two years after the Option Issue Date (Expiry Date);*
- (g) *the Company will provide each Bonus Loyalty Option holder with a notice that is to be completed and delivered to the Company on exercise of the Bonus Loyalty Options (Exercise Notice);*
- (h) *the Bonus Loyalty Options may be exercised at any time after the Option Issue Date and prior to the Expiry Date, in whole or part, by the Bonus Loyalty Option holder delivering to the Company:*
 - (i) *a completed Exercise Notice specifying the number of Bonus Loyalty Options being exercised (which must be at least 1,500 Bonus Loyalty Options unless the Bonus Loyalty Option holder holds less than 1,500 Bonus Loyalty Options, in which case the Bonus Loyalty Option holder must exercise all of their Bonus Loyalty Options); and*
 - (ii) *a bank cheque for the number of Bonus Loyalty Options being exercised multiplied by the Exercise Price (or such other means of payment acceptable to the Company);*
- (i) *unless the Company expressly provides otherwise in writing, an Exercise Notice is only effective when the Company has received payment in full for the number of Bonus Loyalty Options being exercised in cleared funds;*
- (j) *the Bonus Loyalty Options will automatically lapse on the Expiry Date and any Exercise Notice received by the Company after 5.00pm (AEST) on the Expiry Date will not be processed;*
- (k) *all Shares issued on exercise of the Bonus Loyalty Options will rank equally in all respects with the Company's then issued Shares. The Company will apply for quotation of all Shares issued upon exercise of the Bonus Loyalty Options;*

- (l) *the Bonus Loyalty Options do not confer on the holder any right to participate in dividends until Shares are allotted upon the exercise of the Bonus Loyalty Options;*
 - (m) *the Bonus Loyalty Options have no participating rights or entitlements and the holders will not be entitled to participate in new issues, pro rata issues or bonus issues of capital to Shareholders during the term of the Bonus Loyalty Options unless the holder has first exercised the Bonus Loyalty Options and is registered as a holder of Shares;*
 - (n) *the Bonus Loyalty Option holder will have no rights to a change in the Exercise Price or a change to the number of Shares over which a Bonus Loyalty Option can be exercised; and*
 - (o) *the rights of the Bonus Loyalty Option holder in the event of a reorganisation of the issued capital of the Company (including consolidation, subdivision, reduction or return of capital) will be adjusted in such manner as may be necessary to comply with the ASX Listing Rules."*
- (b) **Section 12.3 - Interests of Named Persons**

The fifth and sixth paragraphs in Section 12.3 of the Prospectus are deleted in their entirety and replaced with the following:

"BDO Advisory (SA) Pty Ltd has acted as the investigating accountant in relation to the Offer. As investigating accountant, BDO Advisory (SA) Pty Ltd has prepared the Independent Limited Assurance Report, which has been included in this Prospectus at Section 8. In respect of this work the Company has agreed to pay BDO Advisory (SA) Pty Ltd a total of \$30,500 (exclusive of GST) for these services. The Company has incurred professional fees in the sum of \$30,443 (inclusive of GST) in respect of audit services provided by BDO Audit (SA) Pty Ltd during the last 12 months.

HWL Ebsworth Lawyers has acted as the solicitors to the Company in relation to the Offer, and in that capacity, and otherwise assisting the Company with the preparation of this Prospectus, HWL Ebsworth Lawyers have been involved in undertaking certain due diligence enquiries in relation to legal matters and providing legal advice to the Company in relation to the Offer. HWL Ebsworth Lawyers' fees in respect of this work up to the date of this Prospectus are expected to be \$250,000 (exclusive of GST and disbursements). The Company has also agreed to pay HWL Ebsworth Lawyers a further \$20,000 (exclusive of GST and disbursements) subject to commencement of trading of the Shares on the ASX. HWL Ebsworth Lawyers has been paid \$236,366 (inclusive of GST) for professional fees from the Company during the last 24 months."

- (c) **Section 12.5 - Expenses of the Offer**

The first paragraph and the table in Section 12.5 of the Prospectus (together with the corresponding notes to the table) are deleted in their entirety and replaced with the following:

"The estimated cash expenses connected with the Offer, which are payable by the Company, based on the Minimum Subscription and the Maximum Subscription amounting to \$840,477 and \$1,354,462 respectively are as follows:

Expense Item	Minimum Subscription (A\$)	Maximum Subscription (A\$)
<i>Independent Limited Assurance Report</i>	<i>30,500</i>	<i>30,500</i>
<i>Legal expenses</i>	<i>255,747</i>	<i>255,747</i>
<i>Independent Technical Expert Report</i>	<i>2,000</i>	<i>2,000</i>
<i>Lead Manager fees</i>	<i>342,500</i>	<i>845,000</i>
<i>ASX and ASIC fees</i>	<i>129,730</i>	<i>141,215</i>
<i>Printing, marketing and distribution</i>	<i>80,000</i>	<i>80,000</i>
Total	840,477	1,354,462

- (d) **Section 12.7 - Legal Proceedings**

The information set out in Section 12.7 of the Prospectus is deleted in its entirety and replaced with the following:

"As at 13 July 2018 (being the date of the Second Supplementary Prospectus issued by the Company), other than the matter described in this Section 12.7, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending

or threatened against the Company.

Climate Change Technologies Pty Ltd (CCT) lodged Australian Patent Application No 2012292959 (959 Application) in relation to an invention titled "Thermal Energy Storage Apparatus". 1414 Degrees opposed the 959 Application. 1414 Degrees claims that it, and not CCT, is entitled to ownership of the 959 Application. On 1 May 2018, IP Australia issued a decision of a Delegate of the Commissioner of Patents concluding that the 959 Application should proceed jointly in the names of CCT and 1414 Degrees (for full facts and details see 1414 Degrees Limited v Climate Change Technologies Pty Ltd [2018] APO 28 dated 1 May 2018) (the Decision). On 18 May 2018, CCT filed a Notice of Appeal in Federal Court of Australia proceeding VID587/2018 (the Appeal), challenging the conclusion of the Decision, and seeking orders that the 959 Application proceed only in the name of CCT. 1414 Degrees is contesting the Appeal, and intends to pursue a cross-appeal that it should have sole, not joint, ownership of the 959 Application.

The intention and ability of 1414 Degrees to pursue the designs, methodologies, and technology of its TESS that it is currently developing, do not depend on the outcome of the Appeal. 1414 Degrees has opposed the 959 Application, and contests the Appeal, because it considers the "Thermal Energy Storage Apparatus" of the 959 Application comprise precursor technology and intellectual property to which 1414 Degrees is entitled, and it seeks to avoid technology and intellectual property to which it believes it is entitled, being claimed or used by third parties."

(e) Section 12.7A - ASIC Relief

A new Section 12.7A be inserted immediately after Section 12.7 'Legal Proceedings' as follows:

"12.7A ASIC RELIEF

The Company has been granted relief by ASIC from the application of subsection 723(1) of the Corporations Act in relation to the requirement for Existing Applicants to submit an application in relation to the grant of Bonus Loyalty Options. Subsection 723(1) of the Corporations Act provides that where an offer of securities requires a disclosure document, the securities may only be issued or transferred in response to an application form. The Company will comply with subsection 723(1) of the Corporations Act in respect of Shares and Bonus Loyalty Options issued to Applicants who apply for Shares and Bonus Loyalty Options after the date of the Second Supplementary Prospectus, as any Applicant who wishes to apply for Shares under the Offer after the date of the Second Supplementary Prospectus will be required to submit an Application Form, which document contemplates the grant of the Bonus Loyalty Options.

However, the Existing Applicants have already submitted an Application using the application form that accompanied either the Prospectus or the First Supplementary Prospectus. Those application forms did not contemplate the grant of the Bonus Loyalty Options. To avoid the undue administrative burden associated with requiring Existing Applicants to lodge a separate application form in respect of the Bonus Loyalty Options to which they are automatically entitled under the Offer, the Company sought and was granted relief by ASIC from the application of subsection 723(1). Existing Applicants do not need to take any additional action to receive their allocation of Bonus Loyalty Options."

4.14 Section 13 - Definitions

Section 13 of the Prospectus is amended by:

- (a) deleting the following definitions in their entirety and replacing them with the following:

"Application means a valid application to subscribe for Shares (and, as a result, Bonus Loyalty Options) under this Prospectus."

"Application Form means the application form attached to the Second Supplementary Prospectus."

"Maximum Subscription means \$25,000,000 or 71,428,571 Shares."

"Minimum Subscription means \$12,500,000 or 35,714,286 Shares."

"Offer means the invitation to apply for Shares (and, as a result, Bonus Loyalty Options) pursuant to this Prospectus."

"Prospectus means the prospectus dated 28 May 2018 as supplemented and amended by the first Supplementary Prospectus dated 14 June 2018 and the Second Supplementary Prospectus."

(b) inserting the following new definitions:

"Bonus Loyalty Options means the options over fully paid ordinary Shares, offered to Applicants for no additional monetary consideration under this Prospectus on a 1 for 4 basis having regard to the number of Shares allocated to each Applicant, the terms of which are set out in Section 12.1A of this Prospectus."

"Existing Applicant means an Applicant who has lodged an application in respect of the Offer using the application form that accompanied either the Prospectus or the First Supplementary Prospectus, prior to the date of the Second Supplementary Prospectus."

"Second Supplementary Prospectus means the second supplementary prospectus lodged by the Company with ASIC on 13 July 2018."

5 CONSENTS

BDO Advisory (SA) Pty Ltd has given its written consent to the inclusion in Annexure A of this Second Supplementary Prospectus of its Independent Limited Assurance Report and to all statements referring to that report in the form and context in which they appear and to being named as Investigating Accountant and has not withdrawn such consent before lodgement of this Second Supplementary Prospectus with ASIC.

BDO Audit (SA) Pty Ltd has given its written consent to being named as Auditor to the Company and has not withdrawn such consent before lodgement of this Second Supplementary Prospectus with ASIC.

HWL Ebsworth Lawyers has given its written consent to being named as the Solicitor to the Company and has not withdrawn such consent before lodgement of this Second Supplementary Prospectus with ASIC.

6 DIRECTORS' AUTHORISATION

This Second Supplementary Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director of the Company has consented to the lodgement of this Second Supplementary Prospectus with ASIC and has not withdrawn that consent prior to lodgement.

This Second Supplementary Prospectus is signed for and on behalf of the Company by Dr Kevin Moriarty.



Kevin Moriarty
Executive Chairman
Dated: 13 July 2018

Annexure A



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Australia

The Directors
1414 Degrees Limited
Level 4
81 Flinders Street
ADELAIDE SA 5000

13 July 2018

Dear Directors

INDEPENDENT LIMITED ASSURANCE REPORT ON HISTORICAL FINANCIAL INFORMATION AND PRO FORMA HISTORICAL FINANCIAL INFORMATION

Introduction

BDO Advisory (SA) Pty Ltd (BDO) has been engaged by 1414 Degrees Limited (1414 Degrees or the Company) to report on the Historical and Pro-Forma Financial Information of 1414 Degrees for inclusion in the Second Supplementary Prospectus dated on or about 13 July 2018 and relating to the offer by the Company of a minimum of 35,714,286 Shares at \$0.35 per Share to raise a minimum of \$12,500,000 and a maximum of 71,428,571 Shares to investors at \$0.35 per Share to raise a maximum of \$25,000,000 and the offer of up to 17,857,143 Bonus Loyalty Options (Second Supplementary Prospectus).

Unless stated otherwise in this Report, expressions defined in the Second Supplementary Prospectus have the same meaning in this Report.

This Report has been prepared for inclusion in the Second Supplementary Prospectus. We disclaim any assumption of responsibility for any reliance on this Report or on the Financial Information to which it relates for any purpose other than that for which it was prepared.

Scope

Historical Financial Information

You have requested BDO to review the following historical financial information included in section 7 of the Prospectus:

- the audited Consolidated Statement of Profit or Loss and Other Comprehensive Income for the financial years ended 30 June 2016 (FY16), 30 June 2017 (FY17) and reviewed for the period ended 31 December 2017 (HYDec17) of 1414 Degrees;
- the audited Consolidated Statement of Financial Position for FY16, FY17 and reviewed for HYDec17 of 1414 Degrees; and
- the audited Consolidated Statement of Cash Flow for FY16, FY17 and reviewed for HYDec17 of 1414 Degrees.

Hereafter referred to as “the Historical Financial Information”.



The Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the company's adopted accounting policies.

The Historical Financial Information of 1414 Degrees has been extracted from the financial statements of 1414 Degrees for FY15, FY16 and HYDec17, which was audited or reviewed (HYDec17) by BDO Audit (SA) Pty Ltd in accordance with the Australian Auditing Standards. BDO Audit (SA) Pty Ltd issued an unmodified opinion on the financial reports.

The Historical Financial Information is presented in the Second Supplementary Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001.

Pro Forma Historical Financial Information

You have requested BDO to review the Pro Forma Consolidated Statement of Financial Position for HYDec17 of 1414 Degrees included in the Second Supplementary Prospectus being the Pro-Forma Statement of Financial Position as at 31 December 2017 showing the impact of the pro-forma adjustments as if they had occurred at 31 December 2017.

Hereafter referred to as "the Pro-Forma Historical Financial Information".

The Pro Forma Historical Financial Information has been derived from the historical financial information of 1414 Degrees, after adjusting for the effects of pro-forma adjustments described in section 7.3 of the Second Supplementary Prospectus. The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the Historical Financial Information and the events or transactions to which the pro-forma adjustments relate, as described in section 7.1 of the Prospectus, as if those events or transactions had occurred as at the date of the Historical Financial Information. Due to its nature, the Pro-Forma Historical Financial Information does not represent the Company's actual or prospective financial position.

Directors' Responsibility

The directors of 1414 Degrees are responsible for the preparation of the Historical Financial Information and the Pro-Forma Historical Financial Information, including the selection and determination of the Pro-Forma Adjustments made to the Historical Financial information and included in the Pro-Forma Historical Financial Information. This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of Historical Financial Information and Pro-Forma Historical Financial Information that are free from material misstatement, whether due to fraud or error.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Historical Financial Information and Pro Forma Historical Financial Information based on the procedures performed and the evidence we have obtained.

We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.



A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the financial information.

Conclusion

Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Historical Financial Information, as described in section 7.4 of the Prospectus, and comprising:

- the audited Consolidated Statement of Profit or Loss and Other Comprehensive Income for the financial years ended 30 June 2016 (FY16), 30 June 2017 (FY17) and reviewed for the period ended 31 December 2017 (HYDec17) of 1414 Degrees;
- the audited Consolidated Statement of Financial Position for FY16, FY17 and reviewed for HYDec17 of 1414 Degrees; and
- the audited Consolidated Statement of Cash Flow for FY16, FY17 and reviewed for HYDec17 of 1414 Degrees.

are not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in section 7.1 of the Prospectus.

Pro Forma Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Pro-Forma Historical Information, as described in section 7.4, 7.5 and 7.8 of the Prospectus and Second Supplementary Prospectus, and comprising the Pro-Forma Statement of Financial Position as at 31 December 2017 showing the impact of Pro-Forma Adjustments as if they occurred at 31 December 2017, are not presented fairly in all material respects, in accordance with the stated basis of preparation as described in section 7.1 of the Prospectus.

Restrictions on Use

Without modifying our conclusions, we draw attention to section 7.3 of the Prospectus and Second Supplementary Prospectus, which describes the purpose of the financial information, being for inclusion in the Second Supplementary Prospectus. As a result, the financial information may not be suitable for use for another purpose.

Consent

BDO has consented to the inclusion of this independent limited assurance report in the Second Supplementary Prospectus in the form and context in which it is included.

Liability

The liability of BDO is limited to the inclusion of this report in the Second Supplementary Prospectus. BDO makes no representation regarding, and takes no responsibility for, any other statements, or material in, or omissions from, the Second Supplementary Prospectus.

Subsequent Events

Apart from the matters dealt with in this Report, and having regard to the scope of this Report and the information provided by the Directors, to the best of our knowledge and belief no material transaction or event outside of the ordinary business of 1414 Degrees not described in the Second Supplementary Prospectus, has come to our attention that would require comment on, or adjustment to, the information referred to in our Report or that would cause such information to be misleading or deceptive.

General Advice Warning

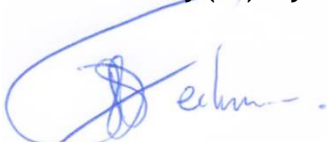
This Report has been prepared, and included in the Second Supplementary Prospectus, to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to be a substitute for professional advice and potential investors should not make specific investment decisions in reliance on information contained in this Report. Before acting or relying on any information, an investor should consider whether it is appropriate for their circumstances having regard to their objectives, financial situation or needs.

Independence or Disclosure of Interest

BDO is a member of BDO International Ltd. BDO does not have any interest in the outcome of the proposed listing, or any other interest that could reasonably be regarded as being capable of affecting its ability to give an unbiased conclusion in this matter. BDO will receive normal professional fees for the preparation of this report.

Signed for and on behalf of

BDO Advisory (SA) Pty Ltd



David Fechner
Director

HOW TO COMPLETE THIS FORM

A NUMBER OF SHARES APPLIED FOR
Enter the number of Shares you wish to apply for. The Application must be for a minimum of 6,000 Shares (\$2,100). By applying for the number of Shares listed in Step A, you will be taken to have applied for 1 Bonus Loyalty Option for every 4 Shares applied for under the Offer for no additional consideration.

B APPLICATION MONIES
Enter the amount of Application Monies. To calculate the amount, multiply the number of Shares applied for in Step A by the issue price of \$A0.35 per Share.

C APPLICANT NAME(S)
Enter the full name you wish to appear on the statement of shareholding and optionholding. This must be either your own name or the name of a company. Up to 3 joint Applicants may register. You should refer to the table below for the correct forms of registrable title. Applications using the wrong form of names may be rejected. Clearing House Electronic Subregister System (CHES) participants should complete their name identically to that presently registered in the CHES system.

D POSTAL ADDRESS
Enter your postal address for all correspondence. All communications to you from Computershare Investor Services Pty Limited (CIS) will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.

E CONTACT DETAILS
Enter your contact details. These are not compulsory but will assist us if we need to contact you regarding this application.

F CHES
1414 Degrees Limited participates in CHES. If you are a CHES participant (or are sponsored by a CHES participant) and you wish to hold Shares and Bonus Loyalty Options allotted to you under this Application on the CHES Subregister, enter your CHES HIN. Otherwise, leave this section blank and on allotment, you will be sponsored by 1414 Degrees Limited and allocated a Securityholder Reference Number (SRN).

G PAYMENT
Make your cheque, money order or bank draft payable to '1414 Degrees Limited Application Account' in Australian currency and cross it 'Not Negotiable'. Your cheque, money order or bank draft must be drawn on an Australian Bank. Complete the cheque details in the boxes provided. The total amount must be the same as the amount shown in box B. **Please note that funds are unable to be directly debited from your bank account. Cheques will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques returned unpaid may not be re-presented and may result in your Application being rejected. Paperclip (do not staple) your cheque(s) to the Application Form. Cash will not be accepted. Receipt for payment will not be forwarded.**

Before completing the Application Form the Applicant(s) should read the Prospectus to which this Application relates. By lodging the Application Form, the Applicant agrees that this Application for Shares and Bonus Loyalty Options in 1414 Degrees Limited is upon and subject to the terms of the Prospectus and the Constitution of 1414 Degrees Limited, agrees to take any number of Shares and Bonus Loyalty Options that may be allotted to the Applicant(s) pursuant to the Prospectus and declares that all details and statements made are complete and accurate. It is not necessary to sign the Application Form.

Lodgement of Application

Application Forms must be received by CIS by no later than 5.00pm AEST on Monday, 13 August 2018. You should allow sufficient time for this to occur. Return the Application Form with cheque, money order or bank draft attached to:

1414 Degrees Share Issue
Computershare Investor Services Pty Limited
GPO Box 1326
Adelaide SA 5001

Neither CIS nor 1414 Degrees Limited accepts any responsibility if you lodge the Application Form at any other address or by any other means. If you have any enquiries concerning your application, please contact the Offer Information Line on 1300 556 161 (within Australia) or +61 3 9415 4000 (outside Australia).

Privacy Statement

The personal information you provide on this form is collected by CIS, as registrar for the securities issuers (the issuer), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. In addition, the issuer may authorise us on their behalf to send you marketing material or include such material in a corporate communication. You may elect not to receive marketing material by contacting CIS using the details provided above or emailing privacy@computershare.com.au. We may be required to collect your personal information under the Corporations Act 2001 (Cth) and ASX Settlement Operating Rules. We may disclose your personal information to our related bodies corporate and to other individuals or companies who assist us in supplying our services or who perform functions on our behalf, to the issuer for whom we maintain securities registers or to third parties upon direction by the issuer where related to the issuer's administration of your securityholding, or as otherwise required or authorised by law. Some of these recipients may be located outside Australia, including in the following countries: Canada, India, New Zealand, the Philippines, the United Kingdom and the United States of America. For further details, including how to access and correct your personal information, and information on our privacy complaints handling procedure, please contact our Privacy Officer at privacy@computershare.com.au or see our Privacy Policy at <http://www.computershare.com/au>.

Correct forms of registrable title(s)

Note that ONLY legal entities are allowed to hold Shares and Bonus Loyalty Options. Applications must be in the name(s) of a natural person(s), companies or other legal entities acceptable to 1414 Degrees Limited. At least one full given name and the surname is required for each natural person. Application Forms cannot be completed by persons less than 18 years of age. Examples of the correct form of registrable title are set out below.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual: use given names in full, not initials	Mr John Alfred Smith	JA Smith
Company: use the company's full title, not abbreviations	ABC Pty Limited	ABC P/L or ABC Co
Joint Holdings: use full and complete names	Mr Peter Robert Williams & Ms Louise Susan Williams	Peter Robert & Louise S Williams
Trusts: use the trustee(s) personal name(s)	Mrs Susan Jane Smith <Sue Smith Family A/C>	Sue Smith Family Trust
Deceased Estates: use the executor(s) personal name(s)	Ms Jane Mary Smith & Mr Frank William Smith <Est John Smith A/C>	Estate of late John Smith or John Smith Deceased
Minor (a person under the age of 18): use the name of a responsible adult with an appropriate designation	Mr John Alfred Smith <Peter Smith A/C>	Master Peter Smith
Partnerships: use the partners personal names	Mr John Robert Smith & Mr Michael John Smith <John Smith and Son A/C>	John Smith and Son
Long Names	Mr John William Alexander Robertson-Smith	Mr John W A Robertson-Smith
Clubs/Unincorporated Bodies/Business Names: use office bearer(s) personal name(s)	Mr Michael Peter Smith <ABC Tennis Association A/C>	ABC Tennis Association
Superannuation Funds: use the name of the trustee of the fund	Jane Smith Pty Ltd <Super Fund A/C>	Jane Smith Pty Ltd Superannuation Fund