SUPPLEMENTARY PROSPECTUS

LGI LIMITED ACN 138 085 551

Important information

This Supplementary Prospectus is dated 31 August 2022 (**Supplementary Prospectus**) and is intended to supplement and amend the information contained in the Prospectus dated 17 August 2022 (**Prospectus**) issued by LGI Limited ACN 138 085 551 (**Company** or **LGI**) to raise $25,000,000 through the issue of 16,666,667 fully paid ordinary shares in the Company.

This Supplementary Prospectus was lodged with the Australian Securities and Investments Commission (**ASIC**) and the Australian Securities Exchange (**ASX**) on 31 August 2022. Neither ASIC nor the ASX take responsibility for the contents of this Supplementary Prospectus.

This Supplementary Prospectus must be read together with the Prospectus. To the extent of any inconsistency between this Supplementary Prospectus and the Prospectus, this Supplementary Prospectus will prevail. Unless otherwise indicated, terms defined and used in the Prospectus have the same meaning in this Supplementary Prospectus. This document is important and should be read in its entirety. Please consult you legal, financial or other professional adviser if you do not fully understand the contents.

The Company has issued both a printed and electronic version of this Supplementary Prospectus and the Prospectus. Electronic versions of both may be accessed at www.lgi.com.au.

Contents

The information shown in the numbered paragraphs below is to supplement and amend the information presently contained in the Prospectus. Namely, the Prospectus is amended as follows:

1. Replace paragraph 11 of the Chairman's letter of the Prospectus with the following:

   "This Prospectus contains important information about key risks associated with investing in LGI, details of these risks are contained in Section 6 of this Prospectus.

   Material risks include the supply of biogas from landfills, the pricing LGI receives for the products it sells, the health and safety of our people, access to landfills now and in the future and contract and operating risks.

   In addition, risks from changes in regulations and general economic conditions with rising inflation are considered material.

   Exposures to any of these risks may impact LGI's financial performance and projects."

2. The first sentence of the 2nd paragraph of the Chairman's letter be amended to read:

   "Established in 2009, LGI has developed a current portfolio of 26 projects with long-term contracts, across the Australian eastern seaboard."

3. The first sentence of the 6th paragraph of the Chairman's letter be amended to read:

   "LGI has a number of growth opportunities (further detailed below) and is investing capital to optimise the conversion of biogas to revenue, while maintaining its profitability and safety record."

4. Delete the words 'Consistent with its vision of engineering a clean energy, zero carbon future' from the first sentence in the second paragraph of Section 3.1 on page 28 of the Prospectus.

5 A new paragraph 3.11 be inserted as follows:

"**3.11 Net Zero and Progress to Date**

LGI aspires towards playing its part in a clean energy future and although there is no inherent certainty of being able to achieve such a future, LGI has been taking steps to reach net zero on its Scope 1 and Scope 2 emissions through its carbon abatement strategies.

LGIs emissions profile calculated using the National Greenhouse and Energy Reporting (NGERs) model for Scope 1 and 2 emissions is included in the table below.

Emissions		**FY21**	**FY22**
Scope 1	t CO2-e	345	507
Scope 2	t CO2-e	28	27
Total	**t CO2-e**	**373**	**534**

LGI created 384,675 ACCUs in FY22 and LGI's strategy is to retire an ACCU equivalent to its Scope 1 and 2 emissions in each financial year.

In FY21 and FY22, LGI retired 373 and 534 respectively and will continue to utilise this carbon abatement strategy in line with its aspirational net zero vision for Scope 1 and Scope 2 emissions.

LGI has no short-term Scope 3 abatement strategy due to the practical difficulty of obtaining Scope 1 and Scope 2 emissions from third party organisations, many of whom do not appropriately record their emissions."

6 Insert into Section 3.5.1 as a new second and third paragraph:

"LGI captures the biogas from landfills using a series of wells and pipes placed under vacuum. The biogas contains approximately 50% methane and 50% carbon dioxide. Methane has 28 times the global warming potential than carbon dioxide. When methane is combusted, the result is less harmful carbon dioxide and water[31]. If the methane is not captured, it would escape the landfill into the atmosphere.

LGI combusts the landfill biogas methane in flares or in reciprocating internal combustion engines. Electricity is generated when the methane is combusted in the engines. While this combustion produces carbon dioxide, it is 28 times less harmful to the environment, as recognised by the Clean Energy Regulator in a methodology that creates ACCUs[32].

31 https://www.cleanenergyregulator.gov.au/csf/Pages/News-and-update--details.aspx?ListId=19b4efbb-6f5d-4637-94c4-121c1f96fcfe&ItemId=831

32 https://www.cleanenergyregulator.gov.au/ERF/Choosing-a-project-type/Opportunities-for-industry/landfill-and-alternative-waste-treatment-methods/Capture-and-combustion-of-landfill-gas"

7 Amend all references to 'Green Gas' simply to 'gas' throughout the Prospectus, specifically in:

(a) Figure 12 of Section 3.4.3; and

(b) Section 3.6.5,

and delete:

(c) the words 'which can also be described as Green Gas' from definition of' RNG'; and

(d) the definition of 'Green Gas'.

8 Remove the 'Answer' to the question titled "Overview of key risks" on page 7 of the Prospectus and replace it with:

"**Biogas supply**
Landfill gas (Biogas) supply can be constrained by the amount of organic waste within the landfill (which in turn can be impacted by various factors). LGI's business may be exposed to material changes in the organic content of the waste which could reduce Biogas generation and revenue.

Market pricing
LGI creates products for the National Energy Market, LGC market and ACCU market. Naturally, LGI is exposed to price fluctuations in these markets.

ACCU and LGC changes
Future changes to ACCU and LGC regulations may impact the supply and demand, and interaction of these mechanisms with international equivalents which may have financial impacts on LGI.

Health, Safety, Environment and Quality (HSEQ)
Failure to implement effective HSEQ and public safety procedures could give rise to HSEQ and/or public safety risks, which in turn may create reputational, regulatory risk and/or future earnings risk.

Access to landfills now and in the future
A prolonged period of low growth in the waste management industry would likely have an adverse effect on the business, financial condition, and profitability of LGI.

Contractual risks
All contracts, including those entered into by the Company, carry a risk that the respective parties will not adequately or fully comply with their respective contractual rights and obligations and that the terms of these contracts may be disputed. There is also no guarantee that existing contracts will be renewed.

Operating risks
The Company's overall operations may be adversely affected by various factors (e.g. plant and labour availability or severe weather) which may be beyond the control of management and may reduce revenues and/or increase costs of both current and future operations.

Reliance upon systems and technology
The Company's services and operations are heavily reliant upon technology and information systems. These systems may fail, or not operate effectively which may negatively impact on the Company's performance.

Cyber risk
The Company's operations may be adversely affected by cyber-attacks which may cause negative consequences including the destruction of third-party relationships and increasing costs.

Capital, maintenance and planned projects
Any significant unforeseen increases in the costs or delays in receipt of approvals associated with LGI's operations may adversely impact LGI's future cash flow and profitability.

Regulatory and license risk
LGI may be exposed to changes in the regulatory conditions under which it operates and should the Company be unable to secure the necessary licences to operate its sites, the Company will be prevented from implementing its business plan.

Environmental compliance
LGI's business is subject to a range of environmental laws and regulations as well as project and site-specific environmental permits and approvals issued by local and regional councils and there is no guarantee that such permits or approvals will be granted.

Competition
LGI's market share may increase or decrease depending on various factors. New organisations may also enter the market within which LGI operates which may impact LGI's activity level or the amount it can charge for its services.

Loss of reputation
Any event or occurrence that diminishes LGI's reputation or brand could have a significant adverse financial effect on the Company.

Know-how, research and development risk
No assurance can be given that employees or third parties will not breach confidentiality agreements, infringe or misappropriate the Company's know-how or commercially sensitive information, or that competitors will not be able to produce non-infringing competitive services. Additionally, there is no guarantee that tax offsets currently afforded to LGI for research will continue into the future.

Growth strategy and funding
While the funds raised under the Offer are considered sufficient to meet the current objectives of LGI, additional funding is anticipated to be sought for future growth initiatives. This funding is subject to the suitability of the specific terms and the availability of funding at those relevant times.

Process risk
There is a risk that the process design does not satisfactorily deliver sufficient gas yields, or that the process design becomes subject to other impacts such as construction costs.

Dependence upon key personnel
There may be a negative impact on LGI if any of its key Personnel leave. It may be difficult or expensive to replace them, the day-to-day management may be impacted and any key Personnel leaving to work for a competitor may adversely impact LGI.

Supplier arrangements
Should a key arrangement come to an end at the instigation of a counterparty, there may be a time lag until LGI has entered into new arrangements with an alternative supplier, which may have a negative impact on operations.

Inability to secure appropriate insurance
If the Company were to incur substantial liabilities, or if its business operations were interrupted for a sustained period of time, and the Company's insurance was not sufficient to cover the liability, LGI may suffer loss.

Seasonal affects
Periods of adverse weather conditions can reduce extraction activity and may lead to a decrease in biogas flows and electricity generation in areas affected by those weather conditions.

Climate change
LGI assets may be exposed to impacts of climate change, for example increased flooding events and drought events which may reduce the Company's biogas flow.

Foreign Exchange
LGI currently sources equipment and spare parts from foreign jurisdictions and movements in foreign exchange rates could affect the viability of LGI's capacity for development and new projects.

Capital structure risk
The Directors and management team will retain a significant holding in LGI and will therefore have a significant influence over the Company which my also have an impact on liquidity."

9 Insert new Section 6.2.22 as follows:

"**6.2.22 Climate change risks**

LGI's assets will be exposed to the physical impacts of climate change in the future, including:

- increased flooding events as a result of climate change which may impact LGIs ability to access an individual site, resulting in LGI having to temporarily cease operation at that site and potentially a temporary reduction in biogas flow; and
- Drought events as a result of climate change which may reduce biogas flows at any individual site.

As set out in Sections 2.4.5 Regulatory framework, 2.5.1 The Emissions Reduction Fund (carbon credits), 2.5.2 Australian Carbon Credit Units and 2.6.1 Domestic renewable electricity sector (History) of this Prospectus, LGI understands that the transitional risks posed by climate change have the potential to have a greater effect on it, whether through ACCUs or the price of energy."

10 Insert the following sentence after the table included in Section 9.5 of the Prospectus:

"As indicated in Table 8 (Section 5.9), Table 9 (Section 5.10), Section 5.10 and Section 5.13, the proceeds of the Offer will be utilised in conjunction with the Company's established operating cashflow and debt financing arrangements. The Company considers that no further fundraising will be required in the near-term."

11 Replace Table 5 in Section 5.4 on page 55 of the Prospectus with the following tables:

Table 5A: Income Statements for H1-22, H2-22 and FY22

$ '000	NOTES	STATUTORY H1 FY22 REVIEWED, UNAUDITED	 H2 FY22 UNAUDITED	 Total FY22 UNAUDITED
Total Revenue		10,108	15,363	25,472
Cost of sales		(2,131)	(4,225)	(6,356)
Gross Profit		**7,977**	**11,139**	**19,116**
OPERATING EXPENSES				
Employment expenses		(2,345)	(2,321)	(4,667)
Administrative expenses		(574)	(1,167)	(1,742)
Occupancy expenses		(22)	(58)	(80)
Costs of the offer		(587)	(195)	(782)
EBITDA		**4,448**	**7,397**	**11,846**
Depreciation and Amortisation		(2,019)	(2,108)	(4,127)
EBIT		**2,429**	**5,289**	**7,719**
Net interest income / (expense)		(372)	(431)	(803)
Profit before income tax		**2,057**	**4,859**	**6,915**
Income tax expense		(623)	(1,518)	(2,141)
Net Profit after tax		**1,434**	**3,340**	**4,774**

Table 5B: Cash Flow Statements for H1-22, H2-22 and FY22

$ '000	NOTES	STATUTORY H1 FY22 REVIEWED, UNAUDITED	 H2 FY22 UNAUDITED	 Total FY22 UNAUDITED
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers		10,029	9,838	19,867
Payments to suppliers and employees		(5,674)	(6,295)	(11,969)
Interest received and other income		8	11	19
Interest paid		(369)	(406)	(775)
Income tax paid or received		-	262	262
Net cash provided by operating activities		**3,994**	**3,411**	**7,405**
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment		(2,943)	(5,352)	(8,295)
Proceeds from property, plant and equipment		38	34	72
Term deposits held as security		-	(122)	(122)
Net cash used in investing activities		**(2,905)**	**(5,440)**	**(8,345)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issue of shares (net of costs)		122	-	122
Payment of dividends		-	-	-
Proceeds from borrowings		-	1,337	1,337
Repayment of borrowings		(243)	(314)	(557)
Net cash from financing activities		**(121)**	**1,023**	**902**
Net increase (decrease) in cash held	**1**	**968**	**(1,006)**	**(39)**

12 Replace Table 6 in Section 5.7 on page 57 of the Prospectus with the following tables:

Table 6A: Statutory Historical and Forecast Income Statements

$ '000	NOTES	STATUTORY AUDITED ACTUAL FY20	STATUTORY AUDITED ACTUAL FY21	STATUTORY UNAUDITED ACTUAL FY22	STATUTORY FORCAST FY23
Total Revenue		**10,551**	**15,019**	**25,472**	**31,261**
Cost of sales		(2,104)	(3,732)	(6,356)	(9,688)
Gross Profit		**8,447**	**11,287**	**19,116**	**21,574**
OPERATING EXPENSES					
Employment expenses		(2,494)	(3,289)	(4,667)	(6,069)
Administrative expenses		(677)	(830)	(1,742)	(2,243)
Occupancy Expenses		(26)	(46)	(80)	(154)
Costs of the offer		(228)	(560)	(782)	(727)
EBITDA		**5,022**	**6,562**	**11,846**	**12,380**
Depreciation and Amortisation		(2,483)	(3,588)	(4,127)	(5,443)
EBIT		**2,539**	**2,974**	**7,719**	**6,937**
Net interest income / (expense)		(773)	(821)	(803)	(1,406)
Profit before income tax		**1,766**	**2,153**	**6,915**	**5,531**
Income tax expense		(561)	(404)	(2,141)	(1,383)
Net Profit after tax		**1,205**	**1,749**	**4,774**	**4,149**

Table 6B: Reconciliation from Statutory Historical and Forecast Income Statements to Pro Forma Historical and Forecast Net Profit After Tax

$ '000	NOTES	STATUTORY AUDITED ACTUAL FY20	STATUTORY AUDITED ACTUAL FY21	STATUTORY UNAUDITED ACTUAL FY22	STATUTORY FORECAST FY23
ADJUSTMENTS					
Statutory Net Profit After Tax		**1,205**	**1,749**	**4,774**	**4,149**
Interest expense	1	128	98	125	193
COVID-19 stimulus income	2	(293)	(551)	-	-
Offer costs	3	228	560	782	727
Employment expenses	4	(268)	(142)	40	-
Listed company costs	5	(543)	(499)	(447)	(99)
Equity bonus - listing	6	-	-	432	113
Income tax effect	7	192	126	(233)	(234)
ACCU profit sharing arrangements	8, 9	-	-	-	-
Pro forma net profit after tax		**650**	**1,341**	**5,473**	**4,849**

13 Insert the following new paragraph at the start of Section 5:

"Where mentioned below, please note that:

- Biogas flows are typically measured in millions of cubic meters (M m3) and a description of biogas flows can be found in Section 2.3;

- ACCUs created are measured by induvial certificate and a description of these can be found in Section 2.5; and

- LGCs created are measured per individual certificate and a description of these can be found in Section 2.5.3."

14 Insert the following description in Section 5.15 as assumption 32 on page 65 of the Prospectus:

"Biogas flows are forecast primarily on the basis of historic biogas flow rates, considering forecast tonnage of waste as advised by landfill owners and operators. Forecast MWhs are calculated applying the previous financial years' 12 months conversion ratio (of Biogas flows to MWhs) to forecast biogas flows. One LGC is generated from each MWh generated. Where shown in the analysis that follows, forecast weighted average electricity price is calculated by dividing the forecast electricity revenue by the MWhs for FY23. LGC average price is calculated by dividing the revenue for LGCs by the number of LGCs created in FY23. ACCU average price is calculated by dividing the ACCU revenue by the number of ACCUs created in FY23."

15 Insert the following new paragraph after each of Tables 4 on page 53, 13 on page 66 and 14 on page 68 of the Prospectus:

"The assumptions used in determining the forecasted figures above (including how MWhs are calculated, the number of LGCs and ACCUs generated) are included at Section 5.15 of the Prospectus."

16 Amend the first sentence of the "Answer" to the question titled "Who are LGI's competitors" in Section 1.3 on page 5 of the Prospectus to read as follows:

"LGI is one of a number of companies offering a vertically integrated service for managing biogas, from landfill to renewable electricity generation."

17 Amend the words 'innovative contracting approach' to 'customer-focused contracting approach' in the Prospectus:

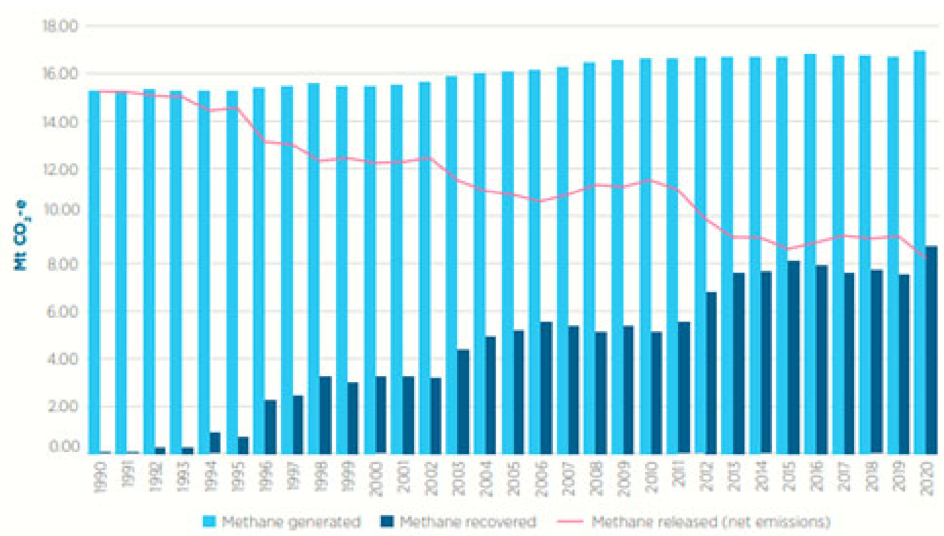
(a) in the first sentence of the 'answer' column, in answer to the 'question,' 'Overview of key investment highlights' on page 7; and

(b) the first sentence in Section 3.6 on page 40.

18 Amend the first paragraph of Section 2.4.3 of the Prospectus, along with Figure 4 and the associated footnote 23 of the Prospectus as follows:

"Methane capture from landfills have remained significantly less than the estimated totals of methane generated, despite a steady increase in gas recovery.[23] Refer Figure 4 below.

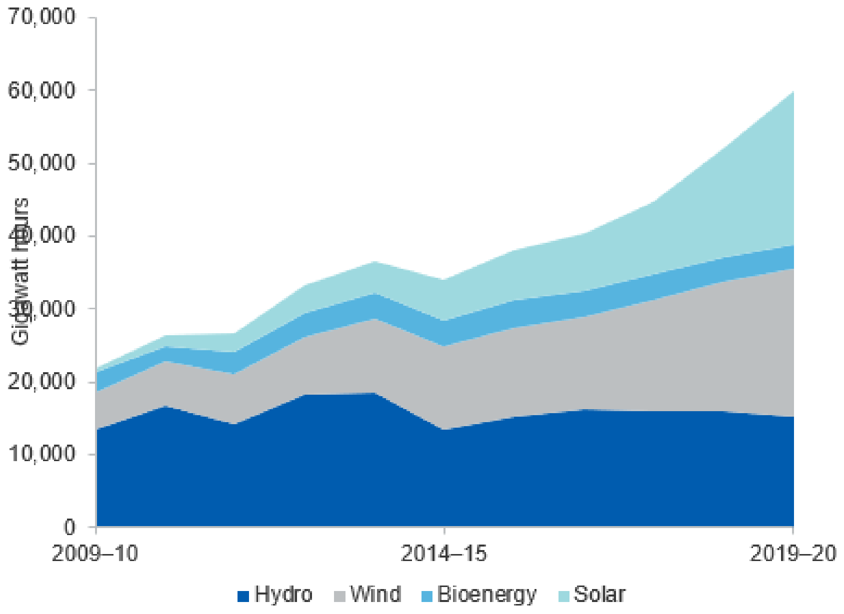
FIGURE 4: Emissions from solid waste disposal; 1990-2019



[23] Commonwealth of Australia (2021), National Inventory Report 2019 vol.2"

19 Replace Figure 6 and insert a new footnote 29 in the Prospectus as follows:

"FIGURE 6: Australian renewable generation mix[29]



29 Department of Industry, Science, Energy and Resources (2021), Australian Energy Statistics, Table O"

20 Insert the following new paragraphs after the second paragraph in Section 3.5.2 on page 35 of the Prospectus:

"LGI is seeking to maximise the value of ACCUs through two strategies. Firstly, where LGI is permitted to exit low value ERF contracts for the payment of an exit fee, LGI will do so where the price received for the ACCU will be higher than the exit costs. Secondly, LGI is capable of timing the sale of non-contracted ACCUs. LGI will seek to obtain the highest price for its inventory of ACCUs.

LGI believes that there will be a move to international parity with carbon pricing. Given overseas markets, in particular Europe, are currently pricing carbon significantly higher than Australia, LGI believes this will place upward pressure on ACCU prices in Australia."

21 Insert the following new paragraphs at the end of Section 2.5.1 of the Prospectus:

"A proportion of ACCUs are sold on fixed price contracts to the ERF under off take contracts. Following the 4 March 2022 announcement by the then Minister for Industry, Energy and Emissions Reduction, LGI will seek to optimise the price it receives for ACCUs. Where it makes commercial sense, LGI will pay an exit fee from fixed price contracts which will allow LGI to sell these ACCUs at the prevailing market price. The full market price is recognised as revenue and the exit fee is recognised as a cost in gross margin."

22 Insert the following at the end of Section 8.4:

"**Current contracts**

As of the date of this Prospectus, LGI is a party to the following contracts:

Site	Term	Project status	Operations
Australian Capital Territory Sites			
Mugga Lane	15 years, plus 2 x 5-year options	• Construction completed • Ongoing operations	Design, construction, operation, maintenance and monitoring of electricity generation system, landfill gas collection system, gas flaring system and power station

Site	Term	Project status	Operations
West Belconnen	15 years, plus 2 x 5-year options	• Construction completed • Ongoing operations	Design, construction, operation, maintenance and monitoring of electricity generation system, landfill gas collection system, gas flaring system and power station
New South Wales Sites			
Bega Valley – Central Waste Facility	10 years	• Construction completed • Ongoing operations	Design, construction, operation, maintenance and monitoring of gas flaring system
Dubbo – Whylandra	7 years	Month to month caretaker mode	Operation, maintenance and monitoring of gas flaring system
Eurobodalla – Surf Beach	7 years	• Construction completed • Ongoing operations	Design, construction, operation, maintenance and monitoring of landfill gas collection system
Eurobodalla – The Brou	7 years	• Construction completed • Ongoing operations	Design, construction, operation, maintenance and monitoring of landfill gas collection system
Hawkesbury – Hawkesbury City	10 years, plus 2-year option	Ongoing operations	Expansion, operation and maintenance of a gas flaring system
Shellharbour – Dunmore	10 years, plus 5-year option	• Construction completed • Ongoing operations	Design, construction, operation, maintenance and monitoring of landfill gas collection system
Shoalhaven – Nowra	10 years, plus 2 x 5-year options	• Construction completed • Ongoing operations	Design, construction, operation, maintenance and monitoring, expansion and adaptation as required of landfill gas collection system
Silverwater – Silverwater	10 years	Ongoing operations	Operation of landfill gas collection system
Queensland Sites			
Chandler – Bacton Road	To Nov 2023, plus 1-year option	• Construction completed • Ongoing operations	Design, construction, operation, maintenance and monitoring of gas flaring system
Fitzgibbon – Roghan Road	To Nov 2022, plus 2-year option	• Construction completed • Ongoing operations	Design, construction, operation, maintenance and monitoring of gas flaring system
Kedron – Cemetery Road	To Nov 2023, plus 1-year option	• Construction completed • Ongoing operations	Design, construction, operation, maintenance and monitoring of gas flaring system
Nudgee – Nudgee Road	To Nov 2023, plus 1-year option	• Construction completed • Ongoing operations	Design, construction, operation, maintenance and monitoring of gas flaring system
Willawong – Sherbrooke Road	Until terminated by agreement or for breach	• Construction completed • Ongoing operations	Design, construction, operation, maintenance and monitoring of power station

Site	Term	Project status	Operations
Bundaberg – Cedars Road	10 years, plus 2-year option	• Construction completed • Ongoing operations	Design, construction, operation, maintenance and monitoring of gas flaring system
Bundaberg – University Drive Road	10 years, plus 2-year option	• Construction completed • Ongoing operations	Design, construction, operation, maintenance and monitoring of gas flaring system
Fraser Coast – Maryborough	20 years, plus 2 x 5-year options	• Construction completed • Ongoing operations	Design, construction, operation, maintenance and monitoring of electricity generation system, landfill gas collection system and gas flaring system
Gladstone – Benaraby	30 years, plus option	• Construction completed • Ongoing operations	Design, construction, operation, maintenance and monitoring of electricity generation system and landfill gas collection system
Gympie – Bonnick Road	10 years, plus 1-year option	• Construction completed • Ongoing operations	Design, construction, operation, maintenance and monitoring of gas flaring system
Hervey Bay – Becks Road	10 years, plus 5-year option	• Construction completed • Ongoing operations	Design, construction, operation, maintenance and monitoring of landfill gas collection system
Moreton Bay – Bunya	39 years	• Construction completed • Ongoing operations	Design, construction, operation, maintenance and monitoring of electricity generation system, landfill gas collection system and gas flaring system
Moreton Bay – Caboolture	39 years	• Construction completed • Ongoing operations	Design, construction, operation, maintenance and monitoring of electricity generation system, landfill gas collection system and gas flaring system
Moreton Bay – Dakabin	39 years	• Construction completed • Ongoing operations	Design, construction, operation, maintenance and monitoring of electricity generation system, landfill gas collection system and gas flaring system
Toowoomba – Cranley	20 years, plus 6-year option	• Construction completed • Ongoing operations	Design, construction, operation, maintenance and monitoring of landfill gas collection system

All of the contracts above are in place for FY23, other than the Dubbo and Whylandra contracts which have not been included in any forecasts beyond August 2022."

23 Amend the second paragraph under the heading 'Director Loans' under Section 10.9.2 on page 103 of the Prospectus to read as follows:

"The Director Loan Agreements are on arm's length terms, are for a period of 7 years, are consistent with Division 7A of the *Income Tax Assessment Act 1936* meaning that the most recent interest rate applying to the Director Loan Agreements was 4.77%, were resolved by an independent board, are not for a material amount, are otherwise made in accordance with the provisions of the Company Constitution and otherwise are as described below."

24 Replace Table 8 in Section 5.9 on page 59 of the Prospectus with the following tables:

Table 8A Statutory Historical and Forecast Cash Flow Statements

$ '000	NOTES	STATUTORY AUDITED ACTUAL FY20	FY21	STATUTORY UNAUDITED ACTUAL FY22	STATUTORY FORECAST FY23
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts from customers		9,345	13,117	19,867	23,917
Payments to suppliers and employees		(6,463)	(8,868)	(11,969)	(17,826)
Interest received and other income		10	10	19	22
Interest paid		(784)	(831)	(775)	(1,311)
Income tax paid or received		(213)	(172)	262	-
Net cash provided by operating activities		**1,895**	**3,256**	**7,405**	**4,801**
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(7,495)	(3,764)	(8,295)	(28,871)
Proceeds from property, plant and equipment		817	1,253	72	-
Term Deposit held as security		-	-	(122)	-
Net cash used in investing activities		**(6,678)**	**(2,511)**	**(8,345)**	**(28,871)**
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares (net of cost)		39	-	122	23,505
Payment of dividends	1	(520)	(478)	-	(712)
Proceeds from borrowings/Repayment of loans		5,162	-	1,337	6,500
Repayment of borrowings/Loans to related parties		(527)	(312)	(557)	(5,346)
Net cash from financing activities		**4,154**	**(790)**	**902**	**23,946**
NET INCREASE (DECREASE) IN CASH HELD		**(629)**	**(45)**	**(39)**	**(123)**

Table 8B Reconciliation from Historical and Forecast Cash Flow Statements to Pro Forma Net Increase (Decrease) in Cash Held

$ '000	NOTES	STATUTORY AUDITED ACTUAL FY20	FY21	STATUTORY UNAUDITED ACTUAL FY22	STATUTORY FORECAST FY23
Statutory Net Increase (Decrease) in cash held		**(629)**	**(45)**	**(39)**	**(123)**
ADJUSTMENTS					
Interest expense	2	129	98	125	193
COVID-19 stimulus income	3	(212)	(632)	-	-
Offer Costs	4	493	46	994	1,695
Employment expenses	5	(268)	(142)	40	-
Listed company costs	6	(543)	(499)	(447)	(99)
Income tax effect	7	192	126	-	-
Classification adjustment	8	-	-	-	-
Net increases (decrease) in pro forma cash held		**(838)**	**(1,048)**	**673**	**1,666**
PRO FORMA CLASSIFICATION ADJUSTMENTS	8				
FINANCE LEASE					
Purchase of property, plant and equipment		163	-	-	-
Proceeds from borrowings		(163)	-	-	-
CAPITALISED SALARIES AND WAGES					
Payments to suppliers and employees		919	629	547	340
Purchase of property, plant and equipment		(919)	(629)	(547)	(340)
OFFER COSTS					
Payments to suppliers and employees		99	9	192	327
Proceeds from issue of shares (net of cost)		(99)	(9)	(192)	(327)

25 In the 'Key Offer statistics' in Section 1.1, replace the following 'Details':

"Pro Forma Net Debt/(Cash) at Completion (30 Jun-22) 1,257,559
Implied Enterprise Value at the Offer Price (30 Jun-22) 133,644,643
Enterprise Value/proforma FY23 forecast EBITDA (30 Jun-22) 10.2"

26 Add the following table in the 'Answer' to the question titled "What is LGI's financial position?" on page 8 of the Prospectus:

"The Company's financial position, unaudited, as at 30 June 2022 is as follows:

AS AT 30 JUNE 2022 $000	ACTUAL UNAUDITED	OFFER ADJUSTMENTS UNAUDITED	PRO FORMA UNAUDITED
Assets			
Cash and cash equivalents	889	17,247	18,136
Receivables and other assets	6,821	(453)	6,368
Environmental certificates	8,187	-	8,187
Property Plant and Equipment	35,474	-	35,474
Intangible assets	2,882	-	2,882
Total Assets	**54,253**	**16,794**	**71,047**
Liabilities			
Payables	5,251	-	5,251
Borrowings	24,739	(5,346)	19,393
Provisions	875	(432)	443
Tax liabilities	2,135	(448)	1,687
Derivative financial instruments	7,959	-	7,959
Total Liabilities	**40,959**	**(6,226)**	**34,733**
Equity			
Issued capital	7,417	24,387	31,804
Reserves	(5,204)	-	(5,204)
Retained earnings	11,081	(1,368)	9,713
Total Equity	**13,294**	**23,019**	**36,313**

27 Replace the words in Section 5.1 1. III. with:

"Statutory historical statements of financial position, as at 31 December 2021 and 30 June 2022 (**Statutory Historical Statements of Financial Position**)."

28 Replace the words in Section 5.1 2. III. with:

"Pro Forma historical statements of financial position as at 31 December 2021 and 30 June 2022 (**Pro Forma Historical Statements of Financial Position**)."

29 Replace the seventh paragraph of Section 5.4 with:

"The pro forma adjustments to the statutory historical statement of financial position and a reconciliation of the statutory historical statement of financial position to the pro forma historical statement of financial position, as at 31 December 2021 and 30 June 2022."

30 Change title of Table 10 in Section 5.11 to "Table 10 (a)".

31 Under Table 10 in Section 5.11 insert the following table and notes:

Table 10 (b) Statutory and Pro Forma Historical Statement of Financial Position

$ '000	NOTES	30 JUN 2022 UNAUDITED ACTUAL	PRO FORMA & OFFER ADJUSTMENTS UNAUDITED	PRO FORMA UNAUDITED
Assets				
Current Assets				
Cash and cash equivalents	1,2,7	889	17,247	18,136
Trade and other receivables		3,366	-	3,366
Environmental certificates		8,187	-	8,187
Other Assets	4	1,800	(453)	1,347
Total Current Assets		**14,242**	**16,794**	**31,036**
Non-Current Assets				
Other Assets		1,655	-	1,655
Property, Plant and Equipment		35,474	-	35,474
Intangible assets		2,882	-	2,882
Total Non-Current Assets		**40,011**	**-**	**40,011**
Total Assets		**54,253**	**16,794**	**71,047**
Liabilities				
Current Liabilities				
Trade and other payables	1	5,251	-	5,251
Borrowings		2,070	-	2,070
Provisions	5	751	(432)	319
Current tax liabilities		1,061	-	1,061
Derivative financial instruments		7,959	-	7,959
Total Current Liabilities		**17,092**	**(432)**	**16,660**
Non-Current Liabilities				
Trade and other payables		-	-	-
Borrowings	2	22,669	(5,346)	17,323
Provisions		124	-	124
Deferred tax liabilities	6	1,074	(448)	626
Total Non-Current Liabilities		**23,867**	**(5,794)**	**18,073**
Total Liabilities		**40,959**	**(6,226)**	**34,733**
Net Assets		**13,294**	**23,019**	**36,313**
Equity				
Issued Capital	3,4,5,6	7,417	24,387	31,804
Reserves		(5,204)	-	(5,204)
Retained Earnings	4,5,6,7	11,081	(1,368)	9,713
Total Equity		**13,294**	**23,019**	**36,313**

"Notes

1. A pro forma adjustment has been made to account for the net proceeds of the Offer. This comprises of $25.0M of gross proceeds, and costs of the Offer and listing of $1.7M.
2. A pro forma adjustment reduces the loan for the $5.3M repayment of debt. This is to reflect LGI's proposed capital structure following the Offer.
3. A pro forma adjustment includes the issued capital of $25.0M. See Section 9.10 for terms and conditions of this transaction.
4. A pro forma adjustment includes $0.5M of historically capitalised Offer and listing costs and $1.7M of Offer and listing costs which has been split based on the eligibility criteria for capitalisation. ($1.4M has been allocated to share capital and $0.7M has been allocated to retained earnings).
5. A pro forma adjustment of $0.5M relates to bonus shares. $0.4m of the total were included in provisions at Jun-22. The residual is recognised in earnings at the expected listing date.
6. Deferred Tax Liability, issued capital and retained earnings tax effect impact on expensed and capitalised offer costs on the basis that these will be deducted over 5 years.
7. Pre-IPO dividend in FY23 of 1 cent a share, being 14.6% of FY22 NPAT reflects the payment of a pre-Offer dividend to Existing Shareholders."

32 Change title of Table 11 in Section 5.12 to "Table 11 (a)".

33 Under Table 11 in Section 5.12 insert the following table and notes:

Table 11 (b) Indebtedness

AS AT 30 JUNE 2022 $'000	LGI STATUTORY NUMBERS, UNAUDITED, PRE-COMPLETION OF THE OFFER	LGI STATUTORY NUMBERS, UNAUDITED, POST-COMPLETION OF THE OFFER
Current borrowings	2,070	2,070
Non-Current borrowings	22,669	17,323
Total Borrowings	**24,739**	**19,393**
Cash and cash equivalents	889	18,136
Total net debt (Cash)	**23,850**	**1,258**
Issued Capital	7,417	31,804
Retained Earnings	11,081	9,713
Reserves	(5,204)	(5,204)
Total Capitalisation	**13,294**	**36,313**
Debt / Forecast FY 2023 pro forma EBITDA	1.9	1.5
Net Debt / Forecast FY 2023 pro forma EBITDA	1.8	0.1

"As at 30 June 2022, LGI had $19.9M outstanding on the debt facility described in Section 8.9 and lease liabilities (including Right of Use liabilities) of $4.9M, a cash position of $0.9M, giving a net debt position of $23.9M. Applying the Pro Forma Offer adjustments as described in Table 10 (b) above, cash raised of $25M less Offer and listing costs of $1.7M and applying the debt repayment of $5.3M, as well as the impact of the dividend payment of $0.7M, the pro forma net debt position as at completion would be $1.3M (unaudited)."

34 Amend the 'Answer' to the question titled "Overview of key investment highlights" on page 7 of the Prospectus by deleting the bullet point which reads "Preferred partner;".

35 Amend the fourth paragraph of Section 2.7 of the Prospectus to read:

"LGI's competitors include:

- one large unlisted proprietary company which is an end-to-end biogas from landfill services provider;
- two large unlisted proprietary companies that provide installation, operation and maintenance of landfill biogas infrastructure; and
- two large unlisted proprietary companies that own existing biogas-to-power stations on landfills."

36 Delete the words "market leading" from the first sentence of Section 3.1 of the Prospectus.

37 Amend the last sentence of the note to Table 3 in Section 3.5.5 to read as follows:

"Currently LGI has eight opportunities awaiting approval:

- three biogas management with potential electricity generation opportunities, which relate to contracted sites waiting for connection approval from the local electricity distribution company; and
- five biogas management with flaring and potential ACCU opportunities, which are the subject of an ongoing tender process."

38 Amend the word 'consistently' in the third paragraph under the heading 'Optimise biogas extraction and yield' in Figure 16 of Section 3.6 to "mostly".

39 Amend paragraph 4 of the 'Qualifying Termination Events' under the heading 'Termination' in Section 8.3 on page 90 of the Prospectus to read as follows:

"4. (Timetable) any event specified in the Offer timetable is delayed for more than two business days without the prior written approval of the Joint Lead Managers (other than any delay caused solely by the Joint Lead Managers or a delay as a result of an extension of the exposure period by ASIC);"

40 Replace the Investigating Accountant's Report and Financial Services Guide with Appendix 1 to this Supplementary Prospectus.

Authorisation

This Supplementary Prospectus is issued by the Company. In accordance with section 720 of the *Corporations Act 2001* (Cth), each Director has consented to the lodgement of this Supplementary Prospectus with ASIC and has not withdrawn that consent prior to lodgement.

Vik Bansal
Chairman
LGI Limited

The Directors
LGI Limited
57 Harvey Street North
Eagle Farm QLD 4009

31 August 2022

Dear Directors

Investigating Accountant's Report

Independent Limited Assurance Report on LGI Limited's historical and forecast financial information and Financial Services Guide

We have been engaged by LGI Limited (the Company) to report on the historical and forecast financial information of the Company for the years ended 30 June 2020, 30 June 2021 and 30 June 2022 and the year ending 30 June 2023 for inclusion in the prospectus dated 17 August 2022 (**Prospectus**) and the supplementary prospectus dated on or about 31 August 2022 (**Supplementary Prospectus**), relating to the issue of ordinary shares in the Company.

Expressions and terms defined in the Prospectus have the same meaning in this report.

The nature of this report is such that it can only be issued by an entity which holds an Australian financial services licence under the Corporations Act 2001. PricewaterhouseCoopers Securities Ltd, which is wholly owned by PricewaterhouseCoopers holds the appropriate Australian financial services licence under the Corporations Act 2001. This report is both an Investigating Accountant's Report, the scope of which is set out below, and a Financial Services Guide, as attached at Appendix A.

Scope

You have requested PricewaterhouseCoopers Securities Ltd to review the following historical financial information of the Company (the responsible party) included in the Prospectus and the Supplementary Prospectus:

Historical Financial Information

- the Statutory Historical Income Statements for the years ended 30 June 2020, 30 June 2021 and 30 June 2022;
- the Statutory Historical Statements of Financial Position as at 31 December 2021 and 30 June 2022; and
- the Statutory Historical Cash Flow Statements for the years ended 30 June 2020, 30 June 2021 and 30 June 2022.

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 has

PricewaterhouseCoopers Securities Ltd, ACN 003 311 617, ABN 54 003 311 617, Holder of Australian Financial Services Licence No 244572
480 Queen Street, BRISBANE QLD 4000, GPO BOX 150, BRISBANE QLD 4001
T +61 7 3257 5000, F +61 7 3257 5999, www.pwc.com.au

been extracted from the financial report of the Company for the years ended 30 June 2020, 30 June 2021, and the unaudited financial information for the half year ending 31 December 2021, and full year ending 30 June 2022. The years ended 30 June 2020 and 30 June 2021 were audited and half-year ended 31 December 2021 was reviewed by BDO Audit Pty Ltd (BDO) in accordance with the Australian Auditing Standards. BDO issued an unmodified audit (and review) opinion on the audited and reviewed financial reports. The historical financial information is presented in the Prospectus and the 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 PricewaterhouseCoopers Securities Ltd to review the following pro forma historical financial information of the Company (the responsible party) included in the Prospectus and the Supplementary Prospectus:

- the Pro Forma Historical Income Statements for the years ended 30 June 2020, 30 June 2021, and 30 June 2022;
- the Pro Forma Historical Statements of Financial Position as at 31 December 2021 and 30 June 2022; and
- the Pro Forma Historical Cash Flows Statements for the years ended 30 June 2020, 30 June 2021 and 30 June 2022.

The Pro Forma Historical Financial Information has been derived from the Historical Financial Information of the Company, after adjusting for the effects of pro forma adjustments described in sections 5.3, 5.4, 5.7, 5.9 and 5.11 of the Prospectus, and sections 12, 24 and 31 of the Supplementary Prospectus. The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies applied to the historical financial information and the event(s) or transaction(s) to which the pro forma adjustments relate, as described in sections 5.3, 5.4, 5.7, 5.9 and 5.11 of the Prospectus, and sections 12, 24 and 31 of the Supplementary Prospectus, as if those event(s) or transaction(s) 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, financial performance, and/or cash flows.

Forecast

- the forecast Statements of Financial Performance and Cash Flow of the Company for the year ending 30 June 2023, as described in section 5.5 of the Prospectus.

The directors' best-estimate assumptions underlying the Forecast are described in sections 5.5 and 5.15 of the Prospectus, and section 14 of the Supplementary Prospectus. The stated basis of preparation used in the preparation of the Forecast being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies.

Pro Forma Forecast

- the pro forma forecast Statements of Financial Performance and Cash Flow of the Company for the year ending 30 June 2023, described in section 5.5, 5.7 and 5.9 of the Prospectus.

The Pro Forma Forecast has been derived from the Company's Forecast, after adjusting for the effects of the pro forma adjustments described in section 5.5, 5.7 and 5.9 of the Prospectus. The stated basis of preparation used in the preparation of the Pro Forma Forecast being the recognition and measurement principles contained in Australian Accounting Standards applied to the forecast and the event(s) or transaction(s) to which the pro forma adjustments relate, as described in sections 5.3, 5.5, 5.7 and 5.9 of the Prospectus, as if those event(s) or transaction(s) had occurred during the year ended 30 June 2023. Due to its nature, the Pro Forma Forecast does not represent the company's actual prospective financial performance, and/or cash flows for the year ending 30 June 2023.

Directors' responsibility

The directors of the Company are responsible for the preparation of the Historical Financial Information and Pro Forma Historical Financial Information, including its basis of preparation and the selection and determination of pro forma adjustments made to the Historical Financial Information and included in the Pro Forma Historical Financial Information.

The directors of the Company are also responsible for the preparation of the Forecast, including its basis of preparation and the best-estimate assumptions underlying the Forecast. They are also responsible for the preparation of the Pro Forma Forecast, including its basis of preparation and the selection and determination of the pro forma adjustments made to the Forecast and included in the Pro Forma Forecast.

This includes responsibility for its compliance with applicable laws and regulations and for such internal controls as the directors determine are necessary to enable the preparation of historical financial information, pro forma historical financial information, a forecast and a pro forma forecast that are free from material misstatement.

Our responsibility

Our responsibility is to express a limited assurance conclusion on the Historical Financial Information, the Pro Forma Historical Financial Information, the Forecast and Pro Forma Forecast, the best-estimate assumptions underlying the Forecast and Pro Forma Forecast, and the reasonableness of the Forecast and Pro Forma Forecast themselves, based on our review. We have conducted our engagement in accordance with the Standard on Assurance Engagement 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.

Conclusions

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 of the Company, as described in section 5 of the Prospectus and sections 12, 24, 27, 28, 29, and 31 of the Supplementary Prospectus, and comprising:

- the Statutory Historical Income Statements for the years ended 30 June 2020, 30 June 2021 and 30 June 2022;
- the Statutory Historical Statements of Financial Position as at 31 December 2021 and 30 June 2022; and
- the Statutory Historical Cash Flow Statements for the years ended 30 June 2020, 30 June 2021 and 30 June 2022.

are not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in sections 5.3 and 5.4 of the Prospectus being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies.

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 financial information of the Company as described in section 5.3 and 5.4 of the Prospectus, and comprising:

- the Pro Forma Historical Income Statements for the years ended 30 June 2020, 30 June 2021 and 30 June 2022;
- the Pro Forma Historical Statements of Financial Position as at 31 December 2021 and 30 June 2022; and
- the Pro Forma Historical Cash Flow Statements for the years ended 30 June 2020, 30 June 2021 and 30 June 2022.

are not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in section 5.3 and 5.4 of the Prospectus being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies applied to the historical financial information and the event(s) or transaction(s) to which the pro forma adjustments relate, as described in sections 5.3, 5.4, 5.7, 5.9 and 5.11 of the Prospectus, and sections 12 and 24 of the Supplementary Prospectus, as if those event(s) or transaction(s) had occurred as at the date of the historical financial information.

Forecast

Based on our review, which is not an audit, nothing has come to our attention which causes us to believe that:

- the directors' best-estimate assumptions used in the preparation of the forecast Statements of Financial Performance and Cash Flow of the Company for the year ending 30 June 2023 do not provide reasonable grounds for the Forecast; and
- in all material respects, the Forecast:

– is not properly prepared on the basis of the directors' best-estimate assumptions as described in section 5.15 of the Prospectus, and section 14 of the Supplementary Prospectus; and
– is not presented fairly in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the entity's adopted accounting policies; and

- the Forecast itself is unreasonable.

Pro Forma Forecast

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that:

- the directors' best-estimate assumptions used in the preparation of the pro forma forecast Statements of Financial Performance and Cash Flow of the Company for the year ending 30 June 2023 do not provide reasonable grounds for the Pro Forma Forecast; and
- in all material respects, the Pro Forma Forecast:

– is not properly prepared on the basis of the directors' best-estimate assumptions, as described in section 5.15 of the Prospectus, and section 14 of the Supplementary Prospectus; and
– is not presented fairly 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, applied to the Forecast and the pro forma adjustments as if those adjustments had occurred as at the date of the forecast; and

- the Pro Forma Forecast itself is unreasonable.

Forecast and Pro Forma Forecast

The Forecast and Pro Forma Forecast have been prepared by management and adopted by the directors in order to provide prospective investors with a guide to the potential financial performance of the Company for the year ending 30 June 2023. There is a considerable degree of subjective judgment involved in preparing forecasts since they relate to event(s) and transaction(s) that have not yet occurred and may not occur. Actual results are likely to be different from the Forecast and Pro Forma Forecast since anticipated event(s) or transaction(s) frequently do not occur as expected and the variation may be material.

The directors' best-estimate assumptions on which the Forecast and Pro Forma Forecast are based relate to future event(s) and/or transaction(s) that management expect to occur and actions that management expect to take and are also subject to uncertainties and contingencies, which are often outside the control of the Company. Evidence may be available to support the directors' best-estimate assumptions on which the Forecast and Pro Forma Forecast are based however such evidence is generally future-oriented and therefore speculative in nature. We are therefore not in a position to express a reasonable assurance conclusion on those best-estimate assumptions, and accordingly, provide a lesser level of assurance on the reasonableness of the directors' best-estimate assumptions. The limited assurance conclusion expressed in this report has been formed on the above basis.

Prospective investors should be aware of the material risks and uncertainties in relation to an investment in the Company, which are detailed in the Prospectus and the Supplementary Prospectus, and the inherent uncertainty relating to the Forecast and Pro Forma Forecast. Accordingly, prospective investors should have regard to the investment risks and sensitivities as described in sections 6 and 5.18 of the Prospectus and section 9 of the Supplementary Prospectus. The sensitivity analysis described in section 5.18 of the Prospectus demonstrates the impact on the Forecast and Pro Forma Forecast of changes in key best-estimate assumptions. We express no opinion as to whether the Forecast or Pro Forma Forecast will be achieved.

The Forecast and Pro Forma Forecast have been prepared by the directors for the purpose of inclusion in the Prospectus. We disclaim any assumption of responsibility for any reliance on this report, or on the Forecast or Pro Forma Forecast to which it relates, for any purpose other than that for which it was prepared. We have assumed and relied on representations from certain members of management of the Company, that all material information concerning the prospects and proposed operations of the Company has been disclosed to us and that the information provided to us for the purpose of our work is true, complete, and accurate in all respects. We have no reason to believe that those representations are false.

Notice to investors outside Australia

Under the terms of our engagement this report has been prepared solely to comply with Australian Auditing Standards applicable to review engagements.

This report does not constitute an offer to sell, or a solicitation of an offer to buy, any securities. We do not hold any financial services licence or other licence outside Australia. We are not recommending or making any representation as to suitability of any investment to any person.

Restriction on Use

Without modifying our conclusions, we draw attention to section 5 of the Prospectus, which describes the purpose of the financial information, being for inclusion in the Prospectus and the Supplementary Prospectus. As a result, the financial information may not be suitable for use for another purpose.

Consent

PricewaterhouseCoopers Securities Ltd has consented to the inclusion of this assurance report in the Prospectus and the Supplementary Prospectus in the form and context in which it is included.

Liability

The liability of PricewaterhouseCoopers Securities Ltd is limited to the inclusion of this report in the Prospectus and the Supplementary Prospectus. PricewaterhouseCoopers Securities Ltd makes no representation regarding, and has no liability for, any other statements or other material in, or omissions from the Prospectus or the Supplementary Prospectus.

Independence or Disclosure of Interest

PricewaterhouseCoopers Securities Ltd does not have any interest in the outcome of this transaction other than the preparation of this report and participation in due diligence procedures for which normal professional fees will be received.

Financial Services Guide

We have included our Financial Services Guide as Appendix A to our report. The Financial Services Guide is designed to assist retail clients in their use of any general financial product advice in our report.

Yours faithfully

Wim Blom
Authorised Representative of
PricewaterhouseCoopers Securities Ltd

7

Appendix A – Financial Services Guide

PRICEWATERHOUSECOOPERS SECURITIES LTD

FINANCIAL SERVICES GUIDE

This Financial Services Guide is dated 31 August 2022

1. About us

PricewaterhouseCoopers Securities Ltd (ABN 54 003 311 617, Australian Financial Services Licence no 244572) ("**PwC Securities**") has been engaged by LGI Limited (the Company) to provide a report in the form of an **Investigating Accountant's Report** in relation to the proposed initial public offering of fully paid ordinary shares in the Company and listing of the Company on the Australian Securities Exchange (the **Offer**) for inclusion in the Prospectus and the Supplementary Prospectus.

You have not engaged us directly but have been provided with a copy of the Report as a retail client because of your connection to the matters set out in the Report.

2. This Financial Services Guide

This Financial Services Guide ("**FSG**") is designed to assist retail clients in their use of any general financial product advice contained in the Report. This FSG contains information about PwC Securities generally, the financial services we are licensed to provide, the remuneration we may receive in connection with the preparation of the Report, and how complaints against us will be dealt with.

3. Financial services we are licensed to provide

Our Australian financial services licence allows us to provide a broad range of services, including providing financial product advice in relation to various financial products such as securities, interests in managed investment schemes, derivatives, superannuation products, foreign exchange contracts, insurance products, life products, managed investment schemes, government debentures, stocks or bonds, and deposit products.

4. General financial product advice

The Report contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs.

You should consider your own objectives, financial situation and needs when assessing the suitability of the Report to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

5. Fees, commissions and other benefits we may receive

PwC Securities charges fees to produce reports, including this Report. These fees are negotiated and agreed with the entity who engages PwC Securities to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the person who engages us. In the preparation of this Report our fees charged are $350,000 (excluding GST).

Directors or employees of PwC Securities, PricewaterhouseCoopers, or other associated entities, may receive partnership distributions, salary or wages from PricewaterhouseCoopers.

6. Associations with issuers of financial products

PwC Securities and its authorised representatives, employees and associates may from time to time have relationships with the issuers of financial products. For example, PricewaterhouseCoopers may be the auditor of, or provide financial services to, the issuer of a financial product and PwC Securities may provide financial services to the issuer of a financial product in the ordinary course of its business.

7. Complaints

If, for any reason, you are not satisfied with the advice or service you receive from PwCS or from our authorised representatives, you are entitled to make a complaint.

If you wish to make a complaint please initially lodge your complaint with your adviser. We have established procedures to ensure all complaints are resolved quickly and fairly. A copy of our internal complaints handling procedure can be provided to you upon request.

If you do not receive a satisfactory outcome to your complaint, you have the right to contact the Australian Financial Complaints Authority ("AFCA"). AFCA provides independent financial services complaint resolution that is free to consumers.

Australian Financial Complaints Authority
GPO Box 3, Melbourne VIC 3001
Tel: 1800 931 678 (Free Call)

E-mail: info@afca.org.au
Website: www.afca.org.au

PwCS is a member of AFCA. You will not be charged for using the AFCA service.

8. Contact Details

PwC Securities can be contacted by sending a letter to the following address:

Wim Blom
Authorised Representative
PricewaterhouseCoopers Securities Ltd
480 Queen Street
BRISBANE QLD 4000
GPO Box 150, BRISBANE QLD 4001

FOCUS YOUR ENERGY

PROSPECTUS

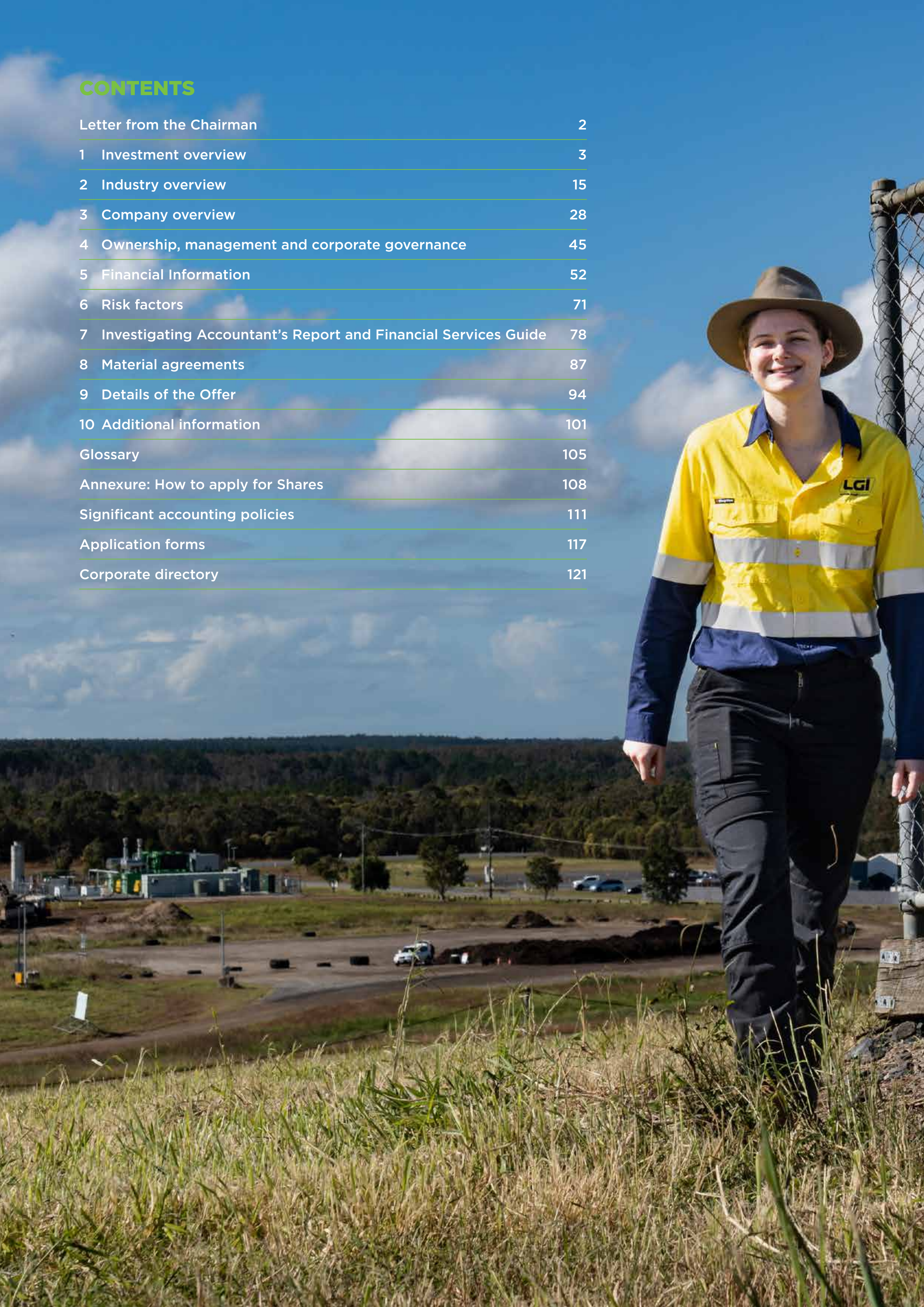
FOR AN OFFER OF
16,666,667 SHARES IN LGI LIMITED
ACN 138 085 551
AT $1.50 PER SHARE

Joint Lead Managers and Underwriters
Bell Potter Securities Limited,
Morgans Corporate Limited,
and Aitken Mount Capital Partners Pty Ltd

Legal Advisers
McCullough Robertson Lawyers

ASX: LGI

LGI Limited
ACN 138 085 551



CONTENTS

IMPORTANT NOTICES

GENERAL

This Prospectus is dated 17 August 2022. A copy of this Prospectus was lodged with ASIC on that date. Neither ASIC nor ASX takes any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates. No Shares will be allotted or transferred on the basis of this Prospectus after the expiry date. This Prospectus expires on 17 September 2023.

No person is authorised to give any information or make representations about the Offer, which is not contained in this Prospectus. Information or representations not contained in this Prospectus must not be relied on as authorised by the Company, or any other person, in connection with the Offer.

This Prospectus provides information for investors to decide if they wish to invest in LGI. Read this document in its entirety. Examine the risk factors that could affect the financial performance of LGI. Consider these factors carefully in light of your personal financial circumstances. Seek professional advice from your accountant, stockbroker, lawyer or other professional adviser before deciding whether to invest. The Offer does not take into account the investment objectives, financial situation or needs of particular investors.

INTERNATIONAL OFFER RESTRICTIONS

This Prospectus does not constitute an offer in any place outside Australia where, or to any person to whom, it would not be lawful to make such offer. No action has been taken to register or qualify the Shares or the Offer, or to otherwise permit a public offer of the Shares, in any jurisdiction outside Australia. The distribution of this Prospectus outside Australia may be restricted by law and persons who come into possession of this Prospectus should observe any such restrictions. Any failure to comply with such restrictions could constitute a violation of applicable securities laws. See Section 9.14 for more details on the selling restrictions that apply to the Offer outside Australia.

DEFINED TERMS

Some terms used in this Prospectus are defined in the Glossary. Unless otherwise stated or implied, references to times in this Prospectus are to the time in Brisbane, Australia. Unless otherwise stated or implied, references to dates or years are financial year references.

ELECTRONIC PROSPECTUS

This Prospectus is available electronically at www.lgi.com.au. The Application Form attached to the electronic version of this Prospectus must be used within Australia. Electronic versions of this Prospectus should be downloaded and read in their entirety. Obtain a paper copy of the Prospectus (free of charge) by telephoning 1300 401 918 (within Australia). Applications for Shares may only be made on the Application Form attached to this Prospectus or in its paper copy form downloaded in its entirety from www.lgi.com.au. LGI reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

EXPOSURE PERIOD

Under the Corporations Act, LGI must not process Application Forms during the seven day period after the date of lodgment of this Prospectus with ASIC. This period may be extended by ASIC for up to a further seven days. This exposure period enables the Prospectus to be examined by market participants. Application Forms received during the exposure period will not be processed until after the expiry of that period. No preference will be given to Application Forms received during the exposure period.

NO COOLING OFF RIGHTS

Cooling off rights do not apply to an investment in Shares offered under this Prospectus. This means that, in most circumstances, you cannot withdraw your Application once it has been accepted.

FORWARD LOOKING STATEMENTS, MARKETING AND INDUSTRY DATA

This Prospectus contains forward-looking statements which are identified by words such as 'believes', 'considers', 'could', 'estimates', 'expects', 'intends', 'may', and other similar words that involve risks and uncertainties. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of LGI.

Any forward-looking statements are subject to various risk factors that could cause LGI actual results to differ materially from the results expressed or anticipated in these statements. Forward-looking statements should be read in conjunction with, and are qualified by reference to, the risk factors as set out in Section 6 and other information in this Prospectus. LGI cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements. LGI does not have any intention of updating or revising forward-looking statements, or publishing prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

This Prospectus, including the overview of the industry in which LGI operates in Section 2 and the overview of the business of LGI in Section 1, uses market data, industry estimates and projections. LGI has based some of this information on market research prepared by third parties. The information contained in the projections and reports of third parties includes assumptions, estimates and generalisations that LGI believe to be reliable, but LGI cannot guarantee the completeness of such information. Estimates involve risks and uncertainties and are subject to change based on various factors, including those described in the risk factors as set out in Section 6. This information should not be used as a basis for investments and should not be considered as an opinion as to the value of any security or advisability of investing in the Shares.

STATEMENTS OF PAST PERFORMANCE

This Prospectus includes information regarding the past performance of LGI and its business. Investors should be aware that past performance is not indicative of future performance.

PRIVACY

If you complete an Application Form you will be giving LGI personal information. The Company and the share registry collect, hold and use that personal information to assess your application and to communicate and provide services to you as a Shareholder. The Company may disclose information to its agents, service providers (such as the share registry) and government bodies. The Company's privacy policy sets out how you may access, correct and update the personal information that the Company holds about you (by contacting the share registry), how you can complain about privacy related matters and how the Company responds to complaints.

CURRENCY

Monetary amounts shown in this Prospectus are expressed in Australian dollars unless otherwise stated.

PHOTOGRAPHS AND DIAGRAMS

Photographs used in this Prospectus without descriptions are only for illustration. The people shown are not endorsing this Prospectus or its contents. Diagrams used in this Prospectus may not be drawn to scale. The assets depicted in photographs in this Prospectus are not assets of the Company unless otherwise stated.

THIS DOCUMENT IS IMPORTANT AND SHOULD BE READ IN ITS ENTIRETY

LETTER FROM THE CHAIRMAN

17 AUGUST 2022

Dear Investor

On behalf of the Board, it gives me great pleasure to offer you this opportunity to become a shareholder in LGI Limited, a leading business engaged in solving gas emission issues for landfill sites while generating dispatchable, distributed and renewable electricity and creating Australian Carbon Credit Units (ACCUs).

Established in 2009, LGI has developed superior technology solutions and a highly efficient operating model with a current portfolio of 26 projects with long-term contracts, across the Australian eastern seaboard. LGI delivers cost-effective, reliable and practical solutions to owners and operators of landfill sites. To date, most of those customers have been government or government linked entities.

LGI operates at the intersection of three growing industry sectors – waste management, renewable energy and carbon abatement – which positions the business to capitalise on a number of favourable industry trends:

- an increasing need for decentralised, dispatchable network-firming generation,
- rapid growth in demand for renewable energy, which is creating upward pressure on carbon prices, and
- ongoing reliance on landfills in Australia coupled with increased regulatory pressure to manage emissions from landfills.

LGI has a Board and workforce with more than 200 years of combined experience in the waste management and landfill energy sectors, and an established track record of designing, installing and operating biogas extraction facilities. LGI's Vision is "People engineering a clean energy, zero carbon future" and our team is strongly committed to ESG principles to put people first, care deeply about sustainability and do what's right. The success of the business is driven by our team of 36 employees, many of whom are LGI shareholders, and I would like to acknowledge their continuing dedication and commitment.

LGI has been operating cash and EBITDA positive since its first year of operations. Growth to date has been funded partially through internally generated cash, however the magnitude of opportunities in front of LGI leads the Board to embark on an IPO to secure additional capital to fund further growth.

LGI has a strong pipeline of growth opportunities, investing capital to optimise the conversion of biogas to revenue, while maintaining its profitability and safety record. LGI's growth strategy is to:

- increase biogas revenue through additional ACCU projects and landfill biogas-to-power stations, and expanding existing biogas-to-power stations;
- increase exposure to high quality landfill gas sites;
- strengthen the premium electricity offering deploying hybrid battery systems that increase LGI's ability to optimise the price it receives for electricity; and
- diversify the portfolio of renewable and transitional fuel energy generation assets.

Through this Prospectus, the Company is inviting investors to subscribe for 16,666,667 Shares, at an Offer Price of $1.50 per Share. The Company will have a market capitalisation of $132,387,084 on completion of the Offer. The Offer is fully underwritten by Bell Potter Securities Limited, Morgans Corporate Limited and Aitken Mount Capital Partners Pty Ltd.

The funds raised by this Offer (after Offer Costs) will be used by LGI for:

1. Capital expenditure to develop existing power stations into hybrid power stations with batteries and solar generation, construct new power stations, and upgrade existing power stations; and
2. to repay debt.

On completion of the Offer, new Investors in the Offer are expected to hold approximately 19% of the shares on issue, the Directors and Management Shareholders will hold a combined 38% of the shares on issue and the remaining will be held by other Existing Shareholders. 49,133,850 Shares equivalent to 56% of the shares on issue at completion of the Offer, which are held by certain Existing Shareholders, will be subject to escrow arrangements from completion of the Offer.

The Board believes the Offer represents an attractive and timely opportunity for Investors to become Shareholders in LGI.

This Prospectus contains detailed information about the Company's operations, financial performance, experienced management team and future plans. It also outlines LGI's business model and key dependencies relevant to the business model. In particular, the risks of investing in LGI must be considered in full and the key risks for LGI are set out in Section 6.

Applications for Shares can only be made by completing and lodging an Application Form included in or accompanying this Prospectus. Instructions on how to apply are set out in Section 9.2, the Annexure 'How to apply for Shares', and are on the back of the Application Form.

I encourage you to read and understand the Prospectus, and seek independent professional advice as necessary, before making an investment decision.

On behalf of the Board, I look forward to welcoming you as a shareholder of LGI.

Yours faithfully

Vik Bansal
Chairman, LGI Limited

.1.

INVESTMENT OVERVIEW

1.1 Key Offer statistics

TERMS OF OFFER	DETAILS
Offer Price per Share	$1.50
Total proceeds under the Offer	$25,000,000
Number of Shares under the Offer	16,666,667
Total proceeds from the issue of New Shares under the Offer	$25,000,000
Total number of New Shares offered under the Offer	16,666,667
Total number of Shares on issue as at the date of the Prospectus	71,228,056
Total number of Shares on issue at Completion	88,258,056
Market capitalisation at the Offer Price[1]	$132,387,084
Pro Forma Net Debt/(Cash) at Completion	(2,202,943)
Implied Enterprise Value at the Offer Price[2]	130,184,141
Enterprise Value/pro forma FY23 forecast EBITDA[3]	9.9
Offer Price/pro forma FY23 NPAT per share	27.3
Number of Options and rights on issue after Completion	500,000

1 Calculated as the total number of Shares on issue at the Completion multiplied by the Offer Price. The price at which the New Shares actually trade on ASX may be above or below this amount.

2 Enterprise value is calculated by adding the market capitalisation of the Offer Price and the Pro Forma Net Debt or deducting net cash as at Completion as set out in Section 5.11.

3 The pro forma forecast FY23 EBITDA of $13,122,000 as set out in Section 5.8.

1.2 Important dates

EVENT	DATE
Prospectus date	17 August 2022
Offer opens	29 August 2022
Offer closes	23 September 2022
Settlement of Offer	26 September 2022
Allotment and transfer of Shares (Completion)	27 September 2022
Shareholding statements expected to be dispatched	28 September 2022
Anticipated commencement of ASX trading on a normal settlement basis	4 October 2022

Dates may change

All dates and times above are Brisbane time. The above timetable is indicative only. The Company, in consultation with the Joint Lead Managers, reserve the right to vary the times and dates of the Offer, including to close the Offer early, extend the Offer or to accept late Applications or bids, either generally or in particular cases, or to cancel or withdraw the Offer before Settlement, in each case without notification to any recipient of this Prospectus or any Applicants. Applications received under the Offer are irrevocable and may not be varied or withdrawn except as required by law. If the Offer is cancelled or withdrawn before the issue of Shares, then all Application Monies will be refunded in full (without interest) as soon as possible in accordance with the requirements of the Corporations Act. Investors are encouraged to submit their Applications as soon as possible after the Offer opens.

How to invest

Applications for Shares can only be made by completing and lodging the Application Form (other than as expressly provided in this Prospectus).

Instructions on how to apply for Shares are set out in Section 9.2, on the back of the Application Form and in the Annexure 'How to apply for Shares'.

Questions

If you have any questions in relation to the Offer, contact the LGI Offer Information Line on 1300 401 918 (toll free within Australia) or +61 3 9415 4845 (outside Australia) between 8.30am and 5.00pm, Monday to Friday.

If you are unclear in relation to any matter, or you are uncertain as to whether the Company is a suitable investment for you, you should seek professional guidance from your Solicitor, Stockbroker, Accountant or other independent and qualified professional Adviser before deciding whether to invest.

1.3 Investment summary

QUESTION	ANSWER	SECTION
INTRODUCTION		
What is the LGI business?	LGI is an established domestic market leader in the recovery of biogas from landfill, and the subsequent conversion into renewable electricity and saleable environmental products. LGI's vertically integrated operations cover the engineering and management of landfill gas infrastructure, whilst providing solutions to create opportunities for the generation of renewable electricity and carbon abatement. LGI is addressing an inherent environmental issue for waste disposal sites.	Section 3.1
What is LGI's history?	LGI was established in 2009 as Landfill Gas Industries Pty Ltd. The business initially focused on designing and installing biogas extraction systems for landfill owners with a small installation team. LGI's founder and Managing Director, Adam Bloomer, combined hands-on engineering expertise, waste industry experience, and previous small business exposure to create the company philosophy, vision and values. Through necessity, LGI designed and modified biogas recovery technology, including combustion devices, to reduce cost and complexity during installation and whole-of-life. This resulted in carbon abatement and power generation projects on landfills that may have been deemed too small, or 'sub-optimal', by others in the sector.	Section 3.2
BUSINESS MODEL		
How does LGI generate revenue?	LGI has a diversified revenue stream that is generated from three key sources: • Renewable electricity: Installation of power generation systems on landfills. LGI's agreements for this type of activity include long terms often over 15 years and with governments, rights to recover and beneficially reuse the biogas, and build-own-operate power facilities. LGI's revenue is derived from the sale of electricity, LGC's and ACCUs. • Greenhouse gas abatement: Installation of flaring systems on landfills at LGI's option for creation of ACCUs. Under these long-term (10+ year) arrangements. LGI has rights to recover and beneficially reuse the biogas. • Site infrastructure and management: Installation, operation and maintenance of biogas extraction infrastructure and flaring systems for landfill owners. This type of service agreement does not involve LGI having rights to the biogas and its beneficial reuse. LGI's revenue is derived from charging a fee based on the work requested by the client.	Section 3.5
What is LGI's business model?	LGI has a vertically integrated, end-to-end business model which specialises on the capture and beneficial use of biogas from landfills and offers a full suite of services to generate value throughout each stage of the landfill lifecycle. The capture and treatment of biogas from landfills underpins LGI's business strategy and growth.	Section 3.4
How does LGI evaluate project sites?	LGI is continuously exploring new project opportunities, on greenfield and brownfield landfill biogas sites, with a focus on Australia's east coast. Each offer is developed in consideration of the site specific characteristics.	Section 3.4.2
What services and solutions does LGI provide?	LGI offers a range of services and solutions for landfill owners: • Design, manufacture and installation of biogas extraction infrastructure and flaring systems; • Installation of biogas extraction wells (drilling) and associated pipework; • Operation and maintenance of biogas extraction infrastructure and flaring systems; • Operation and administration of biogas from landfill projects under the ERF, with creation of ACCUs for revenue; • Build, own and operate biogas-to-power stations on landfills; • In the future, the intention is to design, install and maintain hybrid renewable power hubs, using a combination of biogas from landfill, energy storage, and other renewable sources, such as solar power; and • LGIs offering aims to cover all the customers' needs in the entire end-to-end process (refer to Section 3.5.4).	Section 3.4.3

<table>
<tr><th>QUESTION</th><th>ANSWER</th><th>SECTION</th></tr>
<tr><td>Who are LGI's key customers?</td><td>The majority (>85%) of LGI's customers are Australian Local Governments (Councils). LGI's customers also include State Government and major waste management companies.</td><td>Section 3.4.1</td></tr>
<tr><td>What is LGI's growth strategy?</td><td>LGI intends to invest capital into activities that optimise conversion of biogas to revenue, whilst maintaining its profitability and safety record:
Increase biogas operations (priority 1)
• Develop/acquire additional biogas flaring (ACCU) projects;
• Develop/acquire additional biogas-to-power stations on landfills; and
• Expand utilisation of existing biogas-to-power stations.
Strengthen the premium electricity offering (priority 2)
• Advance Dynamic Asset Control System (DACS) development, see Section 3;
• Deploy hybrid battery systems that increase the ability to dispatch power, in accordance with 5-minute interval NEM pricing and with fast response with the 6-second interval FCAS pricing; and
• With batteries and further development of DACS, the proprietary system which automates the process, LGI can be considered a DFR and eligible to participate in the 6-second market (FCAS) which attracts an extra premium in pricing. LGI has developed an initial version of DACS (phase 1), which has assisted LGI to participate in the 5-minute market and has ordered its first batteries.
Diversify portfolio of energy assets (priority 3)
• LGI plans to build a strategically considered array of renewable and transitional fuel generation assets as a leading solutions-provider in the premium renewable energy sector.</td><td>Section 3.7</td></tr>
<tr><td>What industry does LGI operate in and what is its size?</td><td>LGI's vertically integrated operations span across the Australian waste management, carbon abatement and renewable electricity sectors.
There are an estimated 1,168 operational (licensed and unlicensed) landfills in Australia[4], which receive around 20.5 million tonnes (Mt) of solid waste each year, of which approximately 10 Mt (or approximately 49%) is organic waste[5]. At least half of Australia's landfills are believed to be very small, unlicensed sites, receiving <1,000 tonnes of waste per year and not deemed to be suitable sites for biogas extraction systems[6]. Landfills and other solid waste management facilities are predominantly found around the large population centres near Australia's coastline.</td><td>Sections 2.1 and 2.4.1</td></tr>
<tr><td>Who are LGI's competitors?</td><td>LGI is one of a few companies offering a vertically integrated service for managing biogas, from landfill to renewable electricity generation. LGI operates in a market segment that has high barriers to entry due to the complexities of biogas management at landfills and the tight integration of operations, including hardware, control systems, network integration, data management, and data analysis.</td><td>Section 2.7</td></tr>
<tr><td>What global challenges does LGI address?</td><td>LGI is addressing an inherent environmental issue for waste disposal sites and abating carbon.</td><td>Section 3.1</td></tr>
<tr><td>What are the key dependencies to LGI's business?</td><td>The LGI business has the following key dependencies:
• INNIO, provider of Jenbacher: LGI is using and intends to continue to use Jenbacher biogas engines. Jenbacher engine manufacture is owned by INNIO;
• Secured lenders: LGI has a major Australian bank as the principal debt provider;
• Regulatory landscape: Part of LGI's operations and resulting revenue streams are subject to Government regulations. These regulations are described in Section 2;
• Market pricing: Electricity, LGCs and ACCUs are subject to price fluctuation. To the extent LGI does not have fixed price contracts for the sale of these products, the price is subject to market pricing; and
• Key management: LGI employs personal in key management roles. These employees have developed skills and experience specific to the LGI business. LGI is dependent on these staff continuing in their roles or being able to employ new staff with these skills.
• LGI's ability to meet its forecasts is subject to assumptions (see Section 5.15), sensitivities (see Section 5.18) and risks (see Section 6).</td><td>Section 3.10</td></tr>
</table>

4 Department of Environment, Water, heritage and the Arts (2009), *National Waste Overview*.
5 Australian Bureau of Statistics, *Waste Account, Australia (2018-2019)*.
6 Blue Environment (2013), *Analysis of Landfill Survey Data*.

QUESTION	ANSWER	SECTION
Why is the Offer being made?	The purpose of the Offer is to: • Provide the Company with additional financial flexibility for investment in developing and organic growth opportunities, such as installation of batteries at our existing power station and installation of additional generation units across our fleet of power stations; • Assist with repayment of debt facilities; • Provide a liquid market for LGI's Shares and an opportunity for others to invest in LGI; and • Provide benefits of an increased brand profile that arises from being a listed entity.	Section 9.4
BENEFITS AND RISKS		
Overview of key investment highlights	LGI has developed proprietary technological solutions, an innovative contracting approach and a highly efficient operating model which together, gives LGI a competitive advantage in accessing and monetising landfill biogas. The Board considers that the key factors that differentiate LGI and that have contributed to the growth and success of LGI in securing new projects are as follows: • Technical ingenuity and scalable model; • Preferred partner; • Optimising biogas yield with technical ingenuity; • Carbon Management Expertise; and • Long Term, pragmatic, focused investment in development drives continual innovation.	Section 3.9
Overview of key risks	Key risks include: • Biogas supply • Market pricing • ACCU and LGC changes • Health, Safety, Environment and Quality • Access to landfills now and in the future • Contractual risks • Operating risks • Reliance upon systems and technology • Cyber risk • Capital, maintenance and planned projects • Regulatory and license risk • Environmental compliance • Competition • Loss of reputation • Know-how, research and development risk • Growth strategy and funding • Process risk • Dependence upon key personnel • Supplier arrangements • Inability to secure appropriate insurance • Seasonal affects • Foreign Exchange • Capital structure • General investment risks • COVID-19 business impacts	Section 6
Overview of key sensitivities	Forecast Finanical Information is subject to key sensitivities, being: • Change in gas flows • Change in electricity market prices • Change in ACCU pricing	Section 5.18

QUESTION	ANSWER	SECTION
PROPOSED USE OF FUNDS AND FINANCIAL INFORMATION		
What is LGI's financial position?	The Company's financial position is set out in detail in Section 5 of this Prospectus but can be summarised as follows:	Section 5.10

AS AT 31 DECEMBER 2021 $000	ACTUAL UNAUDITED	OFFER ADJUSTMENTS UNAUDITED	PRO FORMA UNAUDITED
ASSETS			
Cash and cash equivalents	1,895	17,508	19,403
Receivables and other assets	3,787	(251)	3,536
Environmental certificates	5,161	–	5,161
Property Plant and Equipment	29,556	–	29,556
Intangibles assets	2,632	–	2,632
Total Assets	**43,031**	**17,257**	**60,288**
LIABILITIES			
Payables	2,478	(342)	2,136
Borrowings	21,546	(4,346)	17,200
Provisions	755	(377)	378
Tax liabilities	2,162	(519)	1,643
Derivative financial instruments	728	–	728
Total Liabilities	**27,669**	**(5,584)**	**22,085**
EQUITY			
Issued capital	7,417	24,395	31,812
Reserves	204	–	204
Retained earnings	7,741	(1,555)	6,186
Total Equity	**15,362**	**22,840**	**38,202**

Historical and pro forma financial information regarding the Company is also considered in Section 5 of this Prospectus.

QUESTION	ANSWER	SECTION
How does LGI intend to fund its operations?	Historically, the Company has used a combination of working capital and debt to fund capital expenditure. The Company will use a combination of working capital, debt and equity to finance its activities. The Company has targeted a net debt/EBITDA ratio less than 2x. The Company may exceed the target ratio if it considers that circumstances warrant an increase beyond the target ratio and it is prudent to do so. The Directors expect LGI to have sufficient cash to meet its short- and medium-term operational requirements and other business needs.	Section 5.12
What is LGI's pro forma financial performance?	The Company's financial performance is set out in detail in Section 5.1 of this Prospectus but can be summarised as follows:	Section 5.1

LGI	PRO FORMA FY20	PRO FORMA FY21	PRO FORMA FY22	PRO FORMA FORECAST FY23
Total revenue ('000)	10,258	14,833	25,472	31,261
Revenue growth (%)	n/a[1]	44.6%	71.7%	22.7%
Gross Margin ('000)	8,154	10,736	19,116	21,574
Gross Margin (%)	79.5%	72.4%	75.0%	69.0%
EBITDA ('000)	4,147	5,930	12,652	13,122
EBITDA margin (%)	40.4%	40.0%	49.7%	42.0%
EBITDA growth (%)	n/a[1]	43.0%	113.3%	3.7%

1. FY19 pro forma income statement has not been presented

QUESTION	ANSWER	SECTION
What is the proposed use of funds?	The table below sets out the proposed use of the proceeds from the Offer. This represents current intentions of the Company based on its current business plan and business conditions. The amounts and timing of the actual expenditure may vary and will depend upon numerous factors:	Section 9.5

USE OF PROCEEDS	$ RAISED
Capital expenditure on existing power stations to develop them into hybrid power stations with batteries	$12.6M
Capital expenditure to construct solar generation on sites with existing landfill gas power stations	$3.3M
Capital expenditure to build new flares and extend landfill pipework	$2.1M
Debt repayment	$5.3M
Costs of the Offer	$1.7M
Total funds raised	**$25.0M**

QUESTION	ANSWER	SECTION
What is LGI's dividend policy?	The payment of a dividend by LGI is at the discretion of the Directors and will be a function of a number of factors, including the general business environment, economic conditions, the operating results and the financial condition of LGI, future funding requirements, capital management initiatives, taxation considerations (including the level of franking credits available), any contractual, legal or regulatory restrictions on the payment of dividends, and any other factors the Directors may consider relevant. The LGI Board will review the dividend policy as appropriate. No assurances can be given by any person, including the Directors, about payment of any dividend and the level of franking on any such dividend.	Section 5.17

QUESTION	ANSWER	SECTION

DIRECTORS, KEY MANAGEMENT, RELATED PARTY INTERESTS AND SUBSTANTIAL HOLDERS

What is capital structure of the Company post completion? — Section 9.7

SHAREHOLDER*	SHARES	PERCENTAGE INTEREST
Blakin Technologies Pty Ltd	17,593,232	19.93%
McGavin Holdings (Aust) Pty Ltd <T&S McGavin Family A/C>	13,282,930	15.05%
Picarra Holdings Pty Ltd <Picarra Land A/C>	10,048,064	11.38%
Rodney Bloomer & Vivenne Bloomer <The Coolabine Family A/C>	5,036,500	5.71%
Jessica North	1,299,200	1.47%
Other shareholders	40,998,130	46.45%
Total	**88,258,056**	**100%**

* assumes no existing Shareholders will participate in the Offer

Who are the Directors and key management of LGI? — Sections 4.1 and 4.2

The Board is comprised of six Directors, of which 3 are independent. The Board has four Non-Executive and two Executive Directors.

DIRECTOR	POSITION	INDEPENDENCE
Vik Bansal	Non-Executive Director and Chair	Independent
Adam Bloomer	Managing Director and Chief Executive Officer	Not independent
Abigail Cheadle	Non-Executive Director	Independent
Andrew Peters	Non-Executive Director	Independent
Jessica North	Executive Director and Co Chief Executive Officer	Not independent
Timothy McGavin	Non-Executive Director	Not independent

LGI's management team includes:

NAME	POSITION
Jarryd Doran	Chief Operating Officer
Dean Wilkinson	Chief Financial Officer and Joint Company Secretary
Hasaka Martin	Joint Company Secretary

<table>
<tr><th>QUESTION</th><th>ANSWER</th><th>SECTION</th></tr>
<tr><td>What benefits and interests do the Directors hold in LGI?</td><td>The Directors or their associates will have a beneficial interest in the following Shares and options in the Company upon completion:
<table>
<tr><th>DIRECTOR</th><th>SHAREHOLDER</th><th>SHARES HELD UPON COMPLETION</th><th>PERCENTAGE HOLDING UPON COMPLETION</th><th>OPTIONS AND RIGHTS UPON COMPLETION</th></tr>
<tr><td>Vik Bansal</td><td>Ariana Vernon Holdings Pty Ltd atf the VB Family Trust.</td><td>500,000</td><td>0.57%</td><td>–</td></tr>
<tr><td>Abigail Cheadle</td><td>Freggie Pty Ltd as trustee for Abigail Cheadle Family Trust</td><td>80,000</td><td>0.09%</td><td>–</td></tr>
<tr><td>Andrew Peters</td><td>Andrew Peters atf Highcrest Family Trust</td><td>500,858</td><td>0.57%</td><td>–</td></tr>
<tr><td>Adam Bloomer</td><td>Blakin Technologies Pty Ltd</td><td>17,593,232</td><td>19.93%</td><td>–</td></tr>
<tr><td>Jessica North</td><td>Jessica North</td><td>1,299,200</td><td>1.47%</td><td>400,000</td></tr>
<tr><td>Timothy McGavin</td><td>McGavin Holdings (Aust) Pty Ltd atf T&S McGavin Family Trust</td><td>13,282,930</td><td>15.05%</td><td>–</td></tr>
</table>
Vik Bansal intends to apply for 45,238 shares and Andrew Peters intends to apply for 10,000 shares under the Offer. No other Directors intend to apply for Shares under the Offer.</td><td>Sections 10.5 and 10.9</td></tr>
<tr><td>Who will be the significant shareholders of LGI on completion?</td><td>It is expected that the following Shareholders will have a substantial holding in LGI following completion:
<table>
<tr><th>SHAREHOLDER</th><th>SHARES</th><th>PERCENTAGE INTEREST</th></tr>
<tr><td>Blakin Technologies Pty Ltd</td><td>17,593,232</td><td>19.93%</td></tr>
<tr><td>McGavin Holdings (Aust) Pty Ltd <T&S McGavin Family A/C></td><td>13,282,930</td><td>15.05%</td></tr>
<tr><td>Picarra Holdings Pty Ltd <Picarra Land A/C></td><td>10,048,064</td><td>11.38%</td></tr>
<tr><td>Rodney Bloomer & Vivenne Bloomer <The Coolabine Family A/C></td><td>5,036,500</td><td>5.71%</td></tr>
</table>
The above assumes no additional participation by these Shareholders in the Offer.

Final holdings of all substantial Shareholders will be notified to the ASX on the Company's listing.</td><td>Section 10.10</td></tr>
<tr><td>Are there any related party transactions?</td><td>Advisers and other service providers are entitled to fees for services as set out in this Prospectus.</td><td>Section 10.11</td></tr>
</table>

QUESTION	ANSWER	SECTION
HOW TO APPLY AND/OR SEEK ADDITIONAL INFORMATION		
Who is the issuer of this Prospectus?	LGI Limited ACN 138 085 551 (**LGI**)	
What is the Offer?	The Offer comprises a capital raising of approximately $25,000,000, by way of an issue of 16,666,667 Shares at $1.50 per Share.	Section 9.1
What is the Offer Price of the Shares?	The Shares are being issued at $1.50 per Share.	Section 9.1
What is the Offer period?	The Offer opens on 29 August 2022 and closes on 23 September 2022.	
What is the structure of the Offer and who is eligible to participate?	The Offer comprises: • The Broker Firm Offer, which is open to Australian and New Zealand resident retail clients of Brokers who have received a firm allocation of Shares from their Broker; • The Institutional Offer, which consists of an offer to Institutional Investors in Australia and a number of other eligible jurisdictions to apply for Shares; and • The Chairman's List Offer, which consists of an offer to selected investors in Australia who have received an invitation from the Chairman or the Company. No general public offer of Shares will be made under the Offer. Members of the public wishing to subscribe for Shares must do so through a broker with a firm allocation.	Section 9.2
What rights and liabilities attach to the Shares?	The Shares will rank equally in all respects with the shares held by the Existing Shareholders. The rights and liabilities attaching to all shares are set out in the Company's constitution.	Sections 8.2 and 10.3
Is the Offer underwritten?	The Offer is jointly underwritten by Bell Potter Securities Limited, Morgans Corporate Limited and Aitken Mount Capital Partners Pty Ltd.	Sections 8.3 and 9.3
Can the Offer be withdrawn?	The Company reserves the right to withdraw the Offer, at any time before the allotment of Shares. If the Offer does not proceed, the Application Money is refunded. No interest is paid on any Application Money refunded as a result of the withdrawal of the Offer.	Section 9.12
Are there any escrow arrangements?	If the ASX classifies any of LGI's Share capital as restricted securities, then the restricted securities must not be disposed of during the escrow period and LGI must refuse to acknowledge a disposal of the restricted securities during the escrow period, except as permitted under the Listing Rules or by the ASX. Key Management Personal have entered into voluntary restrictions agreements, which restrict them from selling, creating a security interest in or otherwise dealing in their Shares and Shares resulting from the exercise of options in accordance with the following schedule: • One third (1/3) of their Shareholding can be dealt with two business days after release of Half Year 2023 results; • One third (1/3) of their Shareholding can be dealt with two business days after release of Full Year 2023 results; and • One third (1/3) of their Shareholding can be dealt with two business days after release of Half Year 2024 results.	Sections 6.2 and 8.5

<table>
<tr><th>QUESTION</th><th>ANSWER</th><th>SECTION</th></tr>
<tr><td>How do I participate in the Offer?</td><td>Broker Firm Offer Applicants
Broker Firm Offer Applicants may apply for Shares by completing the Application Form, included in or accompanying this Prospectus, and lodging it with the Broker who invited them to participate in the Offer. Note that you must be a Client of a participating Broker in order to participate in the Broker Firm Offer.
Institutional Offer Applicants
The Joint Lead Managers separately advised Institutional Investors of the Application procedure under the Institutional Offer.
Chairman’s List Offer Applicants
Chairman’s List Offer Applicants may apply for Shares by completing a valid Chairman’s List Offer Application Form attached to, or accompanying, this Prospectus and provided to them by the Company. Applications can only be made by the Chairman's List Offer if you have received an offer as part of the Chairman's list.
To the extent permitted by law, an Application received under the Offer is irrevocable.
There is no general offer to the public.</td><td>Section 9.2 and Annexure ‘How to apply for Shares’</td></tr>
<tr><td>Will the Shares be quoted on the ASX?</td><td>LGI will apply to the ASX for admission to the Official List and Official Quotation of Shares under the ASX code LGI.
Completion of the Offer is conditional on the ASX approving the Company’s listing application. If approval is not given within three months after the date of this Prospectus (or any longer period permitted by law), the Offer will be withdrawn, and all Application Monies received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.</td><td>Section 9.10</td></tr>
<tr><td>What is the allocation policy?</td><td>The allocation of Shares between the Broker Firm Offer, Chairman’s List Offer and the Institutional Offer was determined by the Company and the Joint Lead Managers.
For Broker Firm Offer participants, it will be a matter for each Broker as to how they allocate Shares among their retail clients, and they (not LGI or the Joint Lead Managers) will be responsible for ensuring that retail clients who have received an allocation from them receive the relevant Shares.
The allocation policy relating to the Chairman’s List Offer is outlined in Section 9.10.
The allocation of Shares among Bidders in the Institutional Offer was determined by the Joint Lead Managers in agreement with LGI. The Joint Lead Managers and LGI have absolute discretion.</td><td>Section 9.11</td></tr>
<tr><td>How do I calculate the Application Money payable if I wish to participate in the Offer?</td><td>The Application Money is calculated by multiplying the number of Shares you wish to apply for by the Offer Price of $1.50 per Share.</td><td>Annexure and Application Form</td></tr>
<tr><td>What is the minimum number of Shares for which I can apply?</td><td>Applications under the Offer must be for a minimum of 1,400 (total cost of $2,100).</td><td>Section 9.10</td></tr>
<tr><td>When will I receive confirmation that my Application has been successful?</td><td>It is expected that initial holding statements will be mailed to successful Applicants by post on or about 28 September 2022.</td><td>Section 9.10</td></tr>
</table>

QUESTION	ANSWER	SECTION
Is there any brokerage, commission or stamp duty payable by Applicants?	No brokerage, commission or stamp duty is payable by Applicants on the acquisition of Shares under the Offer.	Not applicable
What are the tax implications of investing in the Shares?	You may be subject to Australian income tax on any future dividends paid. The tax consequences of any investment in Shares will depend upon an Investor's particular circumstances. Applicants should obtain their own tax advice prior to deciding whether to invest.	Section 9.13
Further questions	If you have any questions in relation to the Offer, call the LGI Offer Information Line on: • 1300 401 918 (toll free within Australia); or • +61 3 9415 4845 (outside Australia), between 8.30am and 5.00pm (AEST), Monday to Friday. All enquiries in relation to the Broker Firm Offer should be directed to your Broker. If you have any questions about whether to invest, you should seek professional advice from your Accountant, Financial Adviser, Stockbroker, Lawyer or other professional Adviser before deciding whether to invest.	Section 1.2

Important notice

This section is not intended to provide full details of the investment opportunity. Investors must read this Prospectus in full to make an informed investment decision. The Shares offered under this Prospectus carry no guarantee of return of capital, payment of dividends or on the future value of the Shares.

.2.
INDUSTRY OVERVIEW

2.1 Introduction

LGI is a renewable energy and carbon abatement company which specialises in the engineering of, and delivery of, solutions in the management, capture and beneficial use of biogas from landfills. LGI's vertically integrated operations span across the Australian waste management, carbon abatement and renewable electricity sectors, and have been turning gas liability into a resource for Australian landfill owners since 2009.

This section is intended to provide an overview of the industries and markets in which LGI operates, the key growth drivers of these markets as well as the regulatory environment.

2.2 Overview of landfill gas

Landfills are highly engineered, excavated pits designed to store the waste produced from consumption that isn't easily reused, recycled or recovered. Landfills are regulated and designed to limit the risk of pollution into the surrounding environment.

2.2.1 Generation of biogas from landfills

Biogas is a natural by-product of the decomposition of organic waste in landfills. Once buried, organic material, such as food, garden, paper, cardboard and wood residues, begin to decompose. The anaerobic (oxygen-depleted) conditions in a landfill lead to digestion of this organic waste by methane-producing bacteria. The resulting 'biogas' is composed of approximately 50% methane (CH_4), 50% carbon dioxide and a small number of other trace gases and organic compounds.[7] If left to accumulate within the waste mass, biogas will eventually migrate into the surrounding environment, where it can cause harm.[8]

7 Solid Waste Association of North America (SWANA) (1997). *Landfill Gas Operation and Maintenance Manual of Practice*.

8 United States Environment Protection Agency, Landfill Methane Outreach Program, *Benefits of Landfill Gas Energy Projects* (2021): https://www.epa.gov/lmop/benefits-landfill-gas-energy-projects.

Landfills contribute around 11% of global methane emissions. Methane is a potent greenhouse gas that is 28 to 36 times more effective than carbon dioxide at trapping heat in the atmosphere, over a 100-year timescale.[9] Despite a progressive increase in recycling rates, Australia's total waste generation has increased approximately 18% since 2008, and landfill remains the main waste disposal method in Australian states and territories.[10]

When methane is combusted, it converts to water and the much less potent carbon dioxide, which results in significant carbon abatement. In addition, methane derived from biogas represents a hydrocarbon fuel, acting as an alternative to fossil-based fuels.

2.3 Landfill gas landscape

2.3.1 Overview

Landfills that receive organic waste for disposal will generate biogas, regardless of size or operational practices. A landfill will generate biogas for a prolonged period of time, even after waste has stopped being deposited, depending on various factors such as local climate and site operational practices. Biogas can be produced from waste deposits for more than 30 years.[11]

2.3.2 Conversion of waste to biogas

Waste contains organic material, such as food, paper, wood, and garden trimmings. Once waste is deposited in a landfill, microbes begin to consume the carbon in organic material, which causes decomposition. Under the anaerobic conditions prevalent in landfills, the microbial communities contain methane-producing, or methanogenic, bacteria. As the methanogenic microbes gradually decompose organic matter over time, methane (approximately 40-60%), carbon dioxide (approximately 30-50%), and other trace amounts of gaseous compounds (approximately 1%) are generated and form landfill gas. Different areas of waste deposits may generate different levels of methane, depending on a variety of factors that include waste composition, moisture levels and cover material.

In well-managed landfills, the process of burying waste and regularly covering deposits with a low permeability material creates an internal environment that favours methane-producing bacteria. As with any ecological system, optimum conditions of temperature, moisture, and nutrient source (i.e. organic waste) result in greater biochemical activity and hence greater generation of landfill biogas.

The gradual decay of the carbon stock in a landfill generates methane even after waste disposal has ceased. This is because the chemical and biochemical reactions take time to progress and only part of the carbon contained in waste is released in the year this waste is disposed. Most methane is generated gradually over a period of years – the period and speed (rate) of generation will depend on the previously noted factors. For example, if all other factors (emplaced waste, size, shape, etc) are equal, then a landfill located in a cool, dry climate will emit a lower rate of methane over a longer period of time than a site located in a warm, wet environment.

Bacteria decompose landfill waste in four phases. Gas composition changes with each phase and waste in a landfill may be undergoing several phases of decomposition at once. The time after placement scale (total time and phase duration) varies with landfill conditions.[12]

FIGURE 1

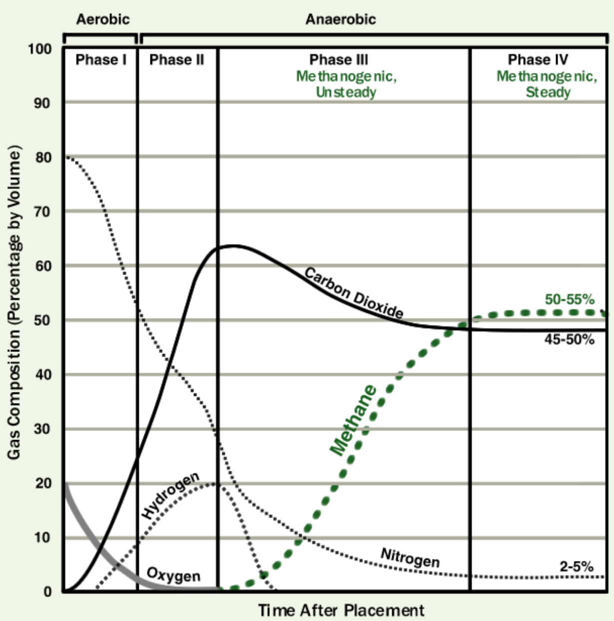


Figure adapted from ATSDR 2008. Chapter 2: Landfill Gas Basics. In *Landfill Gas Primer – An Overview for Environmental Health Professionals*. Figure 2-1, pp. 5-6. https://www.atsdr.cdc.gov/HAC/landfill/PDFs/Landfill_2001_ch2mod.pdf (PDF)(12 pp, 2MB)

9 Intergovernmental Panel on Climate Change (IPCC)(2021). *Sixth Assessment Report, Climate Change 2021: The Physical Science Basis*.

10 Blue Environment (2020), *Australian National Waste Report 2020*. Prepared for the Department of Agriculture, Water and the Environment.

11 Environmental Protection Agency of Victoria (2015). *Best Practice Environmental Management; Siting, Design, Operation and Rehabilitation of Landfills* (EPA Publication 788) (Landfill BPEM).

12 https://www.epa.gov/lmop/basic-information-about-landfill-gas

2.3.3 Capture of biogas from landfills

A biogas extraction system can be installed in both closed and active (operating) landfills. Vertical gas extraction wells are typically installed by drilling into the waste mass, and horizontal pipework (lateral flow lines) is embedded in the landfill. Biogas is extracted through the network of pipes to a combustion device, which operates continuously in order to maintain a constant vacuum on the gas extraction field. If the combustion device is a biogas engine, generating electricity, then the saturated, particulate-laden gas is typically treated in gas conditioning equipment prior to entering the engine.

As active landfill expands with the continued disposal of waste, the biogas extraction system must be extended to ensure that gas is extracted from new deposits of waste and continues to tap into gas produced by old deposits. Refer Figure 2.

2.3.4 Temporary energy storage

Landfills also have the ability to act as temporary energy storage systems. Similar to a sponge, a site will gradually fill with biogas until a vacuum is applied for extraction, thereby depleting the store of gas – once the vacuum is released, the sponge refills. Although most biogas recovery systems are operated on a continuous basis, there is the potential on some sites to store gas for several hours and enable higher rates of gas recovery and power generation during peak periods of electricity demand when pricing is optimum. Careful management and monitoring of the extraction process ensure that environmental outcomes are maintained.

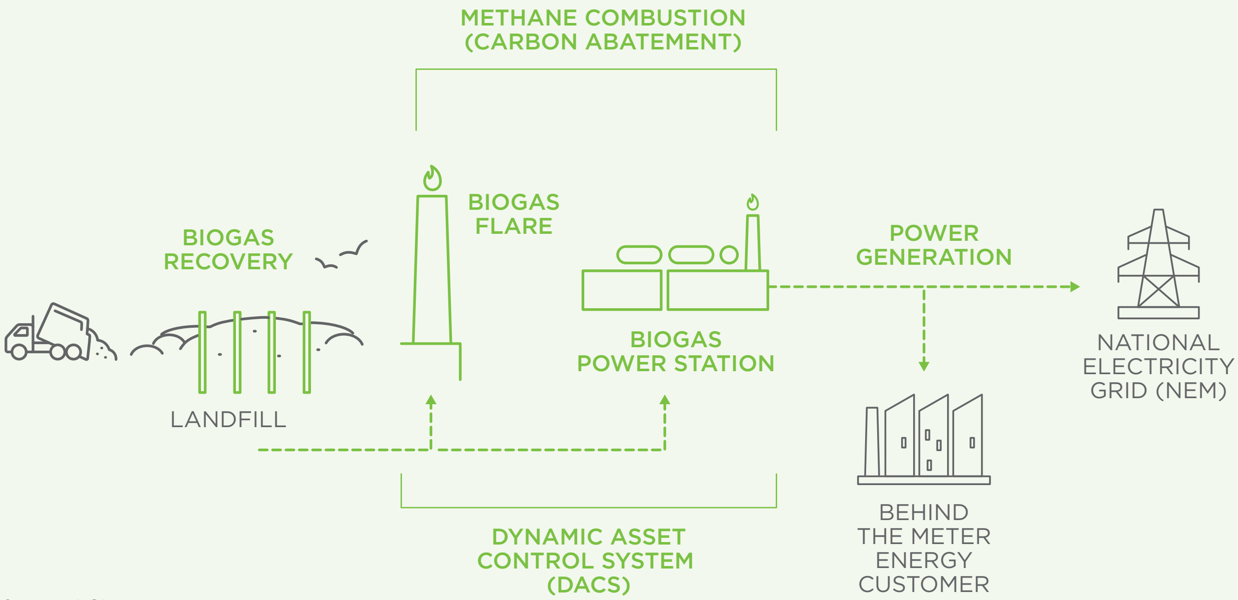
2.3.5 Conversion of biogas to electricity

Once landfill gas is able to be extracted through the network of pipes, the system must be fitted with a device capable of combusting the gas and thereby converting methane to less harmful carbon dioxide. Combustion may be achieved by flaring and/or a gas engine with consequent generation of power. Combustion devices have been specifically designed to cope with the 'dirty' (i.e. impure and corrosive) nature of landfill gas. Methane in landfill gas provides the hydrocarbon fuel for combustion in devices.

Biogas flares are available in a range of sizes, and can be used to combust as little as 50 cubic metres of landfill gas per hour (50 m^3 LFG/h) up to 1,000 or more m^3 LFG/h. Landfill gas is typically captured and flared for several months prior to confirming that a biogas-to-energy facility is feasible for a site. Gas field operators will observe the trends in gas generation during this trial period and determine whether there is a sufficiently constant flow and quality of gas to operate a commercially viable facility.

FIGURE 2

BIOGAS EXTRACTION



Source: LGI

LGI believes that reciprocating internal combustion engines (RICEs) are currently the most cost-effective and reliable technology for electricity generation from landfill biogas. The generated electricity is exported via a step transformer to the local distribution network. A grid connection and load study is required to anticipate potential voltage rise and the requirements of the unit to import and export volt-amperes reactive (VARs). Any resulting requirements for changes to the local grid to accommodate the project are incorporated in an interconnection agreement with the relevant electricity distributer.

The electricity generated is metered by a third-party metering supplier and this information is provided to the landfill site operator to support the creation of an invoice to a relevant power offtake counterparty. This data is also used to support the creation and registration of LGCs.

2.4 Domestic landfill gas market

2.4.1 Market size

There are an estimated 1,168 operational (licensed and unlicensed) landfills in Australia,[13] which receive around 20.5 million tonnes (Mt) of solid waste each year, of which approximately 6.9 Mt is organic waste.[14] At least half of Australia's landfills are believed to be very small, unlicensed sites, receiving <1,000 tonnes of waste per year and not deemed to be suitable sites for biogas extraction systems.[15] Landfills and other solid waste management facilities are predominantly found around the large population centres near Australia's coastline.

Most landfills in Australia have no or low regulatory requirements, such as a licence condition, to install and operate a biogas extraction and treatment system.[16] Larger landfills located in urban areas are more likely to have a requirement for biogas management, issued and monitored by the relevant State's Environmental Protection Agency.

2.4.2 Addressable market

LGI classifies landfills as large (receiving >100,000 tonnes of waste per year), medium (20,000–100,000 tonnes per year) and small (<20,000 tonnes per year). Australia's 'large' urban-based landfills (approximately 38 sites) accept 75% or around 5M tonnes of the country's waste. Medium-sized sites accept 20% of landfilled waste, small sites receive 5% and very small sites accept an estimated 0.2%.[17]

Large-sized landfills tend to be owned and operated by the private sector, although some are operated by private companies under contract to local governments. The five major private sector operators are Cleanaway, JJ Richards, Remondis, Suez and Veolia.[18] These companies usually engage a specialist landfill gas contractor to install, operate and maintain biogas extraction and combustion infrastructure, although they may use in-house capability to provide biogas services.

Of Australia's large-sized landfills, LGI understands that more than 60% currently recover biogas. It is estimated that greater than 20% of medium-sized landfills and approximately 2% of small-sized sites currently recover biogas.[19] There are currently 117 landfill projects registered under the ERF[20] recovering biogas, of which 58 are understood to have biogas-to-energy generation plants installed.[21] This suggests 59 landfills are flaring biogas and capable of generating ACCUs, and that there remains, by LGI's estimates, some 200 landfill sites where biogas recovery systems may be commercially feasible and have not yet been installed, and around another 100 that are yet to be assessed as to their size.

Electricity generation is commercially feasible on sites where there is sufficient gas flow and quality (i.e. methane content) to fuel a suitably sized biogas engine, and where it is technically feasible to export electricity to the grid, or is consumed locally by the customer without the need for power lines which is referred to as "behind the meter". On smaller sites, where gas flows cannot support a viable biogas engine, and which are eligible to create ACCUs under the Government's Emissions Reduction Fund (see Section 2.5.1 for details), flaring may be commercially feasible.

According to the data derived from the local government area and waste management site data, where the size of each landfill has been estimated based on population and spatial data, there is thought to be over 1,000 landfill sites in Australia.

13 Department of Environment, Water, heritage and the Arts (2009), *National Waste Overview*.

14 Australian Bureau of Statistics, *Waste Account, Australia (2018-2019)*.

15 Blue Environment (2013), *Analysis of Landfill Survey Data*.

16 Reference study conducted for Aus Dept. Environment, Water, Heritage and Arts in 2010 page 46 https://www.environment.gov.au/system/files/resources/81bc0f7f-bd53-403d-9c9d-32c861d1f166/files/landfill-standards.pdf.

17 Blue Environment (2013), *Analysis of Landfill Survey Data*.

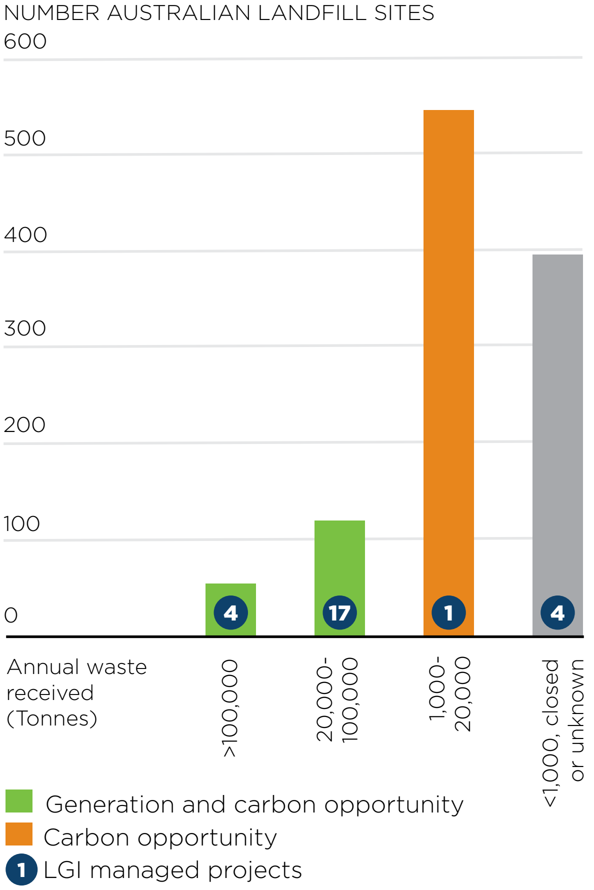
18 Blue Environment (2020), *Australian National Waste Report 2020*.

19 Blue Environment (2013), *Analysis of Landfill Survey Data*.

20 Clean Energy Regulator, Emissions Reduction Fund Register, September 2021.

21 Clean Energy Regulator, REC Registry 2021.

FIGURE 3: Identified addressable market (data derived from Australian Local Government Association (LGA) and available waste management site data)[22]



2.4.3 Industry trends

Methane capture from landfills have remained significantly less than the estimated totals of methane generated, despite a steady increase in gas recovery in Australia since 1990. Landfills generated an estimated total of 16.5 Mt carbon dioxide-e emissions in 2015, and biogas management systems on landfills captured and combusted methane equivalent to 8.1 Mt carbon dioxide-e.[23] Refer Figure 4 below.

Accurate data regarding landfills and their management in Australia is not readily available, due to a lack of centralised data collection and reporting requirements.

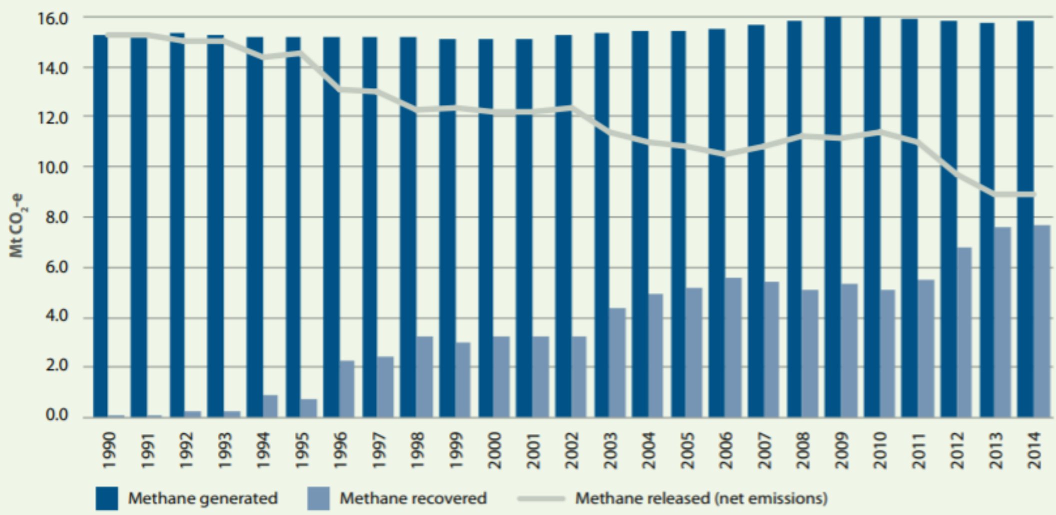
Waste diversion from landfill and alternative waste treatment technologies have been key themes in the Australian waste sector for many years. NSW and WA have had the highest adoption in Australia of alternative waste technology (AWT) due to increasing landfill levies (NSW) and restrictions on landfill development (WA). Despite these drivers, landfill remains the prevalent means of waste disposal in Australia.

2.4.4 Market opportunities

Identified trends indicating increasing demand for biogas from landfill solutions in Australia include:

- An ongoing reliance on landfill for waste disposal in Australia, particularly regional Australia, where sites are operated by the local government. However, there will be increasing regulatory (and community) pressure to manage emissions from these landfills;
- The National Electricity Market (NEM) is changing rapidly. The introduction of 5-minute interval pricing is likely to result in increased value to dispatchable generation, which biogas-to-energy facilities on landfills can provide;

FIGURE 4: Emissions from solid waste disposal; 1990-2014[23]



22 Alga.asn.au.

23 Commonwealth of Australia (2016), *National Inventory Report 2014 (revised) vol.2.*

- Biogas solutions can generate carbon credits. Accelerated investment by corporations and governments to achieve net zero will create upward pressure on carbon credit prices; and
- Capital constraints imposed on local governments may mean that, to fulfill their green aspirations, they will continue to be reliant on outsourced providers of biogas solutions for their landfills to achieve net zero.

2.4.5 Regulatory framework

Australian states and territories are responsible for the regulation of waste management facilities, which includes landfills. All states and territories maintain regulatory frameworks governing environmental and health impacts of waste management activities. The statutory basis of these frameworks is typically the jurisdiction's environment protection legislation (or similar), with subordinate policy or regulatory instruments in force in some states (VIC, QLD, SA, TAS). In addition to laws, the majority of jurisdictions have landfill guidelines (NSW, VIC, QLD, SA, TAS, NT). ACT has adopted the Victorian guidelines, as they apply to monitoring. Individual landfill sites operate under site-specific licences or authorisations issued under the relevant legislation, and are subject to requirements in relevant legislative instruments and policy documents, including landfill guidelines.

If statutory requirements for landfill operators to capture and combust biogas from landfill are imposed, it is through licence conditions and/or guidelines. The objectives of these requirements are to address odour and safety concerns and, in some cases, to abate greenhouse gas emissions. Current state and territory guidelines refer to limiting landfill gas emissions to within a specified range, however the range differs between jurisdictions (see Table 1).

All available guidelines specify allowable surface and/or subsurface methane concentrations for landfills. QLD, NSW, VIC, TAS and SA include minimisation of greenhouse gas emissions as an objective for landfill gas management.

The following current government initiatives and schemes are key to delivering Australia's Federal policies addressing climate change:

- Emissions Reduction Fund: this scheme is administered by the Clean Energy Regulator and enables the creation of Australian Carbon Credit Units (ACCUs) for eligible landfill gas (carbon abatement) projects; and
- Renewable Energy Target: this scheme is administered by the Clean Energy Regulator and enables the creation of Large scale Generation Certificates (LGCs) for eligible biogas-to-energy projects.

24 Carbon Market Institute (2021). *Carbon Market Fundamentals, Participating in Australia's carbon markets to meet corporate climate goals*. National Webinar. March 12, 2020.

2.5 Domestic carbon market

2.5.1 The Emissions Reduction Fund (carbon credits)

In 2011, the Australian Commonwealth Government introduced the Carbon Farming Initiative (CFI) Act to establish a voluntary carbon offset scheme with the purpose of creating incentives for carbon abatement or avoidance projects in land-use sectors.

In 2014, the CFI was integrated with the Emissions Reduction Fund (**ERF**) which continues to incentivise carbon abatement, avoidance and sequestration projects through a $2.55 billion Government fund. The primary objective of the ERF is to help Australia meet its 2030 greenhouse gas emissions target. Regardless of whether the target is met or not, the CFI Act is intended to enable eligible carbon abatement projects to generate ACCUs into the future.

The ERF is administered and regulated by the Clean Energy Regulator (**CER**).

The CER is the Australian independent statutory authority responsible for:

- Determining the technical rules and methods;
- Administration of the ERF; and
- Making emissions reduction purchases on behalf of the Government.

The CER can award an ACCU for a tonne of carbon dioxide equivalent prevented from entering the atmosphere through an eligible project. The CER also enters into up to 10-year offtake contracts with project owners to buy ACCUs on a fixed price, fixed or optional volume delivery basis. On 4 March 2022, the Minister for Industry, Energy and Emissions Reduction announced changes to ERF fixed offtake contracts. Current holders of fixed offtake contracts will now be able to pay an exit fee to be released from fixed delivery obligations to the Commonwealth under a new initiative being offered by the CER.

On 1 July 2022 the Minister for Climate Change and Energy announced the appointment of Ian Chubb, former Chief Scientist, to advise the Government on how best Australia can realise the full potential for the ACCU system.

There are now three ERF Methodologies that apply to landfill gas recovery and combustion activities. To date, landfill gas projects received a 7-year crediting period under the ERF; however, a variation of the 2015 Methodology, and a new 2021 Methodology resulted in most landfill gas projects receiving a total crediting period of 12 years.

Eligible ERF projects include a number of land-based (agricultural) activities, waste, transport, coal and gas production, and industrial processes. Eligible projects can earn an ACCU for every tonne of emissions reduced, avoided or stored through a project (an ACCU is equal to one tonne of carbon dioxide-equivalent). Landfill gas projects can earn ACCUs for every tonne of carbon dioxide-e prevented from entering the atmosphere over the relevant 'crediting period'. LGI participates in the scheme by registering and operating both flaring and power generation projects on landfills.

Australia's carbon markets are evolving. All carbon markets are *'ambitious legal, financial and regulatory policy frameworks that attribute an economic value to the sequestration of, or avoidance of carbon*

TABLE 1: Summary of key regulations governing landfill activities in states and territories where LGI currently operates

TOPIC	COMMONWEALTH	QLD	NSW	ACT	SUMMARY
Work Health and Safety	Model Work Health and Safety Act 2011	Work Health and Safety Act 2011	Work Health and Safety Act 2011	Work Health and Safety Act 2011	The WHS Act implementation model work health and safety laws that have also been adopted in Australian states and territories LGI operates in.
Workers' Compensation	Safe Work Australia Act 2008	Workers' Compensation and Rehabilitation Act 2003	QLD cross boarder arrangements	Workers Compensation Act 1951	The Workers Compensation Act establishes a workers' compensation scheme. Each state and territory has its own workers' compensation scheme.
Gas Safety		Petroleum and Gas Act 2004	Protection of the Environment Operations Act 1997	Gas Safety Act 2000	To facilitate and regulate the carrying out of responsible petroleum activities and the development of a safe, efficient and viable petroleum and fuel gas industry.
Electrical	Model Work Health and Safety Act 2011	Electrical Safety ACT 2002	Work Health and Safety Act 2011	Electrical Safety Act 1971	QLD, NSW, ACT – The Acts provide for the safety of all persons through licensing and discipline of persons who perform electrical work; amongst other things.
Environment	Environment Protection and Biodiversity Conservation Act 1999	Environment Protection Act 1994	Protection of the Environment Operations Act 1997	Environment Protection Act 1997	Objective of the Act is to achieve the protection, restoration and enhancement of the quality of the environment while allowing for development that improves the total quality of life, both now and in the future, in a way that maintains ecological process.
Landfill Gas Methodology for ACCU Generation	Carbon Credits (Carbon Farming Initiative – Landfill Gas) Methodology Determination 2015				The landfill gas method provides an incentive to install a new landfill gas collection system, upgrade an existing system or recommence operation of a system at a site where one has existed before but not operated for some time.
Renewable Energy and LGCs	Renewable Energy (Electricity) Act 2000 and the Renewable Energy (Electricity) Regulations 2001				To achieve the target, the Commonwealth established a scheme originally known as the mandatory renewable target.
National Greenhouse and Energy Reporting Scheme	National Greenhouse and Energy Reporting Act 2007				Establishes a single framework for reporting and disseminating company information about greenhouse gas emissions, energy production, energy consumption and other information.
Australian National Registry of Emissions Units	Australian National Registry of Emissions Unit Act 2011				A secure electronic system designed to track the location and ownership of Australian carbon credit units issued under the Emissions Reduction Fund and emission units issued under the Kyoto Protocol.
National and Wholesale Energy Markets	National Energy Rules				The National Energy Rules define and regulate the operation of the National Energy Market/wholesale energy market.

emissions'.[24] Australia's carbon market includes national schemes, state and territory government schemes and international carbon units.

2.5.2 Australian Carbon Credit Units

The Australian Government buys ACCUs created through ERF projects, and these ACCUs contribute to Australia's 2030 climate commitments (now under the Paris Agreement). Approximately every six months, the ERF asks accredited projects to participate in a volunteer, blind, reverse auction. Two types of contracts exist, Optional Delivery and Fixed Delivery. At Auction 14, only Optional Delivery contracts were offered. Contracts can be up to 10 years in duration.

The CER is the primary market for ACCU sales. To date, since 2014, the Government has committed $2.7 billion of abatement of which $963.2 million has been paid to ERF project owners. 77.8 million ACCUs have been delivered to the CER under contract, of a total of 113.6 million ACCUs issued to project owners.[25] The majority of ACCUs created to date have been committed to ERF contracts.

25 Clean Energy Regulator – Emissions Position as at May 2021.

In comparison, the secondary market for ACCUs is small, and sees ACCUs traded each year to meet 'safeguard obligations', voluntary carbon commitments, private speculation, and to fulfil ERF contracts where project proponents cannot generate sufficient ACCUs through their own activities.

The Safeguard Mechanism was established by the Government to encourage large facilities, whose net emissions exceed a safeguard threshold, to keep their emissions at or below emissions baselines set by the CER. Facilities that exceed their baseline can purchase and surrender ACCUs to offset their emissions.[26]

FIGURE 5: ACCU Spot Prices, Sept 2020–Jun 2022

Source: market trade information made publicly available

Factors influencing ACCU prices include:

- Limited supply of ACCUs. ACCUs can only be created once a project is accredited by the CER. This accreditation is granted if the project can demonstrate it meets one of the CER's methods for carbon destruction or abatement;
- Corporations voluntarily purchasing ACCUs for ESG purposes;
- Corporations with a compliance obligation to purchase ACCUs;
- Organisations with a fixed volume delivery obligation, that have not created the volume required, will need to purchase ACCUs on the market; and
- Intermediaries acting on behalf of clients.

26 http://www.cleanenergyregulator.gov.au/NGER/The-safeguard-mechanism.

27 http://www.cleanenergyregulator.gov.au/Infohub/Markets/australian-carbon-exchange.

28 King, G (2020) Report of the Expert Panel, *Reviewing of Additional Sources of Low-Cost Abatement*.

Australia will be introducing a Carbon Exchange in the next three years to enable the purchase, clearing and settlement of ACCUs, and potentially other types of carbon units and certificates.[27] Depending on the outcomes of international negotiations during upcoming UN Climate Change Conferences, the Australian Carbon Exchange might also provide for international carbon trades.

2.5.3 Renewable Energy Target and Large-scale Generation Certificates (LGCs)

The Australian Government introduced legislation to encourage renewable energy generation, known as the Renewable Energy Target (**RET**). The RET is designed to support 33,000 GWhs of renewable energy per annum. The RET is managed by the CER who is directly responsible for accelerating carbon abatement for Australia.

The RET comprises two schemes; the Large-scale Renewable Energy Target which encourages investment in renewable power stations and the Small-scale Renewable Energy Target which focuses on rooftop solar installations.

The Large-scale Renewable Energy Scheme is underpinned by the creation and trading of LGCs. LGCs are generated by renewable power stations for each MWh of electricity generated above a baseline level of generation. The LGCs can be sold, providing additional revenue for accredited renewable energy generators.

The RET requires electricity retailers and other liable entities to buy, and later surrender, LGCs to the CER as a means of meeting their renewable energy obligations each year. LGCs can be purchased directly from accredited renewable power stations, or from an actively traded market.

The RET target of 33,000 GWh per annum remains in place until 2030. 2030 being the final year of the retailers' obligations of the scheme. However, it should be noted that the Expert Panel of "the King Review" recommended a convention that implicit carbon content of LGCs be adopted. The Federal Government's response was to undertake further work to assess the best approach to account for the implicit carbon content in an LGC.[28]

2.5.4 LGC pricing trends

LGC pricing is expected to be under downward pressure in the foreseeable future, given that the RET target is fixed, and the number of renewable energy generators and subsequent supply of LGCs is increasing.

LGI is of the opinion that LGCs are unlikely to go to zero due to the inherent carbon abatement characteristics of LGCs.

2.6 Domestic renewable electricity sector

2.6.1 History

Historically, the Australian market has been dominated by large coal and gas fired generation. Recently, there has been an increase in renewable generation, particularly wind and solar generation. In the calendar year of 2020, renewable generation accounted for 24.4% of all electricity generated. The chart below shows the total GWh generated by renewable and non-renewable generation sources since 2015.

Figure 6 shows the annual GWh generation by renewable source.

The transition to renewable generation supports Australia's climate change initiatives, particularly the Paris Agreement, with the Federal Government having committed to target reduction in greenhouse gas emissions of 26-28%, on 2008 levels, by 2030.

2.6.2 Transition of the electricity sector

A transitioning towards renewable electricity has increased reliance on intermittent electricity generation from wind and solar has also led to an increase in electricity supply, and subsequent electricity price volatility, with growing price variations at peak times of the day. This is evident by inspection of the New South Wales and Queensland electricity price distribution in Figure 7 below.

FIGURE 6: Australian renewable generation mix

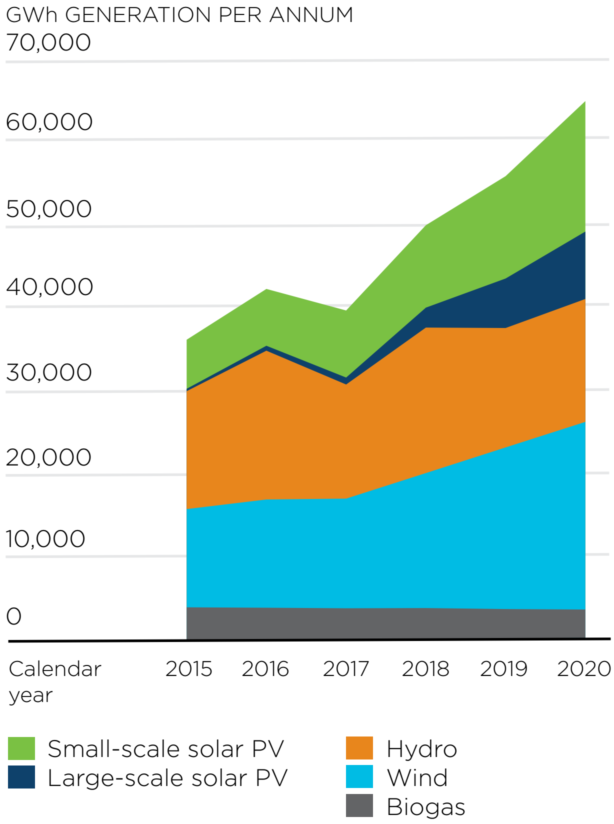
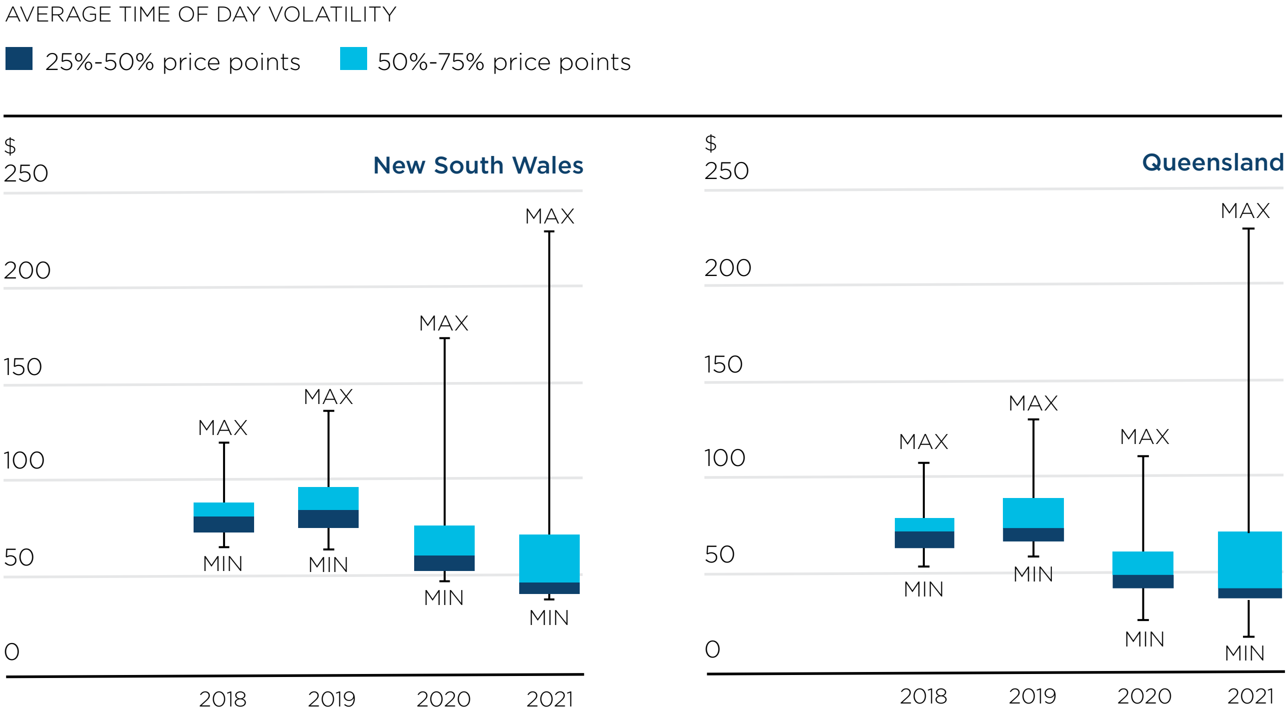


FIGURE 7: Electricity Price Distribution



Source: data from AEMO

Dispatchable generators can arbitrage the market volatility and optimise the pricing they attain for the electricity they generate by selecting to dispatch most of their energy when the 5-minute intervals price is optimal, which is usually at peak times of the day as seen below.

FIGURE 8: Electricity Price Distribution

AVERAGE DISPATCH PRICE BY TIME OF DAY

Source: data from AEMO

2.6.3 Overview of the Electricity Sector on the east coast of Australia

The National Electricity Market (NEM) is the major wholesale electricity market in Australia in which six state and territory jurisdictions participate – Queensland, New South Wales, Victoria, Australian Capital Territory, Tasmania and South Australia. Each state operates as a separate market to determine regional price, the NEM is interconnected both physically by transmission lines, and financially through a range of energy contracts between participants.

The Australian Energy Market Operator (**AEMO**) is responsible for the operation of this energy market that oversees the generation, transmission, distribution, retail and financial settlement of energy in each state or territory market.

Wholesale electricity trading is conducted through a wholesale market where supply and demand are simultaneously matched in real time through a process managed by AEMO.

The NEM is a spot market through which generators sell electricity to retailers and directly connected customers. The output from all generators is aggregated and scheduled to meet demand with the following process:

- Large electricity generators submit bids to supply electricity for each five-minute dispatchable interval;
- AEMO aggregates generator bids, matching this with demand from customers in real time. To determine which generator bids are dispatched, AEMO stacks the bids from the lowest to the highest price for each dispatch interval. The lowest priced supply bids are drawn first until market demand is met; and
- The highest priced bid that is dispatched during an interval, sets the dispatch price. All successful bidders are paid the spot price, regardless of how they bid.

The process ultimately ensures that the market receives the electricity it requires at the lowest available cost. A separate spot price is determined for each of the five NEM regions.

Price and timing at which electricity generators bid into the NEM is influenced by the characteristics of the type of generation.

ELECTRICITY MARKETS MATCHING SUPPLY AND DEMAND

Five minutes

Given the need to match electricity generation exactly with electricity demand, AEMO operates in real time to facilitate an orderly market for electricity. Electricity is divided into five-minute intervals across the day, being 144 separate time intervals each 24 hours.

Six seconds

AEMO manages the electronic frequency of the electricity grid, also in real time. A number of electricity participants support AEMO by participating in the Frequency Control Ancillary Services (FCAS) market. Part of this market is for immediate resolution of out of frequency events. Market participants are required to respond within six seconds to AEMO requests. AEMO pays for this service.

DFR (Dispatchable/Fast Response) Generation

Dispatchable/Fast Response (DFR) generation refers to the ability of a generation operator to quickly react to sudden changes in demand through a rapid increase or decrease in electricity supply. For example, this can often occur in the evenings when the demand for electricity is at its peak and alternative supply sources, such as solar and wind, are unavailable. Traditionally the most common source of dispatchable generation has been gas fuelled generators, known as "Peakers", which can rapidly ramp-up to meet increased demand. Landfill Gas is a DFR source of electricity generation (especially when combined with batteries), which with scale can and will become a more meaningful source of DFR generation.

Wind cannot generate when there is no wind and solar cannot generate at night or on cloudy days.

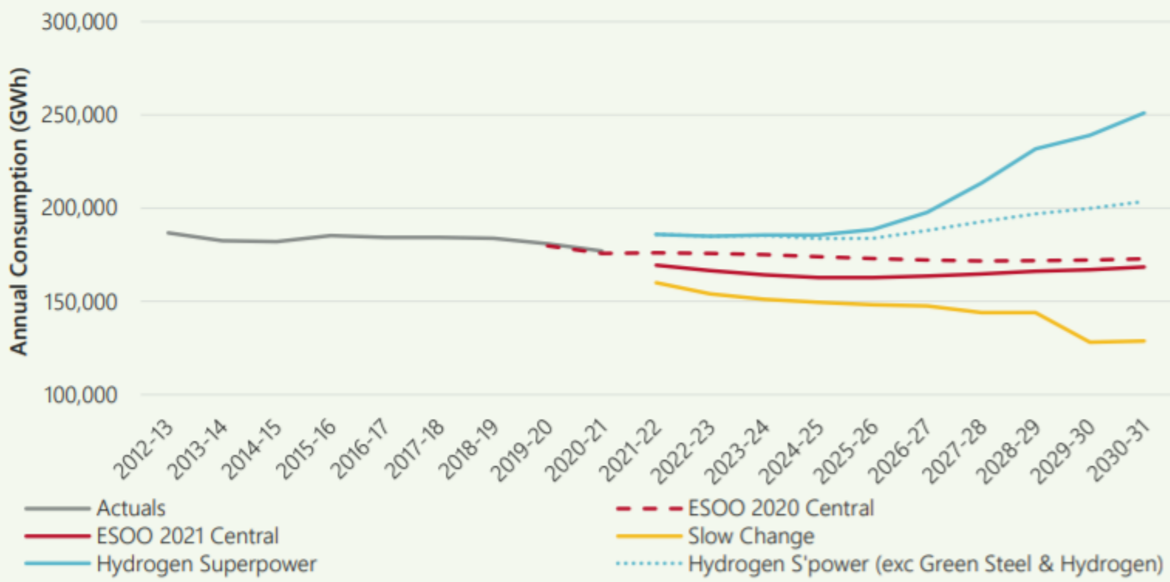
TABLE 2: Generation type bidding characteristics

GENERATION TYPE	DISPATCHABLE	FUEL COST	START UP TIME	RENEWABLE	BIDDING CHARACTERISTICS	MARKET % 2019[29 30]
Biogas generators – LGI sector	Yes	Very low	Fast	Yes	Flexible bidding	1.3%
Coal fired generators	Yes	The cost of coal	Slow	No	Low priced, stable bids	56.4%
Gas fired generators	Yes	High	Fast	No	High priced bids	20.5%
Solar	No	Nil	Dependent on weather, only in daylight hours	Yes	Low priced bids to reflect free fuel	6.8%
Wind	No	Nil	Dependent on weather	Yes	Low priced bids to reflect free fuel	7.4%

2.6.4 Electricity demand trends

The demand for electricity is forecast by AEMO each year and published in the Electricity Statement of Opportunity (**ESOO**) report. In the 2021 version of the ESOO report, demand slightly decreases until 2024-25, followed by a modest but steady increase until 2031.

FIGURE 9: AEMO ESOO historic and forecast demand, modelled using alternative scenarios



Source: AEMO 2021 Electricity Statement of Opportunities – August 2021

29 *Australian Energy Update 2020* — September 2020 Australian Government Department of Industry, Science, Energy and Resources https://www.energy.gov.au/sites/default/files/Australian%20Energy%20Statistics%202020%20Energy%20Update%20Report_0.pdf.

30 Other sources of generation, Oil 2.2% and Hydro 5.4% make up the remaining 100%.

2.7 Competitive landscape

LGI is one of a number of companies offering a vertically integrated service for managing biogas, from landfill to renewable electricity generation. LGI has the experience and capabilities giving a competitive advantage due to the complexities of biogas management at landfills and the tight integration of operations, including hardware, control systems, network integration, data management, and data analysis.

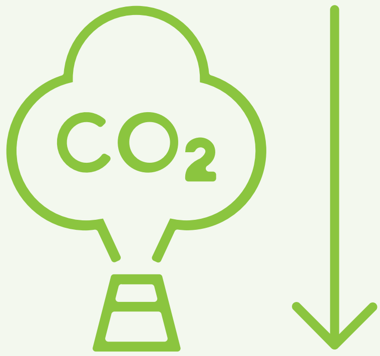
There are a number of specialist waste management operators that own and operate landfills, including Veolia and Suez. LGI is not a competitor of these corporations, and businesses of this nature can be part of LGI's client base.

While LGI has individual competitors selling parts of LGI's offering in various markets, LGI believes it offers the most comprehensive vertically integrated solutions.

LGI's competitors include one end-to-end biogas from landfill services provider, two companies that provide installation, operation and maintenance of landfill biogas infrastructure, and two companies that own existing biogas-to-power stations on landfills.

CARBON EXPERTISE

Our Carbon team, led by Dr Jessica North, helps customers achieve regulatory compliant, environmentally and commercially optimal outcomes. Jessica has worked in the waste sector for over 20 years in management, consulting and research. She has extensive Australian and international work experience from both developed and developing countries.



.3.
COMPANY OVERVIEW

3.1 Introduction to LGI Limited

LGI is an established domestic market leading business in the recovery of biogas from landfill, and the subsequent conversion into renewable electricity and saleable environmental products. LGI's vertically integrated operations cover the engineering and management of landfill gas infrastructure, whilst providing solutions to create opportunities for the generation of renewable electricity and carbon abatement. LGI is addressing an inherent environmental issue for waste disposal sites.

Consistent with its vision of engineering a clean energy, zero carbon future, LGI voluntarily retired an equivalent number of ACCUs in FY21 to offset Scope 1 emissions of 351 tonnes of CO_2-e. The company will do this every year as it works towards achieving net zero.

LGI has developed a distinctive approach to its business operations, based on three guiding foundations:

- **Focused** – Over 12 years of consistent growth. The way LGI manages biogas to optimise operations of both power generation facilities and flaring installations, leading to an efficient operating business which can deployed across multiple sectors outside landfill gas sector;
- **Purposeful** – LGI's people are committed to addressing the causes of human induced climate change. Strategic recruitment and company-wide engagement with LGI's vision and values has resulted in a uniquely skilled team able to deliver on being a carbon neutral carbon emission company; and
- **Capable** – LGI prefers to recruit senior capability into its team as it grows rather than outsourcing to contractors and consultants. LGI has over 35 employees across Queensland, New South Wales and the ACT, covering its core business areas of biogas management, carbon creation, and power generation. LGI has built a uniquely skilled team capable of all infrastructure installation, biogas flare construction, engineering and power station construction, optimising the biogas field, operating and maintaining the power stations, and administering projects for ACCU and LGC creation.

OUR MISSION

People engineering a clean energy, zero carbon future.

OUR VISION

Expediting the transition to renewables by delivering clean energy and lower carbon solutions, reliably, effectively and commercially.

OUR VALUES

People first.
Learn and grow.
Do what's right.
Fun and laughter.
Innovate, create, solve.
Be courageous.

3.2 History

LGI was established in 2009 as Landfill Gas Industries Pty Ltd. The business initially focused on designing and installing biogas extraction systems for landfill owners with a small installation team.

LGI's founder and Managing Director, Adam Bloomer, combined hands-on engineering expertise, waste industry experience, and previous small business exposure to create the company philosophy, vision and values. Through necessity, LGI designed and modified biogas recovery technology, including combustion devices, to reduce cost and complexity during installation and whole-of-life. This resulted in carbon abatement and power generation projects on landfills that were previously deemed too small, or 'sub-optimal', by others in the sector.

Within three years, LGI was filling a gap in the market for small to mid-sized, regional landfills and had started developing fully integrated, end-to-end solutions that could deliver superior performance and commercial opportunities for these sites.

In 2011, Timothy McGavin joined Adam as an LGI Shareholder and Company Director, providing commercial expertise and insight to financial markets. LGI began securing long-term (20+ year) contracts with local government clients for the rights to extract and beneficially use biogas from their landfills. Gas rights would be monetised by way of carbon abatement (through production of ACCUs) and/or generating renewable electricity.

LGI commissioned its first biogas-to-energy facility on the South Brisbane Landfill in Brisbane in 2012, receiving revenue from both wholesale power and LGCs. With the introduction of the Government's Carbon Farming Initiative in 2011, LGI engaged Jessica North to begin building the company's portfolio of carbon abatement projects and ACCU revenue streams. LGI registered its first carbon abatement project in 2012. Jessica became a Director and Chair of the LGI Board in 2013, and later took the role of Chief Executive Officer.

From 2012, LGI put significant focus on developing the modularity of power generation systems for scalability, and on the dispatchable power generation capability of the biogas-to-energy facilities (refer to Section 3.6 for details). New long-term contracts for biogas recovery, carbon abatement and power generation were added to LGI's growing portfolio of projects.

Adam grew the original LGI team through strategic recruitment and investing in continuous in-house technical training for existing staff. In 2014, Jarryd Doran, Chief Operations Officer, joined LGI and added five years of landfill and biogas management experience from within local government.

In 2015, LGI negotiated a $10 million Finance Agreement with the Clean Energy Finance Corporation (CEFC) to fund additional biogas-to-power and carbon abatement projects. The CEFC investment in LGI resulted in a material acceleration of growth, and new levels of corporatisation and standards of corporate governance.

LGI's status changed from a privately held business to a publicly unlisted business in 2017, with the addition of more than 100 new shareholders. The company also changed its registered name from Landfill Gas Industries Pty Ltd to LGI Limited. LGI refinanced in 2018 with a major Australian bank, having achieved the projected growth and leverage using the CEFC funding.

By 2019, LGI commissioned the first siloxane removal system at a biogas from landfill project in Australia at its Caboolture biogas-to-power facility, continuing its leading-edge philosophy and clever use of technology to optimise biogas recovery systems.

FIGURE 10

LGI TIMELINE

2022
- DACS (Phase 1) commences

2021
- Toowoomba site prep for biogas power station
- Nowra biogas system upgrade and site prep for biogas power station

2020
- Canberra biogas power station commissioned with SRS
- Toowoomba biogas extraction installed
- SRS installed at Dakabin
- Toowoomba and Canberra Belconnen biogas flare sites start creating ACCUs

2019
- Maryborough biogas power station expanded
- Shellharbour biogas flare site starts creating ACCUs

2018
- Brisbane Bunya biogas power station commissioned
- Caboolture biogas power station commissioned with siloxane removal systems (SRS) pioneered by LGI
- Gympie and Bega biogas flare sites start creating ACCUs

2017
- Capital raise

2016
- Gladstone and Maryborough biogas power stations commissioned
- Bundaberg Central and Hervey Bay biogas flare sites start creating ACCUs

2015
- Dakabin biogas power station commissioned
- Creation and delivery of first ACCUs
- CEFC finance

2014
- Dubbo, Hawkesbury and Bundaberg West biogas flare sites start creating ACCUs

2013
- Began generating ACCUs under the CFI at Brisbane Willawong and Gladstone (Gladstone the first 'new' biogas from landfill project registered under CFI)

2012
- Brisbane Willawong biogas power station commissioned
- First use of gensets
- Creation and delivery of ACCUs and LGCs

2011

2010

2009
- LGI FOUNDED AND FIRST BIOGAS MANAGEMENT CONTRACT

In 2020, LGI commissioned its seventh and largest biogas-to-power station at Australian Capital Territory (ACT) landfill in the ACT. This was a milestone event for LGI, in which the company displaced the previous, long-term contractor by leveraging off its proven track record in deploying, maintaining and operating decentralised, dispatchable renewable power generation.

In 2021, LGI began planning and preparation for its Toowoomba and Nowra landfill biogas-to-power stations. Preparation includes extensions to existing biogas extraction systems and building gas conditioning systems for installation. The Toowoomba project will be LGI's first behind-the-meter power supply arrangement.

In 2022, LGI completed civil works for the Toowoomba power station, which is likely to be commissioned this financial year. Interconnection design works continue for the Nowra power station. LGI has taken delivery of its first storage battery for installation at an existing power station and is progressing its proprietary DACS program to generate power when pricing is optimal at that site.

3.3 Current portfolio

7	**biogas power generation sites**
19	**biogas flaring sites**
1	**manufacturing facility (at HQ)**
27	**total sites on Australian east coast**
15	**of these create carbon credits**

As at 30 June 2022, LGI currently operates 26 projects across Queensland, New South Wales and the Australian Capital Territory. Of these projects, 7 generate renewable power including LGCs, 19 abate carbon through biogas flaring, and 15 are registered ERF projects, generating ACCU revenue for LGI. See Figure 11 for the current portfolio map.

3.4 Business model

3.4.1 Overview

LGI is a vertically integrated business model which specialises on the capture and beneficial use of biogas from landfills to generate value throughout each stage of the landfill lifecycle. Over 85% of LGI's customers are Australian Local Governments (Councils). LGI's customers also include State Government and waste management companies. The capture and treatment of biogas from landfills underpins LGI's business strategy and growth.

Without proper management, biogas can migrate outside the waste mass and cause operational and environmental risks for landfill owners. LGI's bespoke biogas extraction and flaring systems are designed to maximise gas recovery and thereby reduce site odour, minimise the risks of health hazards and explosion, and abate greenhouse gas emissions.

Through the conversion of biogas into a renewable source of electricity, LGI is able to generate revenue through electricity sold into the grid. All of LGI's power stations are accredited renewable power stations.

LGI is also eligible to earn one ACCU for each tonne of carbon dioxide equivalent (t carbon dioxide-e) stored or avoided by a project. ACCUs can be monetised and sold to generate further income, either through a carbon abatement contract or on the secondary market. LGI's practice is to enter into ERF offtake contracts to secure fixed, long-term pricing for a portion of its portfolio, whilst retaining opportunities for strategic spot sales for the remainder.

LGI determines any revenue sharing payment due to a landfill owner based on the electricity invoice (multiplied by the contracted revenue sharing rate).

3.4.2 Evaluation of project sites

LGI is continuously exploring new project opportunities, on greenfield and brownfield landfill biogas sites, with a focus on Australia's east coast. Each offer is developed in consideration of the site specific characteristics. For example, LGI considers size and form of the site, waste tonnage input and waste tonnage in place, proximity to grid connection, estimated landfill gas flow and likely contaminant levels, eligibility for CER registration to produce LGCs and ACCUs, and location in relation to other LGI assets. LGI develops a business model specific to the site and determines what level revenue sharing (if any) could be returned to the landfill owner. The revenue sharing is usually a percentage of revenue generated from LGI's activities on site, considering electricity sales, LGCs, and ACCUs.

FIGURE 11

LGI PORTFOLIO

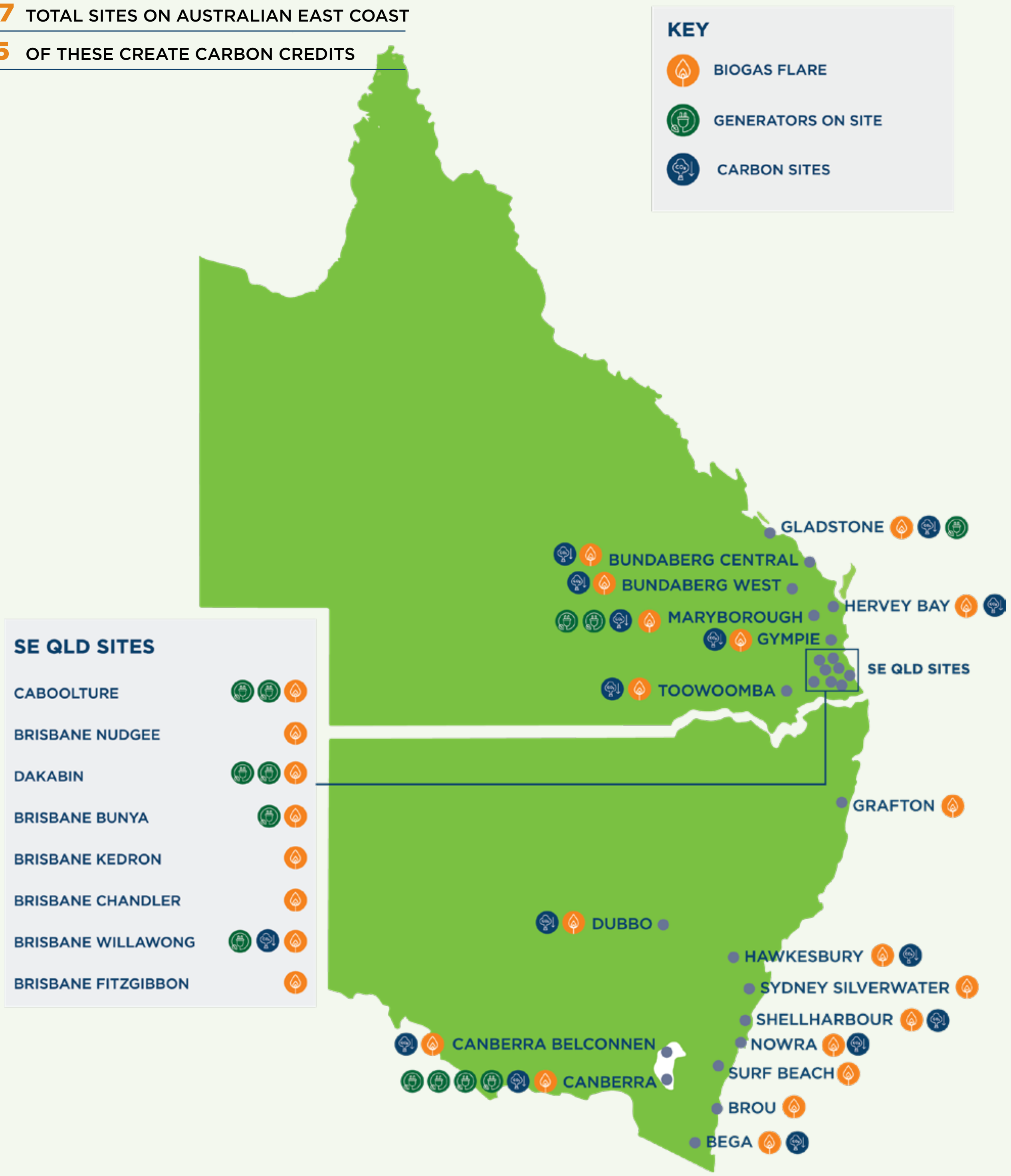
7 BIOGAS POWER GENERATION SITES

19 BIOGAS FLARING SITES

1 MANUFACTURING FACILITY (AT HQ)

27 TOTAL SITES ON AUSTRALIAN EAST COAST

15 OF THESE CREATE CARBON CREDITS



3.4.3 Services and solutions provided

LGI offers a range of services and solutions for landfill owners:

- Design, manufacture and installation of biogas extraction infrastructure and flaring systems;
- Installation of biogas extraction wells (drilling) and associated pipework;
- Operation and maintenance of biogas extraction infrastructure and flaring systems;
- Operation and administration of biogas from landfill projects under the ERF, with creation of ACCUs for revenue;
- Build, own and operate biogas-to-power stations on landfills; and
- In the future, the intention is to design, install and maintain hybrid renewable power hubs, using a combination of biogas from landfill, energy storage, and other renewable sources, such as solar power.

LGI owns installation equipment for biogas infrastructure, including drill rig and earth moving machinery, and employs a crew of specialist operators to install infrastructure projects on landfills. Each installation job is tailored to the specific landfill requirements.

Once installation of gas infrastructure is complete, LGI is typically retained to provide ongoing biogas field services for landfill owners. These services include ensuring the correct flow of biogas through monitoring and reporting, as well as maintenance of gas combustion equipment and gas recovery infrastructure.

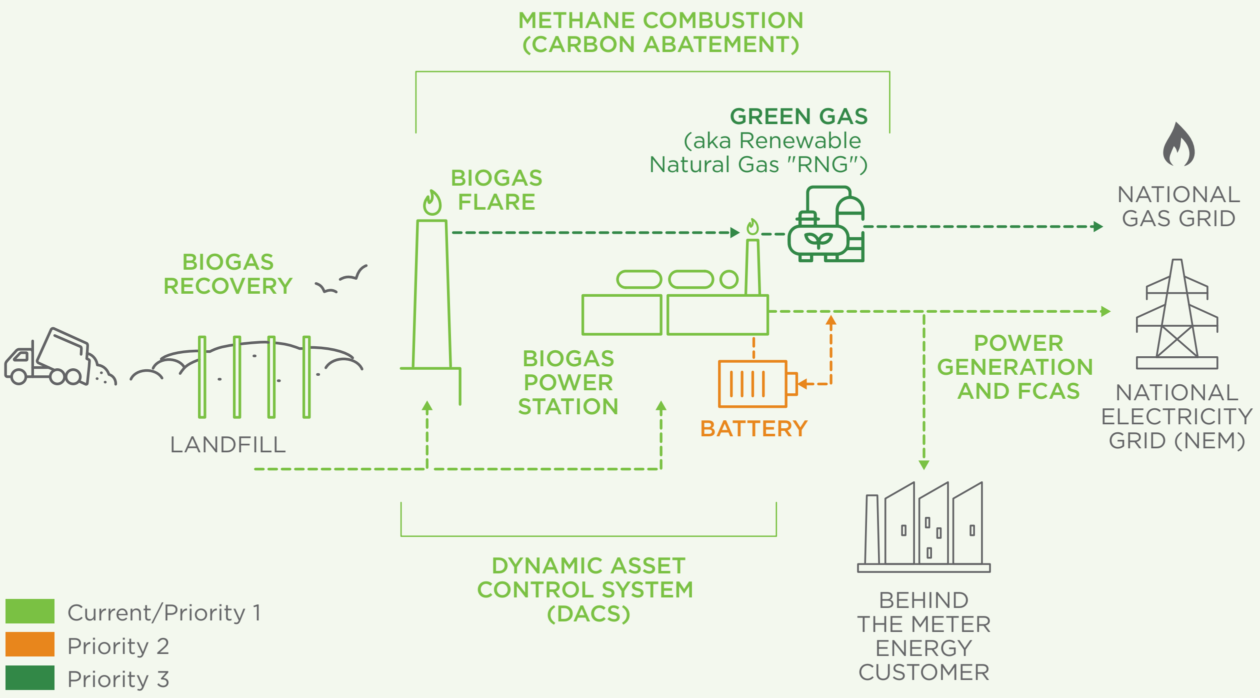
LGI designs and builds biogas flares and conditioning units. Teamed with modular containerised Jenbacher biogas engines, this provides a unique, robust, flexible, moveable and repeatable power station design. This allows LGI to create a cost-effective product offering to suit any installation, making competitive commercial arrangements possible.

Should the value placed on renewable, dispatchable energy continue to increase over time (see Industry Overview 2.6 for details) and regulation requiring biogas recovery and treatment systems on all landfills in Australia eventuate, LGI:

- Has long-term Access Rights to a very low-cost flexible fuel source;
- Has retained rights to ACCUs;
- Has invested in building a pipeline of relationships that it will progressively convert into new carbon credit and power generation sites;
- Will invest in smaller sites as cost efficiencies evolve due to the pricing and regulation; and
- Has invested in the proprietary control system (DACS) and batteries to allow electricity storage, as well as be dispatchable and a fast response (which is commonly referred to as a "DFR") to optimise price for its electricity generation in FCAS.

FIGURE 12

OUR END-TO-END SOLUTION
FROM LANDFILL TO DISPATCHABLE RENEWABLE ENERGY



Source: LGI

LGI continues to expand its operational footprint by:

- Contracting with large landfill sites, as these sites reach the end of their current landfill gas services contracts and are submitted for tender to manage site biogas collection and electricity generation opportunities, or LGI engages with new landfill sites receiving in excess 100,000 tonnes of waste p.a.;
- Contracting with medium landfill owners to better manage biogas flows from each site, mitigating methane gas emissions, that in turn attract ACCUs, and where scale permits may allow LGI to generate electricity; and
- Assessing the biogas flow and collection opportunities of smaller landfills, and subsequent opportunities to flare and create ACCUs.

3.5 Revenue model

LGI has a diversified revenue stream that is generated from three key sources:

- Renewable electricity;
- Greenhouse gas abatement; and
- Site infrastructure and management.

3.5.1 Renewable electricity

LGI installs and operates power generation systems on landfills, obtaining the rights to recover and beneficially use the biogas produced from the generation site. LGI generates revenue from the sale of renewable electricity to the NEM, which is a spot market through which generators sell electricity to retailers and directly connected customers.

LGI receives the wholesale price from the sale of electricity. In some circumstances, LGI has fixed the price of the electricity over a specific term, under a Power Purchase Agreement (PPA). Where LGI does not have fixed priced electricity, pricing is variable based on AEMO interval prices.

Each LGI generation site is a registered renewable generation site by the CER. LGI's biogas-to-power stations earn one LGC for every MWh of renewable electricity produced. LGCs can be monetised and sold, creating additional revenue. These are sold via fixed price or at the market spot price. The main purchasers of LGCs are electricity retailers, who have obligations to meet under the RET.

RENEWABLE ENERGY (POWER, LGCs & ACCUs)	**Installation of power generation systems on landfills. LGI's agreements for this type of activity include long terms often over 15 years and with governments, rights to recover and beneficially use the biogas, and build-own-operate power facilities. LGI's revenue is derived from the sale of electricity, LGCs and ACCUs.**
GREENHOUSE GAS ABATEMENT (ACCUs)	**Installation of flaring systems on landfills at LGI's option to create ACCUs, via the ERF methodology, accredited through the CER. Underpinned by LGI's long term contractual rights (typically over 10 years) to recover and beneficially use the biogas. LGI's revenue is derived from the sale of ACCUs.**
SITE INFRASTRUCTURE & MANAGEMENT	**Installation, operation and maintenance of biogas extraction infrastructure and flaring systems for landfill owners. This type of service agreement does not involve LGI having rights to the biogas and its beneficial use. LGI's revenue is derived from charging a fee based on the work requested by the client.**

LGI's electricity operations are renewable, dispatchable and fast responding, making it more valuable than intermittent renewable sources on a per megawatt of electricity basis. Landfills are able to temporarily store biogas which allows LGI to dispatch electricity at optimal pricing periods to maximise value received.

Each of the electricity generation sites are located at the landfill sites, and every landfill is located within a local government area.

3.5.2 Greenhouse gas abatement

LGI's registered ERF projects are credited ACCUs for the calculated 'net abatement' of methane over each reporting period (i.e. 6-12 months), for up to 12 years. For every cubic metre of methane destroyed at ERF-registered projects, LGI creates ACCUs – the actual amount varies by project, depending on a number of factors. LGI has committed to sell a portion of its ACCU portfolio to the CER under ERF fixed price, fixed volume contracts for up to seven years.

LGI seeks to maximise the value of its ACCUs through its ACCU trading strategy. LGI believes that the price that it can achieve for its carbon credits will be higher in the future.

LGI has contracted sales of ACCUs covering 9 sites. The contract period for a number of these contracts goes to FY2028. As at 30 June 2022, the weighted average sales price for ACCUs is $33.21 per ACCU.

3.5.3 Site infrastructure and management

LGI generates revenue from the engagement with landfill owners through:

- short-term (lump-sum) contracts;
- monthly operation fees (usually contracted for 5 years); and
- long-term agreements in which recovered biogas is converted into one or more revenue streams.

A commercial pricing model for infrastructure installations and ongoing operation services has been designed to meet the flexibility required by customers. Pricing is based on the extent of required infrastructure (i.e. gas extraction wells, size of flaring unit, extent of gas field to monitor and maintain). Pricing varies based on drilling activity (i.e. depth of gas extraction wells), materials consumed (i.e. pipe, fittings, components of a flaring device), and the intensity of gas field operations, maintenance and monitoring. A combination of fixed-price and schedule of rates is used to address the variable nature of biogas management on landfills.

LGI's long-term contractual arrangements are typically collaborative with a percentage revenue sharing structure. This aligns the interests and incentives of the landfill owner and LGI to achieve the best financial outcome from the biogas flows, whilst also maximising environmental outcomes for the site. A key condition for long-term agreements involving power generation and/or ACCU creation, is LGI's rights to recover and beneficially use biogas from the landfill for the contracted term.

LGI's biogas services contracts as at 30 June 2022 are:

LOCATION	BIOGAS-TO-POWER GENERATION	BIOGAS FLARING (OR COMBUSTION IN POWER STATIONS) AND ACCU CREATION	BIOGAS FIELD SERVICES AND/OR INFRASTRUCTURE INSTALLATION
Gladstone	✓	✓	
Maryborough	✓	✓	
Caboolture	✓		✓
Dakabin	✓		✓
Brisbane Bunya	✓		✓
Brisbane Willawong	✓	✓	
Canberra	✓	✓	
Nowra	✓ generation set on site and LGI has applied for connection to grid	✓	
Toowoomba	LGI has begun work on installation of generation	✓	
Bundaberg Central		✓	
Canberra Belconnen		✓	
Bundaberg West		✓	✓
Hervey Bay		✓	
Gympie		✓	
Dubbo		✓	
Grafton			✓
Hawkesbury		✓	✓
Shellharbour		✓	
Surf Beach			✓
Brou			✓
Bega		✓	
Brisbane Nudgee			✓
Brisbane Kedron			✓
Brisbane Fitzgibbon			✓
Brisbane Chandler			✓
Sydney Silverwater			✓

3.5.4 Gas flow growth and conversion into revenue

Biogas is produced continuously from landfilled waste and is measured as cubic metres with a flow rate measured per hour. Other factors being equal, increase in waste at a landfill, will lead to increasing biogas production. However, forecasting biogas production from landfills is complicated due to multiple unknown factors and variables. LGI uses a combination of experience, site tonnage and waste composition data, and an accepted model[31] to estimate its future biogas resource. Gas production is typically stable for 20 years after waste is placed in the landfill, and will continue to be emitted for 50 or more years after waste is placed in the landfill.[32] This can be observed at the facility LGI operates at South Brisbane. The South Brisbane landfill was closed to new waste in 1998. 24 years after the site closed to new waste, in the financial year 2022, LGI extracted 4.8M m^3 of landfill gas, resulting in the generation of 4,774 MWhs of electricity.

Figure 13 shows several years of actual, historic and expected growth in biogas recovery from LGI's current, contracted projects. This growth is achieved from the award of new landfill gas collection contracts ("greenfield projects"); and, from existing contracted landfill sites ("brownfield projects") receiving more waste, thereby generating more biogas, and through LGI expanding the sites' gas extraction pipework, thereby increasing the collection capacity.

31 First Order Decay Model for the estimate of methane emissions from landfills, as presented in the National Greenhouse and Energy Reporting (NGER) System Technical Guidelines.

32 ATSDR 2008. Chapter 2: Landfill Gas Basics. In Landfill Gas Primer – An Overview for Environmental Health Professionals. Figure 2-1, pp. 5-6. https://www.atsdr.cdc.gov/HAC/landfill/PDFs/Landfill_2001_ch2mod.pdf (PDF)(12 pp, 2MB).

From FY2019 to 2020, growth in the biogas resource was achieved through expansion of brownfield projects (including at Maryborough, Bundaberg and the Moreton Bay Region sites) and LGI's acquisition of the Canberra Belconnen project.

From FY2020 to FY2021 LGI added 34.0M m^3 per annum of biogas resource, to 84.0M m^3, through commencing gas extraction on new projects (such as the Toowoomba and Canberra sites), and increasing gas recovery infrastructure on existing projects, including system upgrades at the Moreton Bay Region and Bundaberg sites. Growth from FY2021 to FY2022 predominately achieved with extensions to existing infrastructure at contracted sites.

The forecast growth in gas flow in FY2023 through to 2024, as depicted in Figure 13, is based on known brownfield project expansions. In the financial year 2022, LGI extracted circa 100.4M m^3 of biogas from landfills as a result of contracted brownfield expansion at Canberra, Nowra, Maryborough, Toowoomba, and Moreton Bay Region sites. In 2023 and 2024 LGI expects a further 8.0M m^3 and 4.0M m^3 of gas flow growth respectively primarily from Canberra, Nowra, Moreton Bay Region and Toowoomba projects – these are large, active regional landfills that require continuous expansion of biogas infrastructure to optimise gas management and recovery as the site grows with increased waste deposits.

LGI expands the gas recovery infrastructure through a combination of drilling/installing new gas extraction wells in 'untapped' areas of waste, adding new manifold stations, extending pipework, and increasing combustion capacity (engines or flares) where required.

The company allocates incremental annual investment in the expansion of gas recovery systems on active, growing sites, with the timing of that investment being determined by factors such as site filling rates, landfill operations and weather.

Increased biogas recovery across LGI's 15 registered ERF carbon abatement projects translates into higher volumes of ACCUs created – every additional cubic meter of biogas captured and combusted at these projects equates to additional ACCUs. Increased biogas recovery at LGI's biogas-to-power generation projects results in increased MWhs of renewable energy and more LGCs created – biogas provides the fuel required to power the engines and generate electricity (more fuel equates to more electricity and associated LGCs). The company is due to commission new power stations at the Toowoomba in FY2023 and Nowra sites in FY2024, and install additional biogas engines at the Dakabin and Canberra projects in FY2023, which contribute to the increases in MWh and LGC volumes from 2023 shown in Figure 13.

It is important to note that the forecasts highlighted in Figure 13 do not include the pipeline of greenfield projects that LGI is actively pursuing, nor the optimisation initiatives (DACS, "Sponge effect") discussed in section 3.6 below, which would potentially further grow the company's gas resource once secured through contracts and the market pricing it may achieve.

FIGURE 13: LGI's contracted biogas forecast resource 2019–2024

LGI BIOGAS FLOW GROWTH AND YIELD

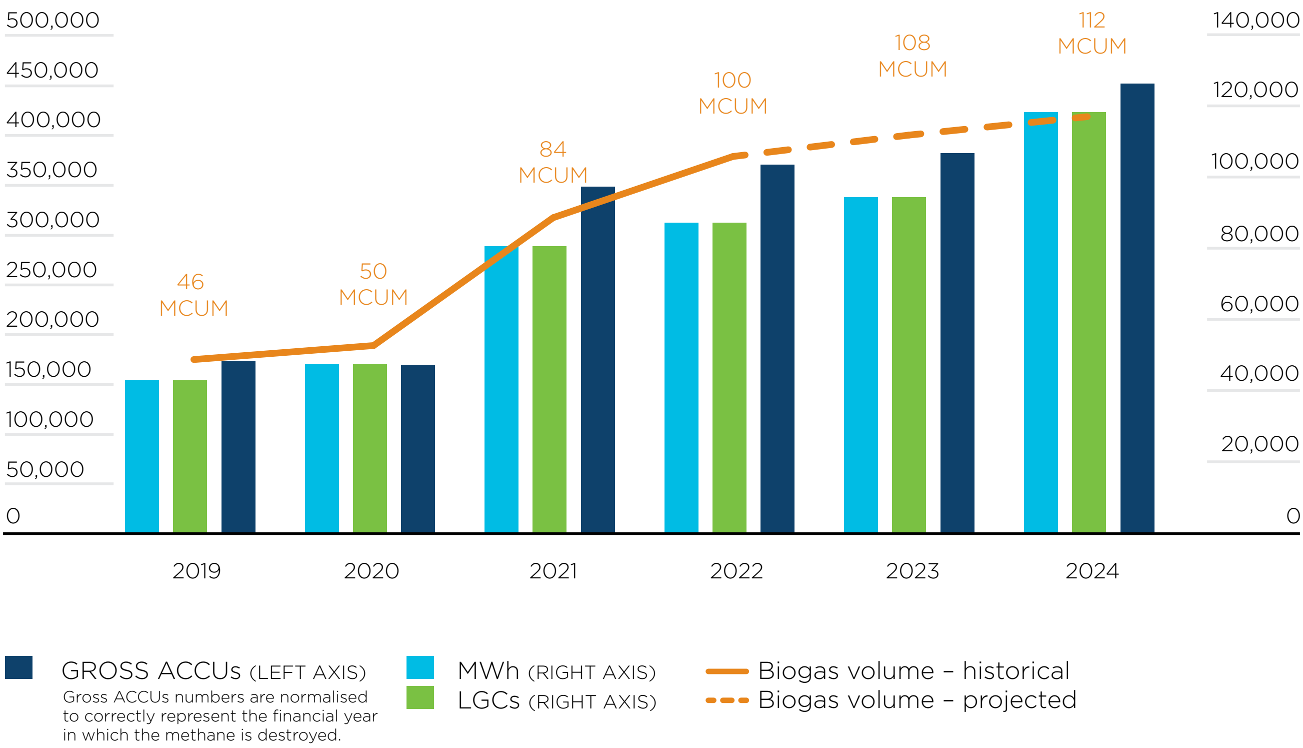
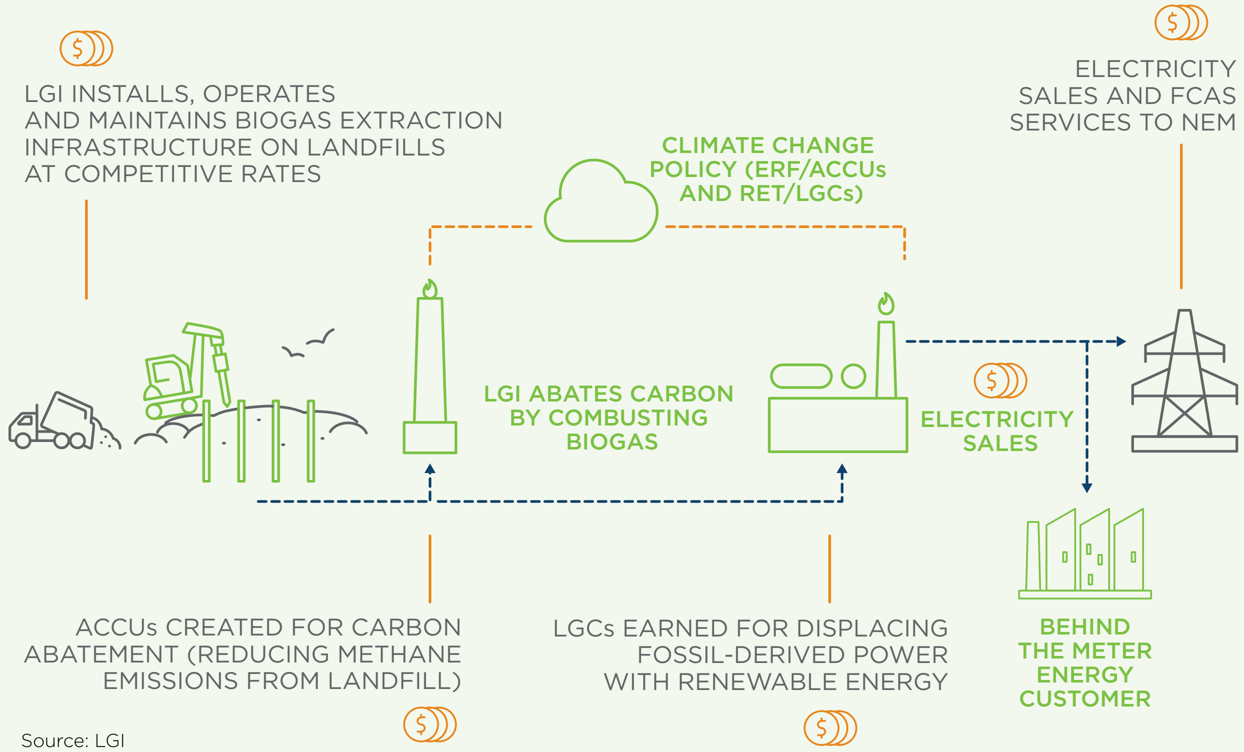


FIGURE 14

CONVERSION OF BIOGAS INTO REVENUE



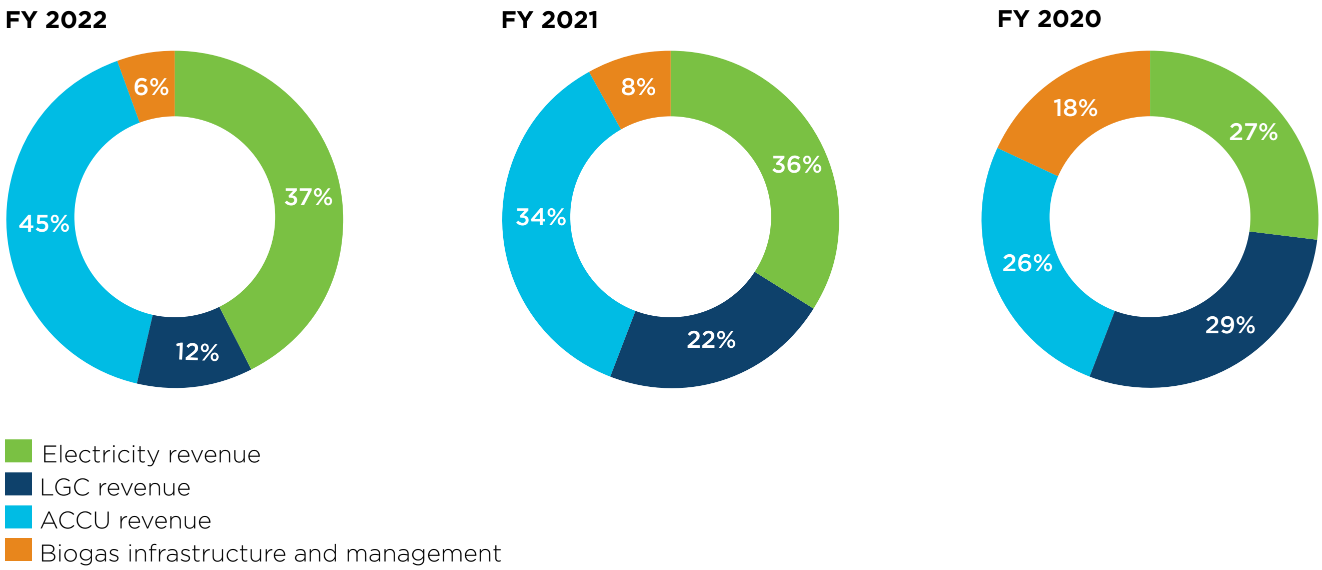
Source: LGI

In FY2021 LGI earned 36% of its revenue from electricity generation and 56% from carbon credits in the form of ACCUs and LGCs and the remainder from infrastructure installation, operation and maintenance.

In the event of LGCs not being extended, there are indications that ACCU pricing would adjust to accommodate such.

LGI's business segments, described below, result in revenue created through one or more of these pathways.

FIGURE 15: LGI revenue (statutory) captured across the landfill supply chain



These charts do not include statutory Other Revenue.

3.5.5 Overview of business segments

TABLE 3: LGI generates revenue from its 3 core, complementary business segments:

	RENEWABLE ENERGY (POWER, LGCs & ACCUs)	GREENHOUSE GAS ABATEMENT (ACCUs)	SITE INFRASTRUCTURE, MANAGEMENT & OTHER	TOTALS
Revenue stream	Sale of electricity into NEM or Behind the Meter. 1 LGC is created per MW/hr of electricity generated.	ACCUs are created via ERF methodology and are accredited through CER. These are sold either via government 7 year contract (which LGI may exit and sell on the spot market) or via secondary spot market, underpinned by long term (over 10 years) biogas rights.	Lump sum or contracted fee for installation and operation of biogas extraction systems. Operation only contracts generally do not exceed 5 years in length.	
FY23 Revenue (Statutory Forecast)	$24.4M	$5.3M	$1.6M	$31.3M
FY23 EBITDA (Statutory Forecast)	$10.2M	$2.0M	$0.2M	$12.4M
Geographical locations	QLD and ACT	QLD, NSW and ACT	QLD, NSW and ACT	

LGI is continuously pursuing new opportunities, through responding to Requests for Tender, sole-sourced Requests for Quote, and direct approaches to potential clients. To-date, LGI's tendering success rate has exceeded 85% across the three core business segments, and exceeded 75% for provision of biogas-to-power services through long-term contracts with landfill owners. Currently LGI has eight opportunities awaiting approval: three biogas management with potential electricity generation, and five biogas management with flaring and potential ACCUs.

3.6 Differentiated offering

LGI has developed proprietary technological solutions, an innovative contracting approach and a highly efficient operating model which together, gives LGI a significant competitive advantage in accessing and monetising landfill biogas.

The Board considers that the key factors that differentiate LGI and that have contributed to the growth and success of LGI in securing new projects are as shown in Figure 16.

FIGURE 16

LEVERAGING OUR COMPETITIVE ADVANTAGES

TECHNICAL INGENUITY AND SCALABLE MODEL

- Most effective technology for regional sites – modular, moveable and also scalable for larger sites
- Low cost with high reliability
- Smart, real-time, remote access operating systems (DACS)
- High performing, reliable in-house team
- Pioneered siloxane removal systems (SRS) to increase reliability and reduce cost

EXPERTISE IN LANDFILL, ELECTRICITY, AND CARBON

- Reputation as the specialists in the regional landfills
- Pioneer of collaborative contracting and "free installation"
- Flexible approach contracting with long-term contracts (15yrs+)
- Long sales cycle where long-standing relationships, primarily with Government, are critical

OPTIMISE BIOGAS EXTRACTION AND YIELD

- Optimise biogas extraction and yield from landfills
- Leverage the "sponge" effect
- Uses DACS to optimise power revenues and, in the future, to integrate batteries
- Consistently achieves better pricing over the average electricity prices
- Multiple revenue streams from biogas; electricity at $/MWh, LGCs and ACCUs

CARBON MARKET EXPERTISE

- Recognised expertise and long-term relationships in ACCU markets
- In-house specialists with deep understanding of carbon markets (Australian and global)
- Abates carbon through the capture and combustion of biogas
- Company-wide understanding of, and focus on, capturing biogas to optimise carbon abatement
- Sophisticated ACCU trading

DISTRIBUTED, DISPATCHABLE RENEWABLE ENERGY AND CARBON ABATEMENT

LGI is uniquely positioned to leverage increasing demand for carbon abatement and renewable energy when and where it is needed.

LGI has exclusive biogas rights to 2046, carbon market expertise and rare renewable, dispatchable, distributed power stations with a proprietary operating system – the DACS.

Phase 1 DACS enables dispatch in the 5-minute NEM market and phase 2 with batteries will enable response within seconds for FCAS services.

3.6.1 Technical ingenuity and scalable model

LGI designs and operates systems to deliver superior performance at a low cost for small to mid-sized landfills, which are scalable for larger sites and moveable between sites.

LGI uses sponging techniques to optimise its gas extraction to attract peak pricing and/or maximum creation of ACCUs.

LGI has been the first to implement landfill gas conditioning that removes the siloxane contaminant from the gas. This has doubled the life of the oil within the engine (a major consumable cost) and significantly reduced wear that is typically seen on landfill gas applications, providing a two-way benefit, significantly reducing maintenance costs (circa 50%) and reducing downtime.

DACS phase 1 was developed to allow LGI to be dispatchable to the 5 minute NEM to fetch peak pricing. LGI will develop DACS phase 2 and install batteries to be dispatchable to the 6 second FCAS market to fetch premium pricing.

3.6.2 Expertise in landfill, electricity, and carbon

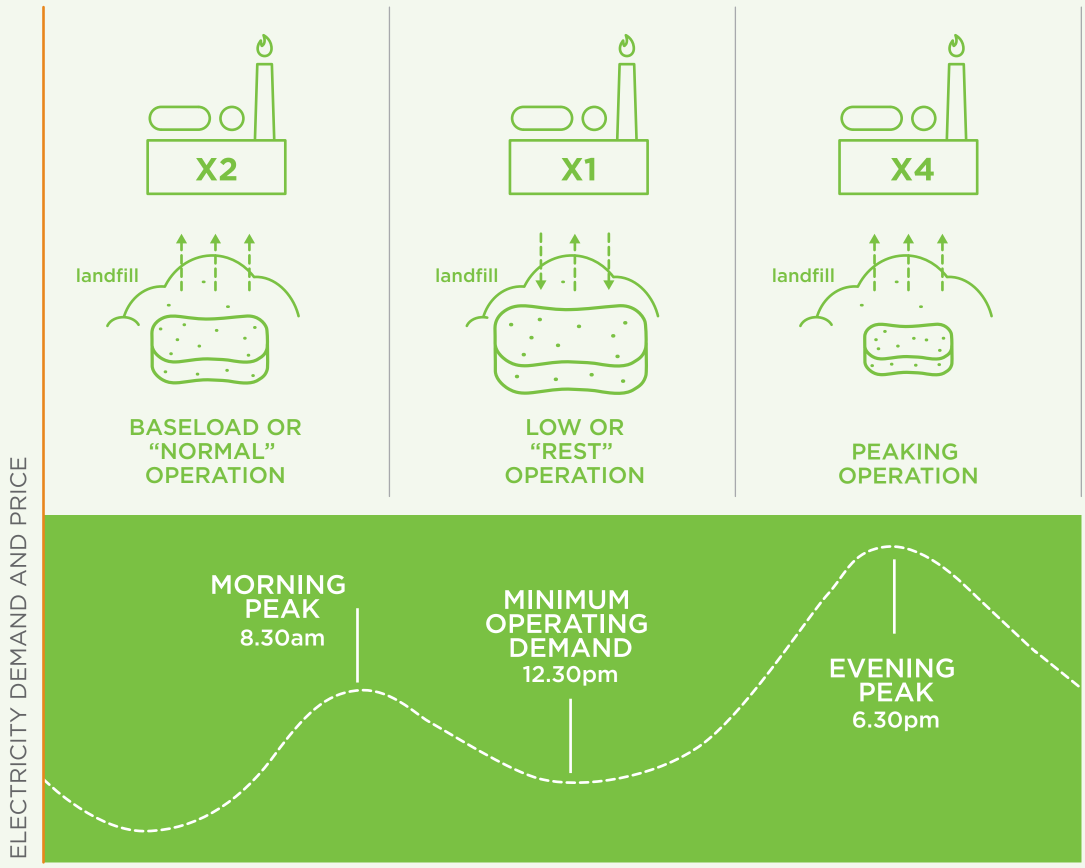
LGI won its early contracts by offering local governments a more cost effective and efficient flaring unit, more suitable to regional Australian site conditions. In common with the many innovations to follow, is LGI's ability to improve technology derived from a practical, hands-on experience. This technical innovation, complemented by LGI's focus on building long-term relationships with customers, including being prepared to listen to customers' needs and offering a more flexible approach to contracting, has afforded LGI success in winning opportunities, and the average age of such contracts is over 15 years and the vast majority are with government entities.

3.6.3 Optimising biogas yield with technical ingenuity

Biogas from landfill is a unique renewable energy source which can be temporarily stored (see Figure 17 below) for periods within a day to produce dispatchable, fast response (DFR), electricity, unlike other renewables like wind and solar which are intermittent.

FIGURE 17

LGI ONSITE BIOGAS PEAKING AND STORAGE CAPABILITY
"SPONGE" EFFECT IN THE LANDFILL



Source: LGI

Whilst the landfill acts as a "sponge" that can store biogas in the short term, it does not function as a "reservoir" that can hold biogas for days or weeks. Ongoing extraction is still necessary to manage biogas from landfill to achieve environmental outcomes.

LGI has spent the last three years learning how to optimise the value of dispatchable power generated from its power stations, within constraints such as: the distinctive "sponge" performance of each site, the additional maintenance cost of each stop/start routine and the cost of a peak capacity connection to the network. The work has demonstrated that adding battery storage and then optimising this hybrid peaking power station achieves greater revenues than can be achieved from continuous 24/7 energy export.

As the NEM moves to 5-minute pricing and the growth in non-dispatchable renewable generation potentially increases the price differential between periods, there is a real opportunity to operate the LGI power stations in a way that achieves an average price/unit of gas that is significantly higher than simply operating the power station at a steady rate. LGI's DACS will leverage these characteristics. LGI is developing Dynamic Asset Control Systems (DACS) to enable its power generation assets to intelligently and automatically respond to gas field performance, market data, and operational requirements, optimising output to achieve higher than average pricing for the electricity it generates.

These attributes position LGI as a producer of premium electricity; electricity that is renewable, dispatchable and fast responding – a rare combination.

3.6.4 Carbon Management Expertise

LGI has been actively involved in the development of Australia's carbon credit methodologies for the biogas from landfill sector since 2011. LGI has successfully created ACCUs from 15 ERF registered projects since 2012. We are continually adding sites which may be eligible under ERF and therefore generate ACCUs.

LGI has a dedicated internal function that manages all aspects of its carbon abatement.

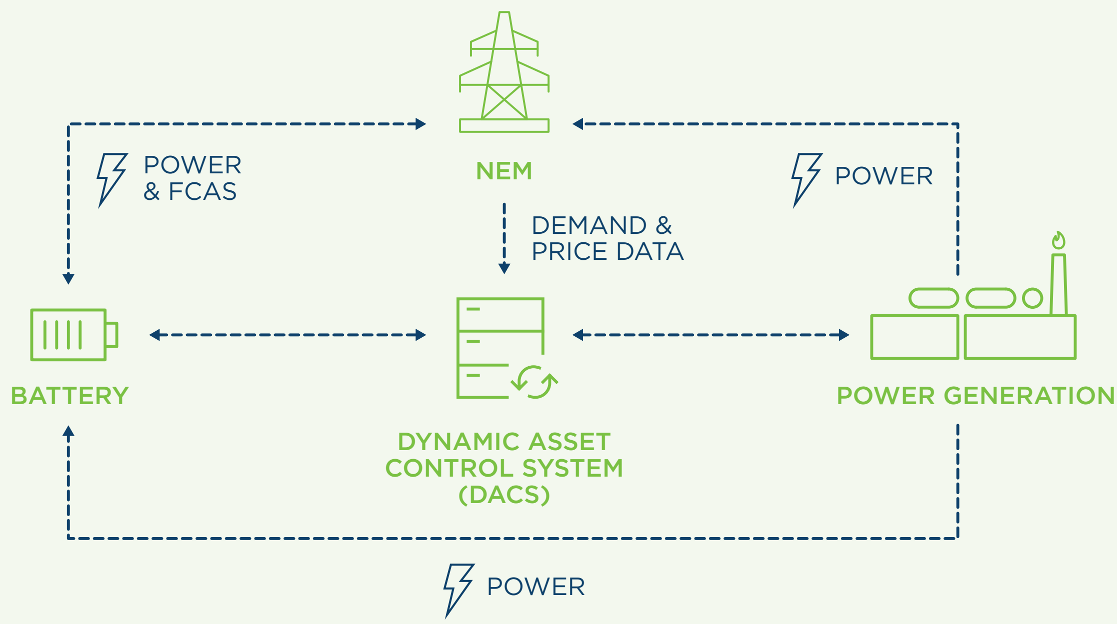
3.6.5 Long term, pragmatic, focused investment in development drives continual innovation

LGI continues to invest heavily in development focused on optimising yield and performance from the biogas resource. Current examples include:

- Pioneering the siloxane removal systems for reduced operating costs, increased reliability and therefore compliance outcomes for landfill owners. It also positions LGI to produce Green Gas;
- Ongoing enhancement of LGI's sophisticated telemetry control system, known as the Dynamic Asset Control System or "DACS", is a modular design philosophy which maximises effective use of the biogas resource at each project site. The DACS system will be the tool used to control the integration of batteries into our landfill sites over the next 24 months; and
- Assessing the potential to produce Green Gas (also known as the Renewable Natural Gas (RNG)) and has developed key relationships in both the equipment supply, gas offtake stakeholders and key market regulators, including Green Power, the CER and the Australian Renewable Energy Agency (ARENA).

FIGURE 18

OPTIMISATION WITH DACS
DYNAMIC ASSET CONTROL SYSTEM (DACS)



Source: LGI

3.7 Growth strategy

LGI intends to invest capital into activities that optimise conversion of biogas to revenue, whilst maintaining its profitability and safety record.

3.7.1 Increase biogas operations (priority 1)

- Develop/acquire additional biogas flaring (ACCU) projects;
- Develop/acquire additional biogas-to-power stations on landfills; and
- Expand utilisation of existing biogas-to-power stations.

3.7.2 Strengthen the premium electricity offering (priority 2)

- Advance DACS development;
- Deploy hybrid battery systems that increase the ability to dispatch power, in accordance with 5-minute interval NEM pricing and with fast response with the 6 second interval FCAS pricing;
- With batteries and further development of DACS, the proprietary system which automates the process, LGI can be considered a DFR and eligible to participate in the 6-second market (FCAS) which attracts an extra premium in pricing. LGI has developed an initial version of DACS (phase 1), which has assisted LGI to participate in the 5-minute market and is in the process of ordering its first batteries.

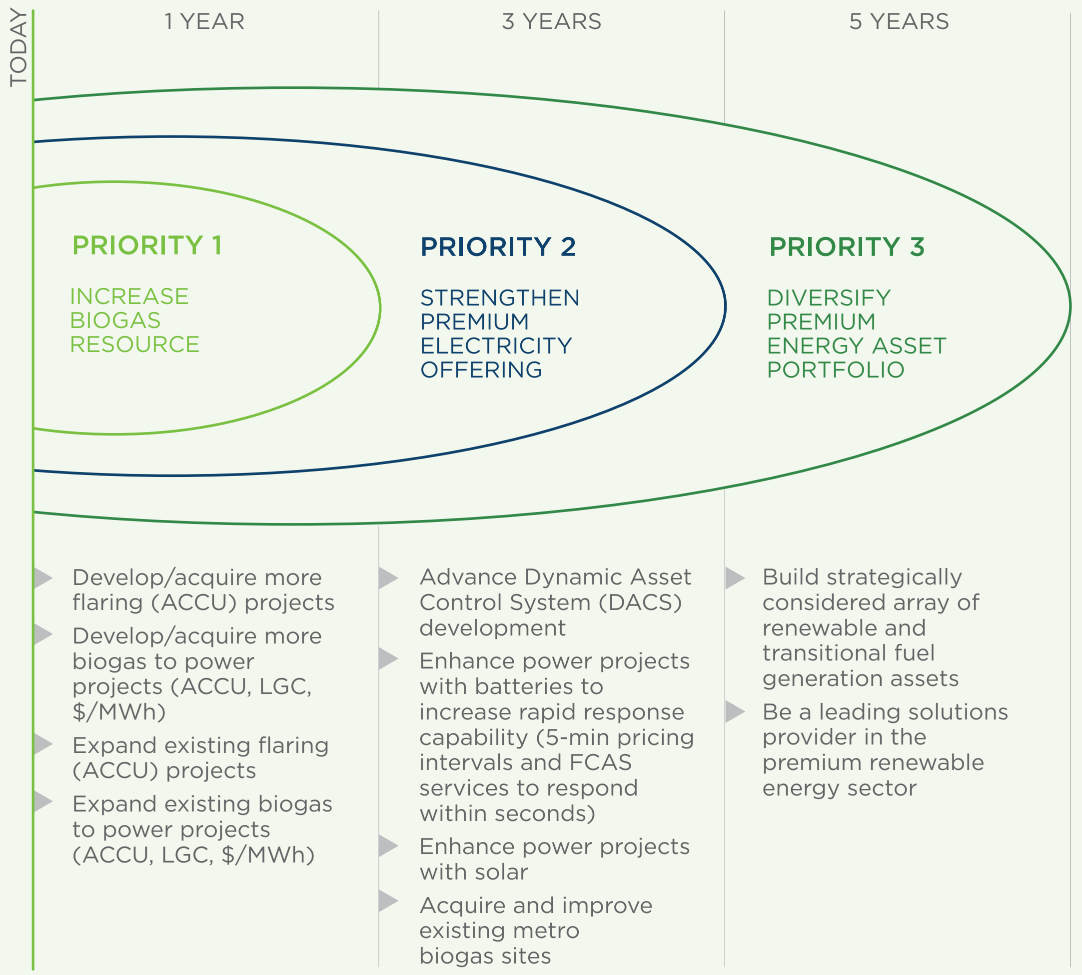
3.7.3 Diversify portfolio of energy assets (priority 3)

LGI plans to build a strategically considered array of renewable and transitional fuel generation assets as a leading solutions-provider in the premium renewable energy sector.

3.8 Capital management

LGI intends to apply funds raised from the Offer over the first two years, following admission of LGI to the official list of the ASX, into priorities 1 & 2.

FIGURE 19
LGI GROWTH STRATEGY
PRIORITIES



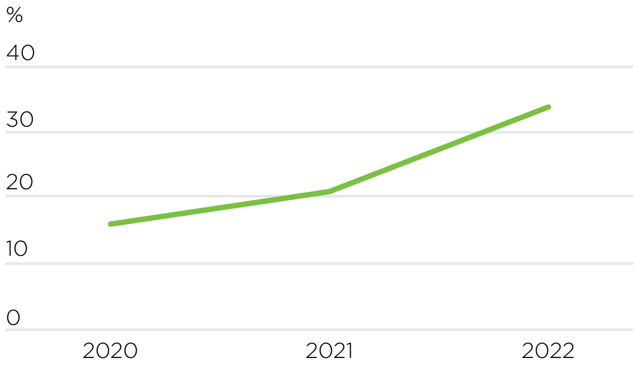
Source: LGI

LGI will be increasing the capacity of a number of generation sites, including the installation of batteries, allowing LGI the increased capacity and capability to deliver renewable, dispatchable, fast response electricity that can yield premium prices. Further DACS developments will allow us to automate the process and hence provide an even faster response.

There are long lead times for regulatory approvals and delivery of equipment. The projects described above will be constructed across the next two years. It is anticipated that resulting generation revenue and ACCUs will commence in FY23.

LGI manages its capital within its banking covenants.

FIGURE 20: Return on invested capital



Note: Return on invested capital calculation:
(EBITDA less tax) over (debt plus equity less cash).
EBITDA, tax, debt, equity and cash are statutory numbers.

3.9 Key investment highlights

Key investment highlights include:

1. **LGI provides ESG solution to waste landfill industry legacy emission issues**
2. **Generates dispatchable distributed renewable power and abates carbon with biogas from landfill**
3. **Vertically integrated platform operational across 26 east coast sites with long term contracts**
4. **Highly credentialed and experienced board, management team and experienced workforce**
5. **Addressing the growing global demand for high quality, reliable generation of renewable electricity**
6. **Total biogas flow growth of approximately 35% between 2020 and 2022**
7. **FY23 Pro Forma revenue $31.3m, EBITDA $13.1m, Operating Cashflow $4.8m**

3.10 Key dependencies

The LGI business has the following key dependencies:

- LGI is using and intends to continue to use Jenbacher biogas engines. Jenbacher engine manufacture is owned by INNIO;
- LGI has a major Australian bank as the principal debt provider;
- Part of LGI's operations and resulting revenue streams are subject to Government regulations. These regulations are described in Section 2;
- Electricity, LGCs and ACCUs are subject to price fluctuation. To the extent LGI does not have fixed price contracts for the sale of these products, the price is subject to market pricing; and
- LGI employs personnel in key management roles. These employees have developed skills and experience specific to the LGI business. LGI is dependent on these staff continuing in their roles or being able to employ new staff with these skills.

The Company is also subject to the general and specific risks set out in Section 6.

.4.

OWNERSHIP, MANAGEMENT AND CORPORATE GOVERNANCE

4.1 BOARD

Vik Bansal

Non-Executive Chairman

Vik was appointed Chairman in April 2021. He is also CEO and Managing Director of Infrabuild Ltd, which is one of Australia's largest and oldest vertically integrated steel manufacturers, owning its own recycling, manufacturing and distribution channels. Infrabuild is a $5 billion revenue business which employs over 5,500 people spread across 160 sites in Australia, New Zealand, the United States and China. Until recently, Vik was Group CEO & Managing Director of Cleanaway Waste Management (ASX:CWY), an ASX 100 company.

Vik has been appointed as the CEO of Boral Limited, an ASX listed top 200 company. He will commence in this role by December 2022.

Since August 2015, Vik grew Cleanaway's market capitalisation by five times, making it an Australian industry leader. Whilst CEO of Cleanaway, he was integral in transiting the Australian waste sector into having a sustainable future.

With over 25 years' experience in a range of Executive and Board roles in Australia, Asia, and the United States, he has a proven track record of leading public listed industrial organisations through significant growth, transition, and improvement.

Vik was previously President and Chief Operating Officer of Valmont Industries Inc. – then a US$3.3 billion NYSE listed global engineering and manufacturing company based out of Omaha, Nebraska USA. Prior to that, he was Group President of the Global Engineered Infrastructure Products segment and Group President of Asia Pacific at Valmont.

Vik has also held senior line leadership positions with One Steel Limited and Eaton Corporation.

He holds a Bachelor of Electrical Engineering with Honours, an MBA, and has completed the Advanced Management Program at INSEAD.

Vik is a Fellow of the Australian Institute of Company Directors, and a Fellow of Engineers Australia.

Adam Bloomer

Managing Director and Chief Executive Officer

Adam founded LGI in 2009 to provide high quality biogas solutions for landfill sites across regional Australia, and he has been the Company's Managing Director since then.

Adam has been active in the biogas, renewable energy and waste sectors for over 16 years, and is a recognised innovator and business leader in his field. He has consistently delivered promised growth to LGI Shareholders, whilst maintaining a unique and enviable company culture.

Since 2009, Adam has led the LGI team to design, install, maintain and operate biogas recovery systems on more than 30 sites in Australia, including seven biogas-to-energy facilities.

Adam's visionary leadership and commitment to continuous innovation through R&D activities, has resulted in a number of Australian "firsts", including: the first new (non-transitioning) carbon abatement project registered under the Carbon Farming Act; the first siloxane removal system installed on a landfill biogas project; and, design and manufacture of bespoke biogas flaring and treatment equipment to meet Australian standards and conditions.

Adam's previous experience includes senior roles with waste company Wanless Enviro Services (Senior Project Manager) and landfill gas provider LMS Energy (Operations Supervisor). His electrical engineering knowledge and qualifications developed through his roles at several businesses, specialising in industrial control systems, namely E3 Electrical (Lead Electrician and Director) and BCD Technologies (R&D).

Abigail Cheadle

Non-Executive Director (NED) and Audit & Risk Committee (ARC) Chair

Abigail was appointed NED and ARC Chair of LGI Ltd in April 2021. Abigail is Chair of Shriro Holdings Ltd (ASX: SHM) and NED and ARC Chair of Novatti Limited (ASX: NOV) and was formerly a NED and ARC Chair of Qantm Intellectual Property Ltd (ASX:QIP), SurfStitch Group Ltd (ASX:SRF), and ISENTIA Group Ltd (ASX:ISD) and NED and Risk Chair Committee Chair of Indue Limited. Abigail has industry expertise in infrastructure, professional services, technology, finance and consumer products.

Abigail is a commercially minded Chartered Accountant with 30 years' experience working in Australia, Asia (17 years), Russia and Jordan. She has had an international executive career growing practices throughout Asia for global services firms Kroll, Korda Mentha, Deloitte and Ernst & Young in:- restructuring: sovereign debts, financial institutions, and listed entities (most notably increasing the market capitalisation of BFI Finance Tbk Plc over tenfold during her charge); forensic accounting; and risk management.

Abigail holds a Bachelor of Business from Queensland University of Technology.

4.1 BOARD

Andrew Peters

Non-Executive Director

Andrew is an energy industry expert, and an independent legal and commercial advisor to major energy and resource companies and governments, with more than 30 years' experience including transactions, corporate advisory, energy policy and projects.

Andrew held Executive and Senior Corporate Counsel positions in energy, infrastructure and professional services firms, including as a Partner in a commercial law firm, General Counsel and Group Manager – Legal, Regulatory and Compliance of an energy Government Owned Corporation, General Counsel (acting) for Queensland Urban Utilities, Project Director for several large Queensland State Government projects, and Project Counsel and Commercial Lead on multiple large energy projects.

Andrew has worked with organisations such as BHP, Xstrata, IPL, CS Energy, Seqwater, QUU, Manufacturing Australia, Queensland Government and more.

Currently, Andrew is MD of his business Energy Legal, Non-Executive Director of LGI and the commercial lead on significant energy infrastructure projects. He is admitted to practice in the Supreme Court of Queensland, Supreme Court of New South Wales and High Court of Australia, and is a former Graduate of the Australian Institute of Company Directors.

Andrew was appointed Non-Executive Director of LGI in January 2018 and is currently a Member of the Audit and Risk Committee.

Jessica North

Executive Director and Co-Chief Executive Officer

Jessica has collaborated with LGI since 2010, joining as Sustainability and Carbon Manager in 2012, becoming Executive Director and Chair from 2013-2017, and then Chief Executive Officer from 2017.

Jessica has over 20 years' experience in the waste industry, filling management, consulting, and research roles. Her professional experience includes work in Canada, South East Asia, New Zealand, Australia, South America, the United Kingdom, and Europe.

Jessica has worked for nationally recognised waste consultancies in Australia, New Zealand and the United Kingdom, and international organisations delivering projects to government and private sector clients. She has a strong track record in working with local authorities to design and implement practicable solutions to address waste and climate issues.

She has received various research awards, and was named Young Scientist of the Year in New Zealand in 2005 for her landfill studies. Jessica holds a Masters degree in Environmental Science and a PhD in Environmental Chemistry. In 2009, Jessica authored an international strategy around waste and climate change issues for the UN Environment Program (Division of Technology, Industry and Economics).

In Australia, Jessica has previously held senior positions with Hyder Consulting (Principal Environmental Consultant) and SLR Consulting (Principal).

Timothy McGavin

Non-Executive Director (not independent) and Chair of the Remuneration & Nominations Committee

Tim invested into LGI Ltd in 2011 as the cornerstone investor, backing Adam Bloomer to execute on a simple strategy of contracting as many landfills as possible, for as long as possible, with the aim of monetising the biogas to the highest value and best use, with a focus on renewable power generation and carbon credit sales.

Tim is the Founder and Chairman of Laguna Bay, one of the world's largest privately owned agricultural funds managers.

Laguna Bay is an institutional investment management firm specialising in the Australian agriculture sector. The firm has a strong history of originating large-scale agricultural deals, accessing top decile operators and generating superior returns for its clients.

Tim is a founding shareholder of Cobram Estate Olives Ltd (ASX:CBO), which is now the largest producer of extra virgin olive oil in the Southern Hemisphere by both area and production, and ranks in the top 10 largest single olive producers in the world.

Tim holds an MBA from Macquarie University, Sydney.

4.2 MANAGEMENT TEAM

Jarryd Doran

Chief Operating Officer

Jarryd joined LGI in 2014 as Compliance Manager, and took the role of Chief Operating Officer (COO) in 2016. Jarryd has gained significant project management and waste industry experience during his tenure in waste operations with Moreton Bay Regional Council (2009–2014). He developed an in-depth understanding of the regulatory environment governing waste practices, and led waste facility design, improvement, and remediation projects from project assessment and procurement, through to commissioning, while working in the local government sector.

Jarryd holds a Bachelor of Engineering degree, and is working towards a Master of Project Management in Engineering. His engineering capability has been applied to the successful delivery of six of LGI's seven biogas-to-power facilities.

As COO, Jarryd manages LGI's operational and project management obligations, including Workplace Health and Safety (WHS) and Quality Assurance (QA), reporting to clients, liaising with suppliers and providing operational technical support to staff. He ensures that LGI maintains safe, compliant, and efficient operations. Jarryd takes a hands-on approach to leading the delivery of LGI's major projects, while assisting in the development of new and innovative business opportunities that benefit both LGI and its customers.

Dean Wilkinson

Chief Financial Officer and Joint Company Secretary

Dean is a finance professional with over 30 years' experience, working as Chief Financial Officer/Company Secretary for the last 10 years.

Dean has a broad industry experience, having worked in Banking, Property, Franchising, Utilities and Energy (across generation, distribution, retail and trading sectors).

As Chief Financial Officer, Dean works within executive teams on strategy development including:

- Brand development;
- Turning client focused vision into actions;
- International expansion;
- Capital and treasury management;
- Information technology strategies; and
- Strategic risk management.

Dean's formal qualifications include a Master of Commerce, Graduate Diploma of Advanced Accounting with distinction, Bachelor of Business, CPA, Australian Financial Markets Association qualification and Graduate of Australian Institute of Company Directors.

Experience with previous organisations include:

- Harcourts Real Estate;
- QEnergy;
- Ergon Energy;
- Tarong Energy; and
- Suncorp Limited.

Hasaka Martin

Joint Company Secretary

Hasaka was appointed as Company Secretary in September 2021. He has over 15 years' experience working with listed companies, both internally and through corporate service providers, and has worked across a number of industries. Hasaka is an appointed Company Secretary for a number of ASX listed and unlisted companies. He is a Chartered Secretary and a Fellow of the Governance Institute of Australia.

Hasaka holds a Graduate Diploma in Applied Corporate Governance and postgraduate qualifications in corporate and securities law.

4.3 Organisational structure

LGI Limited is the operating entity holding company which is to be listed. LGI Financial Service Pty Ltd is currently a non-operating 100% subsidiary of LGI Limited.

4.4 Responsibility of the Board

The Board is responsible for the Company's proper corporate governance. To carry out this obligation, the Board must act:

1. Honestly, conscientiously and fairly;
2. In accordance with the law;
3. In the interests of the Shareholders (with a view to building sustainable value for them); and
4. In the interests of employees and other stakeholders.

The Board's broad function is to:

1. Chart strategy and set financial targets for the Company;
2. Monitor the implementation and execution of strategy, and performance against financial targets; and
3. Appoint and oversee the performance of Executive Management, and generally to take and fulfil an effective leadership role in relation to the Company.

Power and authority in certain areas is specifically reserved to the Board – consistent with its function described above. These areas include:

1. Providing leadership and setting the strategic objectives of the Company;
2. Composition of the Board itself, including the appointment and removal of the Chairman or Deputy Chairman (if applicable);
3. Oversight of the Company including its control and accountability system;
4. Appointment and removal of Senior Management (including the Chief Executive Officer or equivalent) and the Company Secretary;
5. Reviewing, ratifying and monitoring the risk management framework, and setting the risk appetite within which the Board expects management to operate;
6. Approving and formulating company strategy, and policy;
7. Approving and monitoring operating budgets, and major capital expenditure;
8. Overseeing the integrity of the Company's accounting and corporate reporting systems, including the external audit;
9. Monitoring industry developments relevant to the Company and its business;
10. Developing suitable key indicators of financial performance for the Company and its business;
11. Overseeing corporate strategy and performance objectives developed by Management;
12. Overseeing the Company's compliance with its continuous disclosure obligations;
13. Approving the Company's remuneration framework;
14. Monitoring the overall corporate governance of the Company (including its strategic direction and goals for management, and the achievement of these goals); and
15. Oversight of the Company's various committees.

4.5 Composition of Board

The Board is comprised of six Directors, of which three are independent. The board has three Non-Executive and three Executive Directors.

4.6 Board charter and policy

The Board has adopted a charter which formally recognises its responsibilities, functions, power and authority, and composition. This charter sets out other things which are important for effective corporate governance including:

1. A detailed definition of 'independence';
2. A framework for the identification of candidates for appointment to the Board and their selection (including undertaking appropriate background checks);
3. A framework for individual performance review and evaluation;
4. Proper training to be made available to Directors, both at the time of their appointment and on an on-going basis;
5. Basic procedures for meetings of the Board and its Committees, including frequency, agenda, minutes and private discussion of management issues among Non-Executive Directors;
6. Ethical standards and values (in a detailed Code of Ethics and Values);
7. Dealings in securities (in a detailed code for securities transactions designed to ensure fair and transparent trading by Directors, and Senior Management and their Associates); and
8. Communications with Shareholders and the market.

The purpose of the charter is to 'institutionalise' good corporate governance and to build a culture of best practice, both in LGI's internal practices and its dealings with others.

4.7 Audit and risk management committee

The purpose of this Committee is to advise on the establishment and maintenance of a framework of internal control, and appropriate ethical standards for the management of the Company. Its current members are:

- Abigail Cheadle (Committee Chair);
- Vik Bansal; and
- Andrew Peters.

The Committee performs functions relevant to risk management, internal and external reporting, and reports to the Board following each meeting. The Committee's responsibilities include:

1. Setting Board and Committee structures to facilitate a proper review function by the Board;
2. Internal control framework including Management Information Systems;
3. Corporate Risk Assessment (including economic, environmental and social sustainability risks) and compliance with internal controls;
4. Management processes supporting external reporting practices;
5. Review of financial statements and other financial information distributed externally;
6. Review of the effectiveness of the audit function;
7. Review of management corporate reporting processes supporting external reporting, including the appropriateness of the accounting judgments;
8. Review of the performance and independence of the external auditors;
9. Review of the external audit function to ensure prompt remedial action by management, where appropriate, in relation to any deficiency in, or breakdown of controls;
10. Assessing the adequacy of external reporting for the needs of Shareholders;
11. Reviewing any proposal for the external Auditor to provide non-audit services and whether it might compromise the independence of the external Auditor; and
12. Monitoring compliance with the Company's Code of Ethics.

Meetings will be held at least four times each year. A broad agenda is laid down for each regular meeting according to an annual cycle. The Committee invites the external Auditors to attend each of its meetings.

4.8 Remuneration and nomination Committee

The purpose of this Committee is to assist the Board, and report to it on remuneration and related policies and practices (including remuneration of Senior Management and Non-Executive Directors) and make recommendations to it about the appointment of new Directors (both Executive and Non-Executive) and Senior Management. Its current members are:

- Tim McGavin (Committee Chair);
- Vik Bansal; and
- Abigail Cheadle.

The Committee's functions include:

1. Review and evaluation of market practices and trends on remuneration matters;
2. Recommendations to the Board about the Company's remuneration policies and procedures;
3. Oversight of the performance of Senior Management and Non-Executive Directors;
4. Recommendations to the Board about remuneration of Senior Management and Non-Executive Directors;
5. Reviewing the Company's reporting and disclosure practices in relation to the remuneration of Directors and Senior Executives;
6. Development of criteria (including skills, qualifications and experience) for Board candidates;
7. Identification and consideration of possible candidates, and recommendations to the Board;
8. Ensuring appropriate induction and continuing professional development programs are implemented for Directors;
9. Review of processes for succession planning for the Board, Chief Executive Officer and other Senior Executives;
10. Responsibility for implementing the Diversity Policy, setting the Company's measurable objectives and benchmarks for achieving diversity, and reporting to the Board on compliance with the Diversity Policy;
11. Establishment of procedures, and recommendations to the Chairman, for the proper oversight of the Board and management; and
12. Ensuring the performance of each Director, and of Senior Management, is reviewed and assessed each year using procedures adopted by the Board.

Meetings will be held at least once a year and more often as required.

4.9 Policies

4.9.1 Securities trading policy

A securities trading policy (**Trading Policy**) has been adopted by the Board to provide guidance to Directors, identified employees including Senior Management, and other employees of LGI, where they are contemplating dealing in LGI's securities or the securities of entities with whom LGI may have dealings. The Trading Policy is designed to ensure that any trading in LGI's securities is in accordance with the law and minimises the possibility of misperceptions arising in relation to Directors' and employees' dealings in LGI's securities.

The Trading Policy is directed at dealing in LGI's securities by the Directors and employees, dealings through entities or trusts controlled by a relevant person, or in which they have an interest, and encouraging family or friends to so deal.

Any non-compliance with the Trading Policy will be regarded as an act of serious misconduct.

The Trading Policy is available on LGI's website at www.lgi.com.au.

4.9.2 Continuous disclosure policy

The Board has adopted a communication and disclosure policy (**Disclosure Policy**), which sets out procedures to be adopted by the Board, to ensure LGI complies with its continuous disclosure obligations to keep the market fully informed of information which may have a material effect on the price or value of the Company's securities, and to correct any material mistake or information in the market.

The Board is responsible for determining whether information is such that it would have a material effect on the price or value of LGI's securities. The Disclosure

Policy provides a framework for the Board and Officers of LGI to internally identify and report information which may need to be disclosed, and sets out practical implementation processes in order to ensure any identified information is adequately communicated to ASX and Shareholders.

Any non-compliance with the Disclosure Policy will be regarded as an act of serious misconduct.

The Disclosure Policy is available on LGI's website at www.lgi.com.au.

4.9.3 Diversity policy

LGI is committed to complying with the diversity recommendations published by ASX and promoting diversity among employees, consultants and senior management, and has adopted a policy in relation to diversity (**Diversity Policy**).

LGI defines diversity to include, but not be limited to an individual's race, ethnicity, gender, sexual orientation, age, physical abilities, educational background, socioeconomic status, and religious, political or other beliefs.

The Diversity Policy adopted by the Board outlines LGI's commitment to fostering a corporate culture that embraces diversity, and provides a process for the Board to determine measurable objectives and procedures, to implement and report against, to achieve its diversity goals.

LGI's Remuneration and Nomination Committee is responsible for implementing the Diversity Policy, setting the Company's measurable objectives and benchmarks for achieving diversity, and reporting to the Board on compliance with the Diversity Policy.

As part of its role, LGI's Remuneration and Nomination Committee is responsible for formulating and implementing a Company Remuneration Policy. Under the Diversity Policy, a facet of this role includes reporting to the Board annually on the proportion of men and women in LGI's workforce, and their relative levels of remuneration.

The Board will assess and report annually to Shareholders on LGI's progress towards achieving its diversity goals.

The Diversity Policy is available on LGI's website at www.lgi.com.au.

4.9.4 Privacy policy

LGI is bound by the *Australian Privacy Act 1988 (Cth)* (**Privacy Act**) and the Australian Privacy Principles contained in that Act. The Privacy Principles are designed to protect the confidentiality of information and the privacy of individuals, by regulating the way personal information is managed.

The Privacy Act and its principles are available on LGI's website at www.lgi.com.au.

4.9.5 Whistleblower policy

LGI has adopted a whistleblower policy (**Whistleblower Policy**). The purpose of the Whistleblower Policy is to ensure that the Company maintains the highest standards of conduct and ethical behaviour, and to promote a supportive, honest and ethical culture.

This policy encourages employees to raise any concerns and report instances of illegal, unacceptable or undesirable conduct.

The policy ensures that all disclosures made under the policy can be made anonymously and treated confidentiality. The policy also specifies the role and responsibility of persons who are responsible for the administration of the policy.

Details of the Whistleblower Policy are available on LGI's website at www.lgi.com.au.

4.9.6 Anti-bribery and corruption policy

LGI is an organisation committed to ethical practice. The LGI Board and Executive team are committed to conducting business with honesty and integrity, and therefore commit and adhere to a zero-tolerance approach to bribery and corruption.

The Board has adopted an anti-bribery and corruption policy (**Anti-Bribery and Corruption Policy**) to demonstrate its commitment to conducting its business and operations with honesty, integrity and the highest standards of personal and professional ethical behaviour, complementing the Company's Code of Conduct.

This general company-wide policy does not override specific policies, procedures, laws or regulations in the local jurisdictions, but instead serves to complement them.

The Anti-Bribery and Corruption Policy is available on LGI's website at www.lgi.com.au.

4.10 Compliance with ASX Corporate Governance Principles and recommendations

The ASX document, 'Principles of Good Corporate Governance and Best Practice Recommendations' (**Guidelines**) was published by the ASX Corporate Governance Council with the aim of enhancing the credibility and transparency of Australia's capital markets. LGI's corporate governance charter has been drafted in light of the Guidelines.

The Board has assessed LGI's current practice against the Guidelines.

4.11 Limited listed company experience

While the Directors have significant and extensive industry experience and expertise operating and advising large proprietary and public companies, only the majority non-executive Directors have experience managing an ASX-listed entity. To mitigate this risk LGI has adopted a number of policies, including the Continuous Disclosure Policy described in section 4.9.2, to assist the Board with complying with LGI's obligations as a listed entity and within six months of Completion the applicable Directors and management will undertake training on management of listed entities.

.5.
FINANCIAL INFORMATION

5.1 Financial information

LGI's key operational and financial information for the past three years and the forecast for financial year 2023 is contained in Table 4: LGI Financial Performance and Forecast (Financial Years 2020 to 2023). Detailed information on LGI segments, together with management discussion, is contained in Section 5.16. This section should be read in conjunction with Section 6 Risk Factors.

TABLE 4: LGI Financial Performance and Forecast (Financial Years 2020 to 2023)

	PRO FORMA HISTORICAL			PRO FORMA FORECAST
LGI	FY20	FY21	FY22	FY23
KEY OPERATING METRICS				
Full Time Equivalent staff at financial year end	24.3	27.8	34.6	39.6
Biogas flows (M cubic metres)	55.8	87.2	100.4	107.7
Biogas flow growth (%)	10.4	56.3	15.1	7.3
MWhs generated	47,509	80,861	87,516	95,102
MWh growth (%)	8.9	70.2	8.2	8.7
LGCs created	47,509	80,861	87,516	95,102
ACCUs created and acquired	168,962	326,850	402,225	384,675
Weighted average electricity price ($)	52.47	64.00	106.13	147.33
PROFITABILITY				
Total revenue ('000)	10,258	14,833	25,472	31,261
Revenue growth (%)	n/a[1]	44.6	71.7	22.7
Gross Margin ('000)	8,154	10,736	19,116	21,574
Gross Margin (%)	79.5	72.4	75.0	69.0
EBITDA ('000)	4,147	5,930	12,652	13,122
EBITDA margin (%)	40.4	40.0	49.7	42.0
EBITDA growth (%)	n/a[1]	43.0	113.3	3.7

1. FY19 pro forma income statement has not been presented.

Financial information for LGI Limited is set out below for the historical financial years ended 30 June 2020, 2021, 2022 and the forecast financial year of 30 June 2023. The financial information in this section includes:

1. Historical financial information of the Business comprising the:
   i. Statutory historical income statements for the financial years ended 30 June 2020, 2021 and 2022 (**Statutory Historical Income Statements**);
   ii. Statutory historical cash flow statements for the financial years ended 30 June 2020, 2021 and 2022 (**Statutory Historical Cash Flow Statements**); and
   iii. Statutory historical statement of financial position as at 31 December 2021 (**Statutory Historical Statement of Financial Position**),

   (together, the **Statutory Historical Financial Information**).
2. Pro forma historical financial information of LGI, comprising the:
   i. Pro forma historical income statements for the financial years ended 30 June 2020, 2021 and 2022 (**Pro Forma Historical Income Statements**);
   ii. Pro forma historical cash flow statements for the financial years ended 30 June 2020, 2021 and 2022 (**Pro Forma Historical Cash Flow Statements**); and
   iii. Pro forma historical statement of financial position as at 31 December 2021 (**Pro Forma Historical Statement of Financial Position**),

   (together, the **Pro Forma Historical Financial Information)**.
3. Forecast Financial Information of LGI, comprising the:
   i. Statutory forecast income statement and cash flow statement for the year ended 30 June 2023.
   ii. Pro forma forecast income statement and cash flow statement for the year ended 30 June 2023.

   (together, the **Forecast Financial Information**).

The Statutory Historical Financial Information and the Pro Forma Historical Financial Information are together the **Financial Information**. The Financial Information has been reviewed in accordance with the Australian Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Fundraising and/ or Prospective Financial Information* by PricewaterhouseCoopers Securities Ltd whose Independent Limited Assurance Report on the Financial Information is contained in Section 7.

5.2 Additional Information

Also included in this section are:

1. The basis of preparation and presentation of the Financial Information (Sections 5.3, 5.4 and 5.5);
2. Information regarding certain non-IFRS financial measures (Section 5.6);
3. The pro forma adjustments to the statutory historical information (Sections 5.7, 5.9 and 5.11);
4. Information regarding indebtedness (Section 5.12) and liquidity and capital resources (Section 5.13);
5. Information regarding LGI's contractual obligations, commitments and contingent liabilities (Section 5.14);
6. Management's discussion and analysis of the Historical Financial Information (Section 5.16); and
7. The basis of preparation of forecast information (Sections 5.5 and 5.15).

All amounts disclosed in this section are presented in Australian dollars and unless otherwise noted, are rounded to the nearest thousand dollars. Some numerical figures in the Prospectus have been subject to rounding adjustments. Any differences between totals and sums of components in figures or tables contained in this Prospectus are due to rounding.

5.3 Basis of Preparation of the Financial Information

The Financial Information included in this Prospectus is intended to present potential Investors with information to assist them in understanding the underlying historical financial performance, cash flows and financial position of LGI. The Directors are responsible for the preparation and presentation of the Financial Information.

The Statutory Historical Financial Information has been prepared in accordance with the recognition and measurement principles of Australian Accounting Standards (**AAS**) adopted by the Australian Accounting Standards Board (**AASB**), which are consistent with International Financial Reporting Standards (**IFRS**) issued by the International Accounting Standard Board and LGI's accounting policies. Significant Accounting and Critical Accounting Judgements and Estimates are presented in the Appendix.

The Pro Forma Historical Financial Information includes adjustments which have been prepared in a manner consistent with AAS, that reflect the recognition of certain items that occurred on or before 30 June 2022 or as a result of the completion of the Offer.

The Pro Forma Historical Information does not reflect the actual financial results and cash flows of LGI for the periods indicated, however the Directors believe that it provides useful information as it permits Investors to examine the underlying financial performance and cash flows of LGI, presented on a consistent basis and adjusted for material abnormal one-off items.

The Prospectus includes Forecast Financial Information which is based on the best estimate assumptions of the Directors. The Forecast Financial Information is unaudited. The basis of preparation and presentation of the Forecast Financial Information to the extent possible, is consistent with the basis of preparation and presentation of the Statutory Historical Financial Information and the Pro Forma Historical Financial Information unless otherwise stated.

The Financial Information is presented in an abbreviated form and does not contain all the presentation and disclosures, statements or comparative information required by AAS and other mandatory professional reporting required by standards applicable to general purpose financial reports, prepared in accordance with the Corporations Act.

5.4 Preparation of the Historical Financial Information

The Historical Financial Information is presented on both a statutory and pro forma basis.

The Statutory Historical Financial Information for LGI has been derived from LGI's audited general purpose financial statements for the financial years ending 30 June 2020 and 2021. The financial statements for each of these years were audited by BDO Audit Pty Ltd (**BDO**), in accordance with Australian Auditing Standards. BDO issued unmodified audit opinions on those financial statements.

The Statutory Historical Financial Information for LGI for the year ending 30 June 2022 has been derived from LGI's unaudited financial statements for the year ending 30 June 2022.

The Pro Forma Historical Information has been prepared for the purpose of inclusion in this Prospectus. It has been derived from the Statutory Historical Financial Information and adjusted for the effect of the pro forma adjustments.

A reconciliation between the statutory and pro forma historical income statements is set out in Section 5.7, including details of the pro forma adjustments.

A reconciliation between the statutory historical cash flow statements and the pro forma historical cash flow statements is contained in Section 5.9. This section includes details of the pro forma adjustments which were made to reflect the cash impacts of the pro forma adjustments made to the statutory historical income statement.

The pro forma adjustments to the statutory historical statement of financial position and a reconciliation of the statutory historical statement of financial position to the pro forma historical statement of financial position, as at 31 December 2021, is contained in Section 5.11. Pro forma adjustments were made by the Directors to reflect the impact of the offer, including directly attributable offer costs, as if they had occurred as at 31 December 2021.

Investors should note that past results are not a guarantee of future performance.

The Historical Financial Information has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of asset and discharge of liabilities in the normal course of business. The Directors believe that there are reasonable grounds to conclude that LGI will be able to continue as a going concern.

The statutory and pro forma historical income statement and historical cash flow statement for the financial year ended 30 June 2022, has been prepared on the basis of LGI's reviewed, unaudited financial performance for the six months ended 31 December 2021 and the unaudited performance for the six months ended 30 June 2022. All references to the financial year 2022 will include the sum of these two half year results. Table 5 provides the two half year income statements and cash flow statements.

TABLE 5: Income Statements and Cash Flow Statements for H1-22, H2-22 and FY22

		STATUTORY		
$'000	NOTES	H1 FY22 REVIEWED, UNAUDITED	H2 FY22 UNAUDITED	TOTAL FY22 UNAUDITED
Total Revenue		10,108	15,363	25,472
Cost of sales		(2,131)	(4,225)	(6,356)
Gross Profit		**7,977**	**11,139**	**19,116**
OPERATING EXPENSES				
Employment expenses		(2,345)	(2,321)	(4,667)
Administrative expenses		(574)	(1,167)	(1,742)
Occupancy Expenses		(22)	(58)	(80)
Costs of the offer		(587)	(195)	(782)
EBITDA		**4,448**	**7,397**	**11,846**
Depreciation and Amortisation		(2,019)	(2,108)	(4,127)
EBIT		**2,429**	**5,289**	**7,719**
Net interest income/(expense)		(372)	(431)	(803)
Profit before income tax		**2,057**	**4,859**	**6,915**
Income tax expense		(623)	(1,518)	(2,141)
Net Profit after tax		**1,434**	**3,340**	**4,774**
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers		10,029	9,838	19,867
Payments to suppliers and employees		(5,674)	(6,295)	(11,969)
Interest received and other income		8	11	19
Interest paid		(369)	(406)	(775)
income tax paid or received		–	262	262
Net cash provided by operating activities		**3,994**	**3,411**	**7,405**
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property plant and equipment		(2,943)	(5,352)	(8,295)
Proceeds of property plant and equipment		38	34	72
Term deposits held to security		–	(122)	(122)
Net cash used in investing activities		**(2,905)**	**(5,440)**	**(8,345)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issue of shares (net of costs)		122	–	122
Payment of dividends		–	–	–
Proceeds from borrowings		–	1,337	1,337
Repayment of borrowings		(243)	(314)	(557)
Net cash from financing activities		**(121)**	**1,023**	**902**
Net increase (decrease) in cash held	1	**968**	**(1,006)**	**(39)**

Note:
1. A number of reclassifications have been made to the H1 FY22 cash flow statement presented in the statutory reviewed Half Year accounts. These changes have no net impact on net changes in cash flow.

5.5 Preparation of the Forecast Financial Information

The Forecast Financial Information has been prepared and presented on both a statutory and pro forma basis.

The statutory forecast financial information for the year ended 30 June 2023 has been prepared on the basis of the Directors' best estimate assumptions with respect to the financial performance in the 12 months ended 30 June 2023. The Directors do not consider that they have a reasonable basis for the inclusion of forecast information for any period subsequent to 30 June 2023.

The pro forma forecast financial information has been prepared by the Directors based on an assessment of current economic and operating conditions and best estimate assumptions regarding future events and actions as set out in Sections 5.15. The Forecast Financial Information is subject to the risks set out in Section 6. The inclusion of these assumptions and these risks is intended to assist investors in assessing the reasonableness and likelihood of the assumptions occurring and is not intended to be a representation that the assumptions will occur.

Investors should be aware that the timing of actual events and the magnitude of their impact may differ from that assumed in preparing the Forecast Financial Information and that this may have a material positive or negative effect on LGI's actual financial performance and position. In addition, the assumptions upon which the Forecast Financial Information is based are subject to significant uncertainties and contingencies, many of which are outside the control of LGI, its Directors and Management and are not reliably predictable. Accordingly neither LGI, the Directors, nor any other person can give investors any assurance that the outcomes presented in the Forecast Financial Information will arise.

The Forecast Financial Information should be read in conjunction with the general assumptions setout in Section 5.15, the specific assumptions set out in Section 5.15, the sensitivity analysis in Section 5.18, the risk factors set out in Section 6 and other information contained within this prospectus.

LGI has no intention to update or revise the Forecast Financial Information or other forward looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factor affects the information contained in this Prospectus except where required to do so by law.

5.6 Explanation of non-IFRS financial measures

To assist in the evaluation of the performance of LGI, certain measures are used to report on the Company that are not recognised under AAS or IFRS. These measures are collectively referred to in this Prospectus, and under Regulatory Guide 230 Disclosing Non-IFRS Financial Information published by ASIC, as "non-IFRS financial measures". The principal non-IFRS financial measures that are referred to in this Prospectus are:

1. **Gross profit** is calculated as revenue less cost of goods sold;
2. **EBITDA** is earnings before interest income, interest expense, income tax expense, depreciation and amortisation, but includes Research & Development (R&D) tax incentive offset income (which is disclosed as other income in the income statement);
3. **EBIT** is earnings before interest income, interest expense and taxation, but includes R&D tax incentive offset income (which is disclosed as other income in the income statement) and share of net profit from associates;
4. **Profit before income tax** is profit before the impact of tax;
5. **Net profit after tax** is net profit after the impact of tax;
6. **Working Capital** means the sum of current trade and other receivables, inventories and prepayments less the sum of trade creditors and other payable, provisions and employee entitlements.

Although the Directors believe that these measures provide useful information about the financial performance and financial position of LGI, they should be considered as supplements to the measures that have been presented in accordance with AAS and IFRS, and not as a replacement for them. As these non-IFRS financial measures are not based on AAS or IFRS, they do not have standard definitions, and the way LGI calculates these measures may differ from similarly titled measures used by other companies. Investors and other readers of this Prospectus should therefore not place undue reliance on these non-IFRS financial measures.

5.7 Statutory Historical and Forecast Income Statements

Table 6 provides a summary of the Statutory Historical and Forecast Income Statements of LGI for the financial years ended 30 June 2020, 2021, 2022 and financial year ending 30 June 2023, including a reconciliation to the pro forma income statements set out in Section 5.8.

TABLE 6: Statutory Historical and Forecast Income Statements

		STATUTORY AUDITED ACTUAL		STATUTORY UNAUDITED ACTUAL	STATUTORY FORECAST
$'000	NOTES	FY20	FY21	FY22	FY23
Total Revenue		10,551	15,019	25,472	31,261
Cost of sales		(2,104)	(3,732)	(6,356)	(9,688)
Gross Profit		**8,447**	**11,287**	**19,116**	**21,574**
OPERATING EXPENSES					
Employment expenses		(2,494)	(3,289)	(4,667)	(6,069)
Administrative expenses		(677)	(830)	(1,742)	(2,243)
Occupancy Expenses		(26)	(46)	(80)	(154)
Costs of the offer		(228)	(560)	(782)	(727)
EBITDA		**5,022**	**6,562**	**11,846**	**12,380**
Depreciation and Amortisation		(2,483)	(3,588)	(4,127)	(5,443)
EBIT		**2,539**	**2,974**	**7,719**	**6,937**
Net interest income/(expense)		(773)	(821)	(803)	(1,406)
Profit before income tax		**1,766**	**2,153**	**6,915**	**5,531**
Income tax expense		(561)	(404)	(2,141)	(1,383)
Net Profit after tax		**1,205**	**1,749**	**4,774**	**4,149**
ADJUSTMENTS					
Interest expense	1	128	98	125	193
COVID-19 stimulus income	2	(293)	(551)	–	–
Offer costs	3	228	560	782	727
Employment expenses	4	(268)	(142)	40	–
Listed company costs	5	(543)	(499)	(447)	(99)
Equity bonus – listing	6	–	–	432	113
Income tax effect	7	192	126	(233)	(234)
ACCU profit sharing arrangements	8,9	–	–	–	–
Pro forma net profit after tax		**650**	**1,341**	**5,473**	**4,849**

Notes:

1. Adjustment to reflect the reduction in finance costs expensed as a result of the reduction of debt reflected in LGI's proposed capital structure following the Offer as referred to in adjustment 2 per table 10 section 5.11.
2. During FY20 and FY21 LGI received federal government COVID-19 stimulus income in the form of Cash Boost and JobKeeper payments, which amounted to $293,000 in financial year 2020 and $551,000 in financial year 2021. These amounts have been excluded from the pro forma income statement, on the basis that they represent one-off income.
3. A portion of the costs associated with this Offer and listing of LGI on the ASX and previous capital raising expenses were previously recognised as an expense in the statutory income statement. As these costs are one-off in nature, they have been added back in presenting the pro forma income statement.
4. In April 2021 LGI employed additional Directors in preparation for listing. An adjustment has been made to include employment salaries and superannuation based on their salaries effective from Aug-22 to present the pro forma income statements as if the Directors had been employed throughout the period presented.
5. From the completion of the Offer, LGI will incur incremental costs associated with being a publicly listed company, which include costs associated with ASX annual fees, registry fees and audit costs. A pro forma adjustment has been made to present the pro forma income statements as if LGI had been listed on the ASX throughout the period presented.
6. An adjustment has been made to FY22 and FY23 for the one-off share based payment expense for awards due to Non-Executive Directors on successfully raising capital.
7. An adjustment has been made to reflect the tax effect of the above adjustments, using a tax rate of 27.5% for financial year 2020, 26% for financial year 2021 and 25% for the financial years 2022 and 2023. These rates are the applicable corporate tax rate for the respective periods.
8. From FY22, statutory revenue includes 100% of revenues from sites which have ACCU sharing agreements as a royalty, with the royalty shown as a cost of sale. In FY21, this was shown net in revenue. A pro forma adjustment has been included for FY21 to ensure consistency in presentation.
9. As per Note 8 above, all ACCU royalty payments are shown as a cost of sale. Certain of these royalties are paid in kind, rather than cash, and an alternative accounting treatment could be adopted which would net such royalty payments against ACCU revenue. The alternative treatment would have no impact on the historical or forecast EBITDA, NPAT or Cash Flows from Operations shown in this Prospectus.

5.8 Pro Forma Historical and Forecast Income Statements

Table 7 provides a summary of the Pro Forma Historical and Forecast Income Statements of LGI for the financial years ended 30 June 2020, 2021, 2022 and financial year ending 30 June 2023. A reconciliation from the Statutory Historical Income Statement to the Pro Forma Historical and Forecast Income Statement, including details of the pro forma adjustments is set out in Section 5.7.

TABLE 7: Pro Forma Historical and Forecast Income Statements

	PRO FORMA ACTUAL			PRO FORMA FORECAST
$'000	**FY20**	**FY21**	**FY22**	**FY23**
Total Revenue	10,258	14,833	25,472	31,261
Cost of sales	(2,104)	(4,097)	(6,356)	(9,688)
Gross Profit	**8,154**	**10,736**	**19,116**	**21,574**
OPERATING EXPENSES				
Employment expenses	(2,762)	(3,431)	(4,627)	(6,069)
Administrative expenses	(1,220)	(1,329)	(1,757)	(2,228)
Occupancy Expenses	(26)	(46)	(80)	(154)
Costs of the offer	–	–	–	–
EBITDA	**4,147**	**5,930**	**12,652**	**13,122**
Depreciation and Amortisation	(2,483)	(3,588)	(4,127)	(5,443)
EBIT	**1,664**	**2,342**	**8,525**	**7,679**
Net interest income / (expense)	(645)	(723)	(678)	(1,213)
Profit before income tax	**1,019**	**1,620**	**7,847**	**6,466**
Income tax expense	(369)	(278)	(2,374)	(1,617)
Net Profit after tax	**650**	**1,341**	**5,473**	**4,849**
Revenue and Other Income growth (%)	n/a	45	72	23
EBITDA growth (%)	n/a	43	113	4
EBIT growth (%)	n/a	41	264	(10)
EBITDA margin (%)	40	40	50	42
EBIT margin (%)	16	16	33	25

5.9 Statutory Historical and Forecast Cash Flow Statements

Table 8 provides a summary of the Statutory Historical and Forecast Cash Flow Statements of LGI for the financial years ended 30 June 2020, 2021, 2022 and financial year ending 30 June 2023, together with a reconciliation to the Pro Forma Cash Flow Statements set out in Section 5.10.

TABLE 8: Statutory Historical and Forecast Cash Flow Statements

		STATUTORY AUDITED ACTUAL		STATUTORY UNAUDITED ACTUAL	STATUTORY FORECAST
$'000	**NOTES**	**FY20**	**FY21**	**FY22**	**FY23**
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		9,345	13,117	19,867	23,917
Payments to suppliers and employees		(6,463)	(8,868)	(11,969)	(17,826)
Interest received and other income		10	10	19	22
Interest paid		(784)	(831)	(775)	(1,311)
Income tax paid or received		(213)	(172)	262	–
Net cash provided by operating activities		**1,895**	**3,256**	**7,405**	**4,801**
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(7,495)	(3,764)	(8,295)	(28,871)
Proceeds of property, plant and equipment		817	1,253	72	–
Term Deposit held as security		–	–	(122)	–
Net cash used in investing activities		**(6,678)**	**(2,511)**	**(8,345)**	**(28,871)**
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares (net of cost)		39	–	122	23,505
Payment of dividends	1	(520)	(478)	–	(712)
Proceeds from borrowings/Repayment of loans		5,162	–	1,337	6,500
Repayment of borrowings/Loans to related parties		(527)	(312)	(557)	(5,346)
Net cash used in financing activities		**4,154**	**(790)**	**902**	**23,946**
NET INCREASE (DECREASE) IN CASH HELD		**(629)**	**(45)**	**(39)**	**(123)**
ADJUSTMENTS					
Interest expense	2	129	98	125	193
COVID-19 stimulus income	3	(212)	(632)	–	–
Offer Costs	4	493	46	994	1,695
Employment expenses	5	(268)	(142)	40	–
Listed company costs	6	(543)	(499)	(447)	(99)
Income tax effect	7	192	126	–	–
Classification adjustment	8	–	–	–	–
Net increase (decrease) in pro forma cash held		**(838)**	**(1,048)**	**673**	**1,666**
PRO FORMA CLASSIFICATION ADJUSTMENTS	8				
FINANCE LEASE					
Purchase of property, plant and equipment		163	–	–	–
Proceeds from borrowings		(163)	–	–	–
CAPITALISED SALARIES AND WAGES					
Payments to suppliers and employees		919	629	547	340
Purchase of property, plant and equipment		(919)	(629)	(547)	(340)
OFFER COSTS					
Payments to suppliers and employees		99	9	192	327
Proceeds from issue of shares (net of cost)		(99)	(9)	(192)	(327)

Notes:

1. Pre-IPO dividend in FY23 of 1 cent a share, being 14.6% of FY22 NPAT reflects the payment of a pre-Offer dividend to Existing Shareholders.
2. Adjustment to reduce the finance costs expensed for the portion relating to the reduction of debt reflected in LGI's proposed capital structure following the Offer as referred to in adjustment 2 per table 10 section 5.11.
3. During FY20 and FY21 LGI received federal government COVID-19 stimulus receipts in the form of Cash Boost and JobKeeper, which amounted to $212,000 in financial year 2020 and $632,000 in financial year 2021. These amounts have been adjusted in presenting the pro forma cashflow statement, on the basis that they represent one-off cash receipts.
4. A portion of the cash costs associated with this Offer and listing of LGI on the ASX and previous capital raising costs are one-off in nature, they have been added back in presenting the pro forma cash flow statement in the financial years 2020, 2021, 2022 and 2023.
5. In April 2021, LGI employed additional Directors in preparation for listing. An adjustment including employment salary and superannuation based on their salaries effective from Aug-22 has been made to present the pro forma cash flows as if the Directors had been employed throughout the period presented.
6. From the completion of the Offer, LGI will incur incremental costs associated with being a publicly listed company, which include costs associated with ASX annual fees, registry fees and audit costs. A pro forma adjustment has been made to present the pro forma cash flows as if LGI had been listed on the ASX throughout the period presented.
7. An adjustment has been made to reflect the tax effect of the above adjustments, using a tax rate of 27.5% for financial year 2020, 26% for financial year 2021 and 25% for financial years 2022 and 2023. These rates are the applicable corporate tax rate for the respective periods. For the financial year 2022 and for the forecast financial year 2023, no adjustment is made as there was no income tax paid in this period, as a result of the instant asset right off.
8. Classification adjustments. In 2020, Finance lease amounts and the associated purchase of Property Plant and Equipment were included as cash flows. A classification adjustment has been made to reflect that there were no cash flows in relation to these leases. Salaries and wages directly attributable to the construction of Property, plant and equipment were included within Payments to suppliers and employees. These costs have been reclassified as cash outflow for the Purchase of Property plant and equipment to reflect their specific nature. Cash outflows in relation to this offer and previous capital raising were included in Payments to suppliers and employees. These costs have been reclassified as financing activities to reflect the nature of these costs.

5.10 Pro Forma Historical and Forecast Cash Flow Statements

Table 9 provides a summary of the Pro Forma Historical and Forecast Cash Flow Statements of LGI for the periods ended 30 June 2020, 2021, 2022 and financial year ending 30 June 2023. A reconciliation from the Statutory Historical and Forecast Cash Flow Statements to the Pro Forma Historical and Forecast Cash Flow Statements, including details of the pro forma adjustments, is set out in Section 5.9.

Table 9: Pro Forma Historical and Forecast Cash Flow Statements

	PRO FORMA ACTUAL			PRO FORMA FORECAST
$'000	FY20	FY21	FY22	FY23
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	9,133	12,485	19,867	23,917
Payments to suppliers and employees	(5,764)	(8,825)	(10,643)	(15,563)
Interest received and other income	10	10	19	22
Interest paid	(655)	(733)	(650)	(1,118)
Income tax paid or received	(21)	(46)	262	–
Net cash provided by operating activities	**2,704**	**2,891**	**8,856**	**7,258**
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(8,251)	(4,393)	(8,842)	(29,211)
Term Deposit held as Security	–	–	(122)	–
Proceeds of property, plant and equipment	817	1,253	72	–
Net cash used in investing activities	**(7,434)**	**(3,140)**	**(8,892)**	**(29,211)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issue of shares (net of cost)	(60)	(9)	(70)	23,178
Payment of dividends[1]	(520)	(478)	–	(712)
Proceeds from borrowings/Repayment of loans	4,999	–	1,337	6,500
Repayment of borrowings/Loans to related parties	(527)	(312)	(557)	(5,346)
Net cash used in financing activities	**3,892**	**(799)**	**710**	**23,619**
NET INCREASE (DECREASE) IN PRO FORMA CASH HELD	**(838)**	**(1,048)**	**673**	**1,666**

Note:

1. Pre-IPO dividend in FY23 of 1 cent a share, being 14.6% of FY22 NPAT reflects the payment of a pre-Offer dividend to Existing Shareholders.

Significant cash outflows occurred during the period FY20 to FY22, on the purchase of Property, Plant and Equipment. This expenditure was on a range of project initiatives:

- The construction of the Canberra generation facility occurred over the period FY20 to FY21, with cash flows of $3.3M in FY20 and $0.2M in FY21. The resulting full year Gross Margin uplift from the Canberra generation facility of $1.9M in the FY21 Income statement;
- Purchase of Jenbacher engines FY20 $1.0M;
- Other project costs, including improvements to power station control systems; and
- FY22 includes purchases of a new battery and generation engines. The battery purchase is LGI's first step in the DACS systems as described in Section 3.

Proceeds of Property, Plant and Equipment include cash inflows from the sale of a solar farm project in development stage FY20 $0.8M and FY21 $1.3M.

The new engines will be used in commissioning new power stations at Toowoomba, actual spend in FY22 of $1.6M and Nowra actual spend in FY22 of $2.1M.

Property Plant and Equipment forecast in FY23 includes finishing commissioning Toowoomba, extension to Canberra and Dakabin, as well as solar generation at Gladstone.

5.11 Statutory and Pro forma Historical Statement of Financial Position

Table 10 sets out the Statutory Historical Statement of Financial Position of LGI as at 31 December 2021 and the pro forma adjustments that have been made to prepare the Pro Forma Historical Statement of Financial Position as at that date. These adjustments take into account the effect of the proceeds and expenses of the Offer.

The Pro Forma Historical Statement of Financial Position is provided for illustrative purposes only and is not represented as being necessarily indicative of LGI's view of its financial position upon completion of the Offer, or at any future date. Further information on the sources and uses of the funds from the Offer is contained in Section 9.5.

The Company has a derivative financial instrument to hedge certain risk exposures to fluctuations in the price of wholesale electricity, LGCs and ACCUs.

TABLE 10: Statutory and Pro Forma Historical Statement of Financial Position

$'000	NOTES	31 DEC 2021 REVIEWED, UNAUDITED ACTUAL	PRO FORMA & OFFER ADJUSTMENTS UNAUDITED	PRO FORMA UNAUDITED
ASSETS				
Current Assets				
Cash and cash equivalents	1,2,7	1,895	17,508	19,403
Trade and other receivables		931	–	931
Environmental certificates		5,161	–	5,161
Other assets	4	992	(251)	741
Total Current Assets		**8,979**	**17,257**	**26,236**
Non-Current Assets				
Other assets		1,864	–	1,864
Property, plant and equipment		29,556	–	29,556
Intangible assets		2,632	–	2,632
Total Non-Current Assets		**34,052**	**–**	**34,052**
TOTAL ASSETS		**43,031**	**17,257**	**60,288**
LIABILITIES				
Current Liabilities				
Trade and other payables	1	2,478	(342)	2,136
Borrowings		1,607	–	1,607
Provisions	5	648	(377)	271
Current tax liabilities		228	–	228
Derivative financial instruments		728	–	728
Total Current Liabilities		**5,689**	**(719)**	**4,970**
Non-Current Liabilities				
Trade and other payables		–	–	–
Borrowings	2	19,939	(4,346)	15,593
Provisions		107	–	107
Deferred tax liabilities	6	1,934	(519)	1,415
Total Non-Current Liabilities		**21,980**	**(4,865)**	**17,115**
TOTAL LIABILITIES		**27,669**	**(5,584)**	**22,085**
NET ASSETS		**15,362**	**22,840**	**38,202**
EQUITY				
Issued capital	3,4,5,6	7,417	24,395	31,812
Reserves		204	–	204
Retained earnings	4,5,6,7	7,741	(1,555)	6,186
Total Equity		**15,362**	**22,840**	**38,202**

Notes
1. A pro forma adjustment has been made to account for the net proceeds of the Offer. This comprises of $25.0M of gross proceeds, and costs of the Offer and listing of $2.4M. $0.3m of this amount was included in trade and other payables at 31 Dec-21. A pro forma adjustment shows the impact of this having been paid in cash.
2. A pro forma adjustment reduces the loan for the $5.3M repayment of debt. This is to reflect LGI's proposed capital structure following the Offer. A further pro forma adjustment reflects $1M of additional debt that has been drawn down between 31 December 2021 and 30 June 2022.
3. A pro forma adjustment includes the issued capital of $25.0M. See Section 9.10 for terms and conditions of this transaction.
4. A pro forma adjustment includes $0.3M of historically capitalised Offer and listing costs and $2.1M of Offer and listing costs which has been split based on the eligibility criteria for capitalisation. ($1.4M has been allocated to share capital and $0.9M has been allocated to retained earnings).
5. A pro forma adjustment of $0.5M relates to bonus shares. $0.4m of the total were included in provisions at Dec-21. The residual is recognised in earnings in between Dec-21 and the expected listing date.
6. Deferred Tax Liability, issued capital and retained earnings tax effect impact on expensed and capitalised offer costs on the basis that these will be deducted over 5 years. It is also assumed that the equity bonus will also have a deferred tax impact as no tax is forecast to be payable in financial year 2023.
7. Pre-IPO dividend in FY23 of 1 cent a share, being 14.6% of FY22 NPAT reflects the payment of a pre-Offer dividend to Existing Shareholders.

5.12 Indebtedness

Table 11 sets out the composition of LGI's indebtedness and capitalisation as at 31 December 2021, before completion of the Offer and immediately after completing the Offer.

TABLE 11: Indebtedness

$'000 AS AT 31 DECEMBER 2021	LGI STATUTORY NUMBERS PRE-COMPLETION OF THE OFFER	LGI POST-COMPLETION OF THE OFFER
Current borrowings	1,607	1,607
Non-current borrowings	19,939	15,593
Total borrowings	**21,546**	**17,200**
Cash and cash equivalents	1,895	19,403
Total Net Debt (Cash)	**19,651**	**(2,203)**
Issued Capital	7,417	31,812
Retained earnings	7,741	6,186
Reserves	204	204
Total capitalisation	**15,362**	**38,202**
Debt/Forecast FY 2023 pro forma EBITDA	1.6	1.3
Net debt/Forecast FY 2023 pro forma EBITDA	1.5	(0.2)

As at 31 December 2021, LGI had $18.9M outstanding on the debt facility described in Section 8.9 and lease liabilities (including Right of Use liabilities) of $2.8M, a cash position of $1.9M, giving a net debt position of $19.7M. Applying the Pro Forma Offer adjustments as described in Section 5, cash raised of $25M less Offer and listing costs of $2.4M (including amounts payable at 31 December 2021), and applying the debt repayment of $5.3M and the impact of an additional $1.0M of facility drawdowns subsequent to 31 December 2021, as well as the impact of the dividend payment of $0.7M, the pro forma net cash position as at completion would be $2.2M (unaudited).

5.13 Liquidity and Capital resources

Historically, the Company has used a combination of working capital and debt to fund capital expenditure.

The Company will use a combination of working capital, debt and equity to finance its activities. The Company has targeted a net debt/EBITDA ratio less than 2x. The Company may exceed the target ratio if it considers that circumstances warrant an increase beyond the target ratio and it is prudent to do so.

The Directors expect LGI to have sufficient cash to meet its short- and medium-term operational requirements and other business needs.

A summary of the planned use of the proceeds of the Offer is set out in Section 9.5.

5.14 Contractual obligations, commitments and contingent liabilities

LGI uses bank guarantee facilities to guarantee performance obligations with respect to its projects. These guarantees can be called upon, only if LGI fails to meet its obligations under the relevant contract and are therefore reported as a contingent liability. The total amount of bank guarantees outstanding as at 30 June 2022 was $1.0M.

As at 30 June 2022, LGI had commitments for the acquisition of power generation plant & equipment of $3.13M.

Other than as stated above, LGI had no other material contingent liabilities as at 30 June 2022.

5.15 Assumptions underlying the Forecast Financial Information

The Forecast Financial Information has been prepared in accordance with the significant accounting policies adopted by the Directors which are in accordance with Australian Accounting Standards and are disclosed at the end of this Prospectus. It is assumed that there will be no changes to accounting standards, the Corporations Act or other financial reporting requirements that may have a material effect on LGI's accounting policies during this period covered by the Forecast Financial Information.

The Forecast Financial Information is based upon various best estimates assumptions concerning future events, including those set out below. In preparing the Forecast Financial Information, the Directors have had regard to LGI's current operating performance and expectations with respect to future events and circumstances, including the timing of new development projects. The Directors believe that the Forecast Financial Information has been prepared with due skill and care and attention and consider all assumptions when taken as a whole to be reasonable at the time of preparing this Prospectus, including each of the assumptions.

However, actual results are likely to vary from those forecast and any variation may be materially positive or negative. The assumptions upon which the Forecast Financial Information is based are, by their nature, subject to significant uncertainties and contingencies, many of which are outside the control of the Company and its Directors, and are not reliable.

None of LGI, its Directors or any other person can give any assurance that the Forecast Financial Information or any prospective statement contained in this Prospectus will be achieved. Events and outcomes may differ in amount and timing from the assumptions, with material consequential impact on the Forecast Financial Information.

The assumptions set out below should be read in conjunction with the sensitivity analysis set out in Section 5.18, the risk factors set out in Section 6 and the Independent Limited Assurance Report included in Section 7.

Forecast Financial Information Assumptions

In preparing the Forecast Financial Information, the following best estimate assumptions have been adopted:

1. No material change in the competitive or operating environments in which LGI operates.
2. No significant change from current market expectations of Australian and international economic conditions which impact LGI or its current or future customers.
3. No material adverse impact of the ongoing COVID-19 global pandemic on LGI's operations or the markets in which it operates.
4. No changes in applicable Australian Accounting Standards, other mandatory professional reporting requirements or the Corporations Act which would have a material effect on the Company's reported financial performance or cash flows, financial position, accounting policies, financial reporting and disclosures.
5. No material change in the key management and other personnel.
6. LGI is able to recruit and retain the personnel required to support forecast growth.
7. No material industrial strikes, employee relations disputes or other disturbances, environmental costs, contingent liabilities or legal claims arise or are settled to the detriment of the Company.
8. No material adverse impact in relation to litigation.
9. No material acquisitions, disposals, restructuring or investments, other than is noted in these assumptions.
10. No material changes to LGI's corporate or funding structure, other than is set out in this Prospectus.
11. No significant disruptions to the continuity of LGI's operations or other material changes in its business.
12. No material changes in the waste management, renewable power, electricity or carbon offset markets that would have a material impact on the demand for or prices of LGI's products or services.
13. No material amendment to any material contract, agreement or arrangement relating to LGI's business.
14. None of the risks listed in Section 6 has a material adverse impact on LGI's operations.
15. The Offer proceeds to completion in accordance with the timetable set out in the indicative dates in Section 1 of this prospectus.
16. Forecast MWhs for each generation site is the actual results for July 2022 or calculated as the lower of
    a. 95% of the capacity of the generation units less any on site load, or
    b. forecast gas flows, converted to MWhs based on FY22 conversion rates.
17. The Toowoomba electricity generation project has been forecast to commence in December 2022.
18. Where LGI has fixed electricity price in the future, the Forecast Financial Information uses the fixed price. Forecast revenue is based on the blended rate outlined below, with a hedge loss or profit included for the difference between the hedge price and the blended rate included with revenue.
19. Forecast spot electricity pricing is using actual prices for July and calculated using actual average pool prices published by AEMO or a 75% blend of ASX forward curve information as at 2 August 2022 and 25% 3.5 year average pool prices as published by AEMO for the remainder of FY23. Forecast LGC prices are calculated used a blend of contract prices and the market forward price as at 15 July 2022.
20. Forecast ACCU volume is calculated using estimated volume from recent gas flow data or an average ACCU created per cubic metre of landfill gas at each site multiplied by the forecast gas flow volume per site. Forecast volume ACCUs includes contracted periods and where contracts are on a month to month basis, the period included in the forecast is up to and including August 2022.
21. Where LGI has forward fixed price ACCU sale contracts, the Forecast Financial Information uses this fixed price, unless the contract has ended, or until the sites have fulfilled other contractual obligations. LGI may exit contracts, see section 5.16.1 for details. Where LGI exits contracts, the spot price is used, with the associated exit fee recognised in Cost of Goods Sold.
22. Forecast spot ACCU price is the average of the previous 30 days of publicly available spot transactions.
23. Where LGI has contracted to perform Infrastructure work, the revenue for this work is included based on assumed invoiced works with reference to the total project contracted amount.
24. Biogas infrastructure management revenue is recognised at contracted amounts. Where contracts are yet to be executed, Management has included its best estimate of the contractual value for FY23.
25. Cost of Goods Sold are forecast based on expected operational maintenance of LGI's equipment, other costs at the average of the previous six months experience and royalty payments in line with existing contracts.
26. Administrative expenses have been forecast on the basis of current levels of expenditure, adjusted as required for any known one-off expenditure or expected changes in the level of such costs.
27. Salaries, wages and superannuation have been forecast based on the existing level of expenditure adjusted for known recruitment activity.

28. Other employee benefits includes share based payments expense and is calculated on the basis of assessed fair value of shares, Options issued to Directors in connection with the IPO and the expected vesting period.
29. Forecast interest rates used are from the ASX BBSW public available market data as at 3 August and range from 1.7550% to 2.8268%
30. The tax expense is calculated by applying the Australian Tax Office rate applicable to LGI, 25%, to the Net Profit Before Tax.
31. Cash inflows for generation and LGCs are forecast to be received in the month following generation. Cash inflows for ACCUs are only expected for the component which the company are contractually obliged to sell under an existing contract. Royalty payments are forecast for Generation and LGCs in the month following generation. No Royalty payments are forecast for ACCUs on the basis that management expects only to sell ACCUs under contract, for which it generates the majority without a cash outflow. All other income is assumed to be received in the month following recognition.
All other cash expenses are forecast to be paid in the month following recognition. Net GST is forecast to be paid monthly for the majority of the financial year. Capex is forecast (including GST) based on a Board Approved forecast, with minor adjustments for latest view on timing. Additional Debt of $6.5M is forecast to be drawn down to fund capex.

5.16 Management discussion and analysis of the statutory historical and forecast financial information

This section includes a discussion of the key factors that have affected the operating and financial performance of LGI over the period of the Historical Financial Information. The information shown in this section is based on Statutory Historical Financial Information. The discussion of these general factors is intended to provide a brief summary only and does not detail all factors that affected LGI's historical operating and financial performance. The information in this Section 5.16 should be read in conjunction with the risk factors set out in Section 6 and other information contained in this prospectus.

Key factors influencing the financial performance of the Company are:

- **Economic** – Economy wide factors influencing LGI's financial performance include inflation, interest rates, price of materials and costs of labour. Economic wide factors impact the level of consumption of electricity;
- **Industry** – Industry wide factors are discussed in Section 2, specifically the demand for ACCUs and LGCs; and
- **Pricing in markets where LGI operates** – the pricing of electricity, LGCs and ACCUs are factors affecting the financial performance of the company. Specifically, the transition of pricing in the electricity market, and the increased demand for ACCUs will have a positive impact on LGI.

LGI views the business in three segments:

- Renewable electricity,
- Greenhouse Gas Abatement, and
- Biogas infrastructure, management and other.

TABLE 12: Forecast Statutory Segment Information

	FORECAST FY23			
	RENEWABLE ENERGY	GREENHOUSE GAS ABATEMENT	SITE INFRASTRUCTURE, MANAGEMENT AND OTHER	TOTAL
MWh	95,102	–	–	95,102
ACCUs	228,691	155,984	–	384,675
Total revenue ('000)	24,362	5,264	1,636	31,261
EBITDA ('000)	10,198	1,962	220	12,380

The segment EBITDA includes each segment's portion of administrative costs, being $9.2M in total.

5.16.1 Renewable electricity

Landfill renewable electricity sites have rights to gas and multiple revenue sources. Renewable electricity sites earn revenue from electricity and LGCs, and may earn revenue from ACCUs and construction.

TABLE 13: Renewable Electricity

	STATUTORY HISTORICAL			STATUTORY FORECAST
	FY20	FY21	FY22	FY23
KEY OPERATING METRICS				
Biogas flows (M m^3)	34.6	57.8	69.9	76.5
Biogas flow growth (%)	3.7	67.2	20.9	9.4
MWhs generated	47,509	80,861	87,516	95,102
MWh growth (%)	8.9	70.2	8.2	8.7
LGCs created	47,509	80,861	87,516	95,102
ACCUs created	89,849	130,142	244,525	228,691
Electricity revenue ($m)	2.5	5.1	9.3	14.0
LGC revenue ($m)	2.7	3.1	3.1	3.1
ACCU revenue ($m)	1.3	2.0	6.4	6.9
Infrastructure revenue ($m)	0.4	0.3	0.5	0.3
PROFITABILITY				
Revenue growth (%)	(22.1)	52.2	83.4	26.5
Gross margin (%)	77.8	71.3	73.5	71.3
EBITDA margin (%)	45.8	39.0	44.9	41.9
EBITDA growth (%)	(23.0)	29.4	105.9	17.8
EBITDA per 1M m^3 biogas flow ($)	91,269	72,700	123,834	133,375

Key operating metrics

- **Biogas flows** – The 67.2% growth year-on-year in biogas flows to 57.8M m^3 in FY21 was a combination of increased biogas flows from existing sites as well as the addition of a new generation site in Canberra. LGI obtained rights to the biogas flows on the Canberra landfill in mid-June 2020, therefore FY21 reflected a full year of biogas flows from this site. The FY22 figures reflect the growth of the landfills together with new pipework infrastructure contributed to the 20.9% growth. Six of the seven landfills are open and continue to receive waste. The forecast FY23 gas flow increase of 9.4% is a result of LGI actively managing the landfill gas systems to extract the available gas as the waste volume increases.
- **MWhs generated and ACCUs created** – The growth between FY20 and FY21 was primarily the generation from the 4MW installed at the Canberra site. The FY22 growth in MWhs and ACCUs is a direct result of increased gas flows. The commissioning of the new generation facility at Toowoomba results in MWh growth in FY23 forecast. Given the timing of CER accreditation at the Canberra site, a number of ACCUs were recognised in FY22 in respect of FY21 activity. FY23 forecast only includes the period for which each site is contracted. Given the Dubbo site is on a monthly contract, ACCUs are only recognised up to and including August 2022. A full year of ACCU is recognised in FY20 FY21 and FY22.
- **LGCs created** – LGI's LGC creation matches MWhs generated. Each of the Company's generation sites is a registered renewable generation site by the CER. Therefore, every MWh that the portfolio of sites generates, results in the creation of an LGC. To manage the price risk of LGCs, LGI has entered into a transaction to sell a portion of LGCs created at the following prices, 29.25 March 2022 to February 2023, $25.25 March 2023 to February 2024 and $22.25 from March 2024 to February 2025.

Revenue

- **Electricity revenue** is influenced by the volume of MWhs and price. LGI, having generation assets in Queensland and the Australian Capital Territory, receive prices specific to each state. LGI receives contracted pricing for an amount of electricity sold behind the meter and for hedged contracts, the remainder of the electricity is sold at spot market electricity price less an administration fee. FY20 was characterised by lower consumption of electricity partly caused by COVID-19 and is reflected in the weighted average price received by LGI of $52 per MWh. The FY21 average price received of $66MWh includes higher prices in May and June, as a result of the outage of a Queensland coal fired power station. Higher electricity prices is a key contributor to higher revenue in FY22. These FY22 higher prices partially impacted by increased energy commodity prices globally and within Australia. Forward FY23 electricity prices continue to be influenced by higher coal and gas prices. FY23 forecast average market prices in Qld $192.55MWh and NSW $186.36MWh are reflective of market pricing from 2 August 2022. LGI has entered into hedge contracts over a portion of the forecast MWhs to lock in pricing for FY23. The impact of the hedge is included in historical and forecast revenues.
- **LGC revenue** is influenced by volume and price. Volume is identical to MWhs as all LGI power stations are registered as renewable energy. The LGC market prices are impacted both compliance purchasing from electricity Retailers and voluntary purchases by companies seeking to off set their carbon activities. The market prices for LGCs reflect the increasing demand for LGCs. LGI has hedged a portion of the LGC sales for FY23, FY24 and FY25 Weighted average price per LGC in FY20 $56, FY21 $39, FY22 $35, and forecast FY23 of $33.
- **ACCU revenue** – LGI receives both a fixed price and market price for ACCUs sold. The average price of FY20 $15, FY21 $15, FY22 $29 and FY23 forecast $31 per ACCU is a blend of fixed prices and market prices with fixed prices varying between sites. A proportion of ACCUs are sold on fixed price contracts. Following the 4 March announcement by the then Minister for Industry, Energy and Emissions Reduction, LGI will seek to optimise the price it receives for ACCUs. Where it makes commercial sense, LGI will pay an exit fee from fixed price contracts which will allow LGI to sell these ACCUs at the prevailing market price. The full market price is recognised as revenue and the exit fee is recognised as a cost in gross margin.
- **Infrastructure revenue** – Infrastructure revenue consists of third party contracts for biogas works. The amount varies from year to year in response to landfill owners requests for work to be performed.

Cost of Goods Sold

- Generation site costs include power station materials, labour contractors, repairs and maintenance, fuel and revenue sharing. Total Renewable Energy operating costs were $1.5M in FY20, $3.1M in FY21, $5.1M in FY22 and $7.0M in FY23.
  These costs are increasing as a direct consequence of increased MWh production across the three years. Direct maintenance costs are driven by the operating hour schedule of each individual generation unit. As a result they can vary from year to year. ACCU profit share arrangements are either paid in cash or ACCUs. Where the profit share is in ACCUs, LGI recognised the full volume of ACCUs as revenue, and the profit share ACCUs as a cost in gross margin.

Profitability

- **Gross margin** – Gross margin across the three years, in FY20 77.8%, FY21 71.3% and FY22 73.5%. This margin stability is achieved as the gas flows and production has increased. The decrease in FY21 is a result of one-off commissioning costs at the new Canberra site. Of note is the lowering fuel and oil costs. As additional Siloxane removal units have been deployed to sites, the fuel and oil cost per MWh has reduced from $5.68 per MWh in FY19 to $5.43 in FY20 and $4.53 in FY21. Forecast gross margin in FY23 is 71.3% largely consistent with previous years.
- **EBITDA margin** – EBITDA margin of 45.8% in FY20, 39.0% in FY21 and 44.9% in FY22 is impacted by increasing electricity market pricing in FY22. The forecast EBITDA margin in FY23 of 41.9% is impacted by increased staff costs.
- **EBITDA per 1M m^3 biogas flow** – A key metric to determine the conversion of biogas flow to EBITDA is EBITDA to 1 million cubic metres of biogas flow. EBITDA includes an allocation of underlying administrative expenses. The key driver for the decrease from FY20 to FY21 is a fall in the price of electricity and LGCs, see Section 2.6 for price analysis and well the costs associated with the commissioning of the new power station at Canberra, including stocking of consumables and spare parts. The increase from FY20 to FY22 impacted by the increased operating efficiency of the generation plant, with average generator availability in FY22 of 97%.

5.16.2 Greenhouse Gas Abatement

Greenhouse Gas Abatement sites predominately earn revenue from the creation and sale of ACCUs.

TABLE 14: Greenhouse Gas Abatement

	STATUTORY HISTORICAL			STATUTORY FORECAST
	FY20	FY21	FY22	FY23
KEY OPERATING METRICS				
Biogas flows (M m^3)	21.2	29.4	30.5	31.2
Biogas flow growth (%)	23.3	38.5	3.7	2.3
ACCUs created	79,113	196,708	157,700	155,984
ACCU revenue ($m)	1.1	2.9	5.2	5.1
Biogas management ($m)	0.1	0.1	0.1	0.1
Infrastructure revenue ($m)	0.1	0.1	0.2	0.1
PROFITABILITY				
Revenue growth (%)	(8.0)	136.1	77.4	(3.6)
Gross Margin (%)	79.4	87.8	82.8	66.7
EBITDA margin (%)	47.0	55.6	54.2	37.3
EBITDA growth (%)	(13.4)	178.9	75.3	(34.2)
EBITDA per 1M m^3 Biogas flow ($)	28,717	57,850	97,877	62,841

Key operating metrics

- **Biogas flows** – The biogas increase of 38.5% to 29.4M m^3 in FY21 is a combination of a full year's biogas flow from the new Canberra site as well as Nowra being added to the flaring site portfolio. The FY22 figures reflect the growth of the landfills together with new pipework infrastructure contributed to the 3.7% growth. Forecast growth in FY23 from extensions of Pipework on existing contracted sites.
- **ACCU creation** – In FY21, ACCU creation increased 148.6% to 196,708 which was a direct result in the additional biogas flows from existing and new sites. The FY21 ACCU volume of creation benefits from the timing of recognition for the new sites. The FY22 figures do not include any new sites.

Revenue

- **ACCU revenue** – LGI receives both a fixed price and market price for ACCUs sold. The average price received per ACCU across FY20, FY21 and FY22 was $14, $15 and $33, respectively. These prices reflect a blend of fixed prices and market prices with fixed prices varying between sites. A proportion of ACCUs are sold on fixed price contracts. This limits the impact of market price movements. The forecast average price of the ACCUs in FY23 is $33.
- **Biogas management revenue** – LGI received Biogas management revenue on four sites for which LGI also has the rights to the biogas.
- **Infrastructure revenue** – Infrastructure revenue consists of third party contracts for biogas works. The amount varies from year to year in response to landfill owners requests for work to be performed.

Cost of Goods Sold

- Flaring site costs include materials, labour contractors, repairs and maintenance, ACCU audits, revenue sharing and contract exit fees. Theses costs were $0.2M in FY20, $0.3M in FY21, $0.9M in FY22 and $1.8M in FY23. A proportion of ACCUs are sold on fixed price contracts. Following the 4 March announcement by the then Minister for Industry, Energy and Emissions Reduction, LGI will seek to optimise the price it receives for ACCUs. Where it makes commercial sense, LGI will pay an exit fee from fixed price contracts which will allow LGI to sell these ACCUs at the prevailing market price. The full market price is recognised as revenue and the exit fee is recognised as a cost in gross margin. No exit fees were paid in FY22. FY23 Costs of Goods Sold includes profit sharing costs where the ACCUs are provided directly to the customers and the ERF contract exit costs.

Profitability

- **Gross margin** – Gross margin is affected by the volume of biogas flows and resulting ACCUs. The gross margin increased in FY21 and FY22 from the significant step up in ACCU numbers. Forecast gross margin in FY23 is 66.7%, which is impacted by contract exit fees as discussed above.
- **EBITDA margin** – EBITDA margin increased in FY21 as the volume of ACCUs increased and the ERF contract prices increased. This was partially offset by an increase in administrative costs. Decrease in forecast FY23 gross margin impacted by the inclusion of exit fees as a cost of sale.
- **EBITDA per 1M m³ biogas flow** – The movement between FY20 and FY21 impacted by the increase in both contract and market prices. The increase in this metric from FY21 to FY22 reflects both improved efficiencies in converting biogas to revenue,and the improved market prices of both electricity and ACCUs. Forecast FY23 impacted by the inclusion of exit fees.

5.16.3 Site infrastructure, management and other

Revenue from site infrastructure projects, site management services and other revenue are included in this segment.

TABLE 15: Site Infrastructure, Management and Other

	STATUTORY HISTORICAL			STATUTORY FORECAST
	FY20	FY21	FY22	FY23
KEY OPERATING METRICS				
Biogas management revenue ($m)	0.5	0.5	0.5	0.5
Infrastructure revenue ($m)	0.6	0.2	0.2	1.1
Other revenue ($m)	1.3	0.7	–	–
PROFITABILITY				
Revenue growth (%)	137.9	(38.1)	(50.0)	128.6
Gross Margin (%)	87.2	78.9	58.0	42.9
EBITDA margin (%)	54.8	46.7	29.4	13.5
EBITDA growth (%)	305.7	(47.2)	(68.7)	5.5

Revenue

- **Biogas management revenue** – Biogas management services are subject to contracts, which vary from monthly to 5 years. There is little movement in prices from year to year. There were eight sites in each of the years between FY20 to FY22 and for the forecast FY23 period.
- **Infrastructure revenue** – Infrastructure projects are subject to third party contracts for biogas work. LGI's ability to contract for work is subject to availability of biogas field staff. The biogas field staff share their time between working on sites where LGI has the gas rights and Infrastructure projects. The revenue from Infrastructure project varies from year to year as a result. This can be seen in the results, FY20 $0.6M, FY21 $0.2M and FY22 $0.2M. Management forecast an increase in the number of uncontracted landfill infrastructure projects in FY23 aided by the removal of COVID travel restrictions.
- **Other revenue** – In FY20 LGI sold a solar farm project in development stage for a profit. The gain on sale for this project was included in FY20 $0.9M and FY21 $0.1M. In FY20 and FY21 LGI received COVID-19 payments from the Federal Government and the Queensland State Government.

Cost of Goods Sold

- Biogas management costs include repairs and maintenance costs of the biogas flare units, regulatory charges and labour hire costs. Total Biogas management costs were $0.1M in FY20, $0.1M in FY21, and $0.3M in FY22. The FY23 forecast for increase to $0.9M in infrastructure cost of goods sold in line with increase in projects.
- Infrastructure costs include materials, repairs and maintenance of equipment, labour contractors, travel and transport.

5.16.4 Operating expenses

Operating expenses are made up of professional service fees, insurance, motor vehicle running costs, office administrative costs, other costs and employee benefits expense net of capitalisation. Total statutory operating expenses being $3.4M in FY20, $4.7M in FY21 and $7.2M in FY22 and forecast $9.2M in FY23. The employee benefits expense being the single largest expense, for FY20 $2.5M, FY21 $3.3M, FY22 $4.7M and FY23 $6.1M. Over this period the number of full time equivalent staff increases by 15.3 reflecting the end to end service model offered by LGI to landfill owners.

5.17 Dividend policy

The payment of a dividend by LGI is at the discretion of the Directors and will be a function of a number of factors, including the general business environment, economic conditions, the operating results and the financial condition of LGI, future funding requirements, capital management initiatives, taxation considerations (including the level of franking credits available), any contractual, legal or regulatory restrictions on the payment of dividends, and any other factors the Directors may consider relevant. The LGI Board will review the dividend policy as appropriate.

No assurances can be given by any person, including the Directors, about payment of any dividend and the level of franking on any such dividend.

Investors who are not residents of Australia and who acquire Shares may be subject to Australian withholding tax on dividends or other distributions paid in respect of the Shares. Prospective investors who are not residents of Australia should consult with their own tax advisers regarding the application of the Australian withholding or other taxes to their particular situations as well as any additional tax consequences resulting from purchasing, holding or disposing of the Shares. Taxation considerations for an Australian tax resident investor are set out in Section 9.13

5.18 Forecast Sensitivity Analysis

The Forecast Financial Information is based on a number of estimates and assumptions that are subject to business, economic and competitive uncertainties and contingencies, many of which are beyond the control of LGI Directors or key management personnel. The Forecast Financial Information contain assumptions with respect to future developments, which are subject to change.

Investors should be aware that future events cannot be predicted with certainty and as a result, deviations from figures forecast in the Prospectus are to be expected. To assist investors in assessing the impact of these assumptions on the forecast, Table 16 sets out a summary of the sensitivities of certain Forecast Financial Information to changes in a number of key variables. The changes in the key variables as set out in the sensitivity analysis are not intended to be indicative of the complete range of variations that may be experienced. The sensitivities analysis is intended as a guide only and variations in actual performance could exceed the ranges shown.

Care should be taken in interpreting these sensitivities. The estimated impact of changes in each of the variables has been calculated in isolation from changes in other variables, in order to illustrate the likely impact on the forecast. In practice, changes in variables may offset each other or be additive, and it is likely that LGI would respond to any adverse change in one variable by seeking to minimise the net effect on LGI's EBITDA.

TABLE 16: Forecast Sensitivity Analysis

		IMPACT ON EBITDA ($M)	
DRIVER	INCREASE/(DECREASE)	INCREASE	DECREASE
Change in gas flow volume	+/-10%	2.0	(2.5)
Change in electricity market prices	+/-10%	0.6	(0.6)
Change in ACCU market prices	+/-10%	1.0	(1.0)

.6. RISK FACTORS

6.1 Factors influencing success and risk

This section identifies the major risks the Board believes are associated with an investment in LGI.

The LGI business is subject to risk factors, both specific to its business activities, and risks of a general nature. Individually, or in combination, these might affect the future operating performance of LGI and the value of an investment in the Company. There can be no guarantee that LGI will achieve its stated objectives or that any forward-looking statements will eventuate. An investment in the Company should be considered in light of relevant risks, both general and specific. Each of the risks set out below could, if it eventuates, have a material adverse impact on LGI's operating performance and profits, and the market price of the Shares.

Before deciding to invest in the Company, potential investors should:

- Read the entire Prospectus;
- Consider the risk factors that could affect the financial performance of LGI;
- Review these factors in light of their personal circumstances; and
- Seek professional advice from their Accountant, Stockbroker, Lawyer or other professional Adviser before deciding whether to invest.

6.2 Specific investment risks

6.2.1 Biogas supply

LGI's production of clean energy and carbon credits relies on biogas supplies from landfills. Gas supply constraints could reduce generation and revenue in the business.

LGI's business may be exposed to material changes in waste depositions to the sites on which it operates which is outside of LGI's control (this could result from a variety of events, including broader economic shifts and the de-amalgamation or amalgamation of councils resulting in waste depositions within those jurisdictions being significantly reduced or increased).

Landfill site management practices impact on the supply and volume of gas. Landfill site management practices are the responsibility of the landfill owner or landfill operator.

Landfill gas (Biogas) supply and volumes are impacted by the amount of organic waste within the landfill. LGI's business may be exposed to material changes in the organic content of the waste.

6.2.2 Market pricing

LGI generates electricity to sell from the gas it extracts from landfills. It therefore has exposure to energy price fluctuations in the National Energy Market (NEM). The company will continue to build energy generation infrastructure and enter into contracts for supplying electricity, which may be impacted adversely by energy market changes, subject to normal hedging and risk mitigation strategies.

Profit growth relies in part on LGI's ability to generate dispatchable electricity to fetch prices, which are expected to exceed the NEM average price, whilst using a portfolio of spot and long-term offtakes to manage the risk of the exposure to the NEM market.

There is no certainty that historical pricing patterns will be repeated in the future.

LGI creates and sells LGCs. It therefore has exposure to price fluctuations in the market for LGCs. The company will continue to build energy generation infrastructure and enter into contracts for supplying LGCs, which may be impacted adversely by LGC market changes, subject to normal hedging and risk mitigation strategies.

LGI creates and sells ACCUs. It therefore has exposure to price fluctuations in the market for ACCUs. The company will continue to enter into contracts for supplying ACCUs, which may be impacted adversely by ACCU market changes, subject to normal hedging and risk mitigation strategies.

LGI has entered into contracts for sale of LGCs and ACCUs that will be created in the future. LGI's ability to satisfy these contracts is subject to the creation of these certificates in the future. LGI may be adversely impacted by creation shortages of LGCs and ACCUs.

6.2.3 ACCU/ LGCs changes

Whilst extensions have been recently agreed for carbon (flaring) sites and power generation sites, the life of ACCUs/ LGCs is subject to third party regulators. Although expected to continue extending, there is uncertainty around when and how it will interplay with the international market for similar carbon credits. Existing legislation enables the creation of ACCUs and LGCs into the future, but Government policy will determine the interplay of supply and demand.

There is no certainty that historical pricing patterns will be repeated in the future.

The LGC scheme has an end date in 2030.

The ACCU scheme is administered by the ERF. LGI may be impacted by future changes by ERF to the ACCU scheme, including changes to the crediting periods and methodologies.

The future value of ACCUs may be impacted by lower priced international carbon credits being used in Australia.

On 1 July 2022 the Minister for Climate Change and Energy announced the appointment of Ian Chubb, former Chief Scientist, to advise the Government on how best Australia can realise the full potential for the ACCU system.

6.2.4 Health, Safety, Environment and Quality (HSEQ)

Failure to implement effective HSEQ and public safety procedures could give rise to HSEQ and/or public safety risks, which in turn may create reputational, regulatory risk and/or future earnings risk. Failure could lead to a loss of LGI's licences and permits, the incurrence of legal liability and/or loss of its social licence to operate power projects.

LGI's employees are at risk of workplace accidents and incidents given the nature of the industry in which LGI operates. In the event that an employee is injured in the course of their employment, LGI may be liable for penalties or damages under relevant work health and safety legislation. This has the potential to harm both the reputation and financial performance of LGI.

6.2.5 Access to landfills now and in the future

The level of activity in the waste management sector may vary and be affected by prevailing or predicted economic activity. There can be no assurance that the current levels of activity in the waste management sector will be maintained in the future or that customers of LGI will not reduce their activities, capital expenditure and requirements for waste management services in the future. Any prolonged period of low growth in the waste management industry would be likely to have an adverse effect on the business, financial condition, and profitability of LGI.

6.2.6 Contractual risks

LGI operates, and will continue to operate, through a series of contractual relationships with customers and suppliers. Each site contract that LGI has on foot is complex, bespoke to that particular landfill site and individually negotiated with each landfill site owner. All contracts, including those entered into by the Company, carry a risk that the respective parties will not adequately or fully comply with their respective contractual rights and obligations, that the terms of these contracts may be disputed, or that these contractual relationships may be terminated. In certain instances, it may be costly for the Company to enforce its contractual rights.

Similarly, there can be no guarantee that LGI will be successful in its ability to renew existing site contracts and win new contracts with existing and new landfill site owners. New contracts, including contracts entered into with an existing landfill site owner where a previous contract has expired, are usually subject to a competitive process. Failure to successfully renew existing contracts or to win new contracts could negatively impact LGI's financial performance, including, in the case of a failure to retain an existing site contract, by leaving LGI with excess capacity costs, and adversely impact its ability to grow its operations.

6.2.7 Operating risks

The Company's overall operations may be adversely affected by various factors, including but not limited to failure to sell or deliver electricity, unanticipated electricity delivery problems, plant and labour availability, or increases in the costs of labour, plant and equipment, equipment and labour sourcing problems, industrial accidents, industrial disputes or delays due to government actions. These factors may be beyond the control of management and may reduce revenues and/or increase costs of both current and future operations.

One of the most significant operating risks is the unplanned shutdown of generation or flaring assets for an extended period of time. Other operating risks beyond the control of management include changes in legislative requirements, variation in timing of regulatory approvals, abnormal or severe weather conditions, natural disasters, unexpected maintenance or technical problems, new technology failures, pandemic related lockdowns and restrictions on travel, delays in receiving parts and goods as a result of supply chain issues, and industrial disruption.

6.2.8 Reliance upon systems and technology

The Company's services and operations are heavily reliant upon technology and information systems, including its remote landfill site operating system. LGI relies significantly on the development of information systems designed to assist the respective businesses to monitor individual contracts, maximise profits, manage relationships and identify and rectify risk or loss-making situations. These systems may fail, or not operate effectively, and this may negatively impact on the respective businesses and the Company's performance.

6.2.9 Cyber risks

The Company's operations may be adversely affected by cyber-attacks or other technological innovations which may cause delay, interrupt operations, data breaches and their ramifications, destruction of third party relationships with suppliers and increase costs.

6.2.10 Capital, maintenance and planned projects

LGI's forecasts are based on the best available information at the time and on certain assumptions in relation to cost and timing of planned development or expansion of facilities, receipt of development and regulatory approvals and the level of expenditure required to undertake planned development and maintain the assets. Any significant unforeseen increases in the costs or delays in receipt of approvals associated with LGI's operations may adversely impact LGI's future cash flow and profitability.

There is a risk that the development, construction and maintenance is not completed on schedule, or that the construction costs exceed the budget, or that significant problems in constructing and maintaining arise. The Company may also depend on the third-party contractors or suppliers, and there is a risk that one or more of these third-party contractors or suppliers will not perform its contractual obligations properly or at all.

For electricity connect projects, LGI is reliant on the ability to connect to the electricity grid. Delays to regulatory approvals may adversely impact LGI projects, including expansion projects and new projects.

6.2.11 Regulatory and licensing risks

The treatment and flaring of biogas from landfills, and power generation and sale of electricity in Australia is regulated. Companies require licenses granted by different government authorities. Should the Company be unable to secure the necessary licences to operate its sites, the Company will be prevented from implementing its business plan.

LGI may be exposed to changes in the regulatory conditions under which it operates in the various states of Australia. Future changes in such policies or laws are unpredictable and beyond the control of LGI. Such regulatory changes can include, for instance, changes in taxation laws and policies, accounting laws, policies, standards and practices, environmental laws and regulations that may impact upon the operations and processes of LGI, and employment laws and regulations, including laws and regulations relating to occupational health and safety.

LGI's facilities have the benefit of approvals from Government authorities. There is a risk that LGI may incorrectly interpret the conditions of any such approvals. This may cause LGI to be at risk of adverse regulatory action by a government authority.

Further, the ability of the Company to successfully carry out its business will depend on the ability to maintain and comply with such approvals. No guarantee can be given that such approvals will be maintained or granted, or if they are maintained or granted, that the Company will be in a position to comply with all conditions that are imposed.

Environmental and planning licences and permits are subject to periodic renewal. There is no guarantee that current or future licences and permits for the Company's business operations will always be approved in a timely fashion (or at all), or on terms that are commercially acceptable to LGI.

Any changes required to be made to the business model of LGI as a result of any legislative or regulatory changes may result in a material loss of revenue for LGI and to the extent that fixed costs cannot be reduced and/or costs cannot be passed onto customers, could adversely impact the financial performance of LGI.

6.2.12 Environmental compliance

LGI's business is subject to a range of environmental laws and regulations as well as project and site-specific environmental permits and approvals issued by local and regional councils. LGI is reliant on environmental approvals being granted to the relevant landfill operators on the sites on which it operates to enable it to proceed and develop and operate. There is no guarantee that the required approvals will be granted in order to allow the Company to proceed and develop and operate. Failure by LGI to obtain the relevant approvals, or any delay in the award or transfer of the approvals, may materially and adversely affect the ability of the Company to develop and operate.

Each environmental approval may be issued for a specified term and may be subject to conditions that must be complied with, and which may be periodically reviewed. Consents that expire may not be renewed or may be renewed on terms that are less favourable to LGI.

In the event that LGI obtains the required environmental approvals, any changes to these approvals that arise out of a review process could restrict or stop LGI from developing and operating. There is also a risk that LGI may breach the conditions of one of its approvals or not be compliant which may result in the approval being revoked or the Company being prosecuted.

6.2.13 Competition

The market share of LGI's competitors may increase or decrease as a result of various factors such as securing major new contracts, developing new technologies/ know how, adopting pricing strategies specifically designed to gain market share and the emergence of disruptors or disruptive behaviours. In addition, larger and better funded organisations may enter the market within which LGI operates, and landfill site owners may seek to privatise the treatment of their facilities. These competitive actions may reduce the prices LGI is able to charge for its services and products or reduce LGI's activity levels, both of which would negatively impact the financial performance of LGI.

In the future, other technologies could be developed as a way to treat organic waste and/or to manage and store energy. Any future advances in other technologies could adversely impact LGI.

LGI must continue to invest in research and development to complement its know-how and continuously innovate with regards to its systems and processes.

6.2.14 Loss of reputation

LGI operates in an industry in which its reputation is important to the success of the Company and is partly reliant on their reputation and brand. Any event or occurrence that diminishes LGI's reputation or brand could have a significant adverse financial effect on the Company. In particular, the actions of the Company's employees, including breaches of relevant regulations or negligence in the provision of services, or major contractual disputes and disputes with third parties, could damage LGI's brand and diminish future profitability and growth.

6.2.15 Know-how, research and development risk

A substantial part of the Company's commercial success will depend on its ability to maintain and protect its proprietary systems and processes ("know-how") and operate without infringing the proprietary rights of third parties.

No assurance can be given that employees or third parties will not breach confidentiality agreements, infringe or misappropriate the Company's know-how or commercially sensitive information, or that competitors will not be able to produce non-infringing competitive services.

LGI's services are the subject of continuous research and development and will likely need to be substantially developed further in order to enable LGI to remain competitive and improve the services' scalability. There are no guarantees that LGI will be able to undertake such research and development successfully. Failure to successfully undertake such research and development, anticipate technical problems, or estimate research and development costs or timeframes accurately will adversely affect the Company's results and viability.

Retaining and sustaining protection of technologies and the complex nature of technologies can lead to expensive and lengthy disputes for which there can be no guaranteed outcome. There can be no assurance that any intellectual property which the Company may have an interest in the future will afford the Company commercially significant protection of technologies, or that any of the projects that may arise from technologies will have commercial applications.

The Company has claimed tax offsets for research and development, and may seek to make further claims in the future. There is no guarantee that the current research and development tax concessions will continue or that the Company's research and development will continue to qualify for tax concessions.

6.2.16 Growth strategy and funding

The continued performance and future growth of LGI is dependent on continued activity, enhancing efficiencies, optimising pricing, dispatchability and expansion, both in existing geographical markets and others, and in using landfills and other sources of renewable energy.

Part of LGI's growth strategy involves the ability to identify and acquire, or develop suitable assets in the future. The success of this strategy will be dependent on a number of factors, including the availability of debt and equity funding and the suitability of the terms of such funding. Further, while the funds raised under the Offer are considered sufficient to meet the current objectives of LGI, additional funding is anticipated to be sought for future growth initiatives and priorities, as outlined in this Prospectus. LGI may seek to raise further funds through equity, debt financing or other means.

There is no assurance that it will be able to raise that capital when it is required or, even if available, the terms may be unsatisfactory. Any additional equity financing will also dilute shareholdings.

Any additional debt financing, if available, may involve restrictions on financing and operating activities.

There is no assurance that LGI will be able to raise that capital when it is required or, even if available, the terms may be unsatisfactory. If the Company is unsuccessful in obtaining funds when they are required, the Company may need to delay or scale down its operations. Failure to obtain sufficient financing for LGI's activities may result in delay and indefinite postponement of development projects or potential acquisitions. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing might not be favourable to LGI and might involve substantial dilution to LGI Shareholders.

6.2.17 Process risk

Construction and operation of LGI's sites involves the design and implementation of engineered systems in the landfills to collect and transport gas to the conditioning skids and generation stations to convert it into electricity.

A portion of the proposed and existing works is underground pipework and therefore subject to issues which may impact construction costs, safe operation of a landfill and extraction of gas from a landfill. These issues could adversely impact LGI.

There is a risk that the process design does not satisfactorily deliver sufficient gas yields, or that the process design is not suitable for certain landfills and requires modification, potentially impacting on project or operating expenditure, revenues or impacting on contracted construction costs, performance penalties and time delay penalties.

6.2.18 Dependence upon key Personnel

LGI's success depends on its ability to attract and retain qualified key Personnel, including Adam Bloomer, Dr Jessica North, Jarryd Doran, Dean Wilkinson and other key members of LGI's senior management team named in this Prospectus. These key personnel have specialist knowledge in specific areas such as the carbon market, landfill management, equipment and telemetry selection and the electricity, LGC and ACCU markets. There may be a negative impact on LGI if any of its key Personnel leave. It may be difficult to replace them, or to do so in a timely manner or at comparable expense. Additionally, any key Personnel of the Company who leaves to work for a competitor may adversely impact the company.

The day-to-day management of LGI relies on Senior Managers and Executive Directors, and the success of LGI's business, depends on retaining the key employees and general motivation of the workforce.

LGI's ability to attract and retain Key Management Personnel may impact its ability to achieve forecast revenues and profitability. Additionally, increases in recruitment, wages and contractor costs and non-compliance with, or future changes to, employment laws may adversely impact upon the financial performance of the Company.

6.2.19 Supplier arrangements

LGI has arrangements with a number of key suppliers to the business, including for the provision of Jenbacher biogas engines which LGI uses to power the sites on which it operates. Should these arrangements come to an end at the instigation of a counterparty, there may be a time lag until LGI has entered into new arrangements with an alternative supplier. An inability to secure ongoing supply of required goods and services at prices assumed within production targets could also potentially impact the results of LGI's operations.

6.2.20 Inability to secure appropriate insurance

Whilst LGI seeks to maintain insurance coverage that is consistent with industry practice, there is a risk that any claim under LGI's insurance policies may be subject to certain exceptions, or may not be honoured (in full or in part). The Company may also be unable to purchase sufficient insurance to cover all losses incurred.

If the Company were to incur substantial liabilities, or if its business operations were interrupted for a sustained period of time, it may suffer loss. Such losses may not be fully covered under LGI's insurance policies. In addition, future coverage may not be available to LGI when required, at commercially acceptable premiums, or at all.

6.2.21 Seasonal affects

LGI's operations can be impacted by the wet season, which limits its ability to provide services which may mean gas extractions are delayed for a period of time. The timing of the wet season varies depending on the exact location of an extraction site. In addition, the jurisdictions within which LGI operates can be vulnerable to severe bushfires during the fire danger period which may also impact extraction sites. Periods of adverse weather conditions can reduce extraction activity and may lead to a decrease in biogas flows and electricity generation in areas affected by those weather conditions.

Climate change may impact LGI by altering biogas flows.

6.2.22 Foreign Exchange

LGI currently sources equipment and spare parts from foreign jurisdictions, including Europe and India. Movements in foreign exchange rates (particularly the EURO and US dollar) could affect the viability of LGI to upgrade existing assets, or the development of new projects.

6.2.23 Capital structure risk

Following completion of the Offer, the Directors and management team will retain a significant holding in LGI and will therefore have a significant influence over the Company, including in relation to resolutions requiring the approval of Shareholders. This collective interest may also have an impact on the liquidity (particularly having regard to any escrow arrangements), as well as acting as a potential deterrent to corporate transactions.

6.2.24 Escrow arrangements

Founders, Key Management Personnel, and Board members of the Company will be subject to escrow requirements, designed to protect the integrity of the market and allow the Company to develop a track record. This means that certain Shareholders will not be able to deal with escrowed Shares an options for the following:

- One third (1/3) of their shareholding can be dealt with two business days after release of Half Year 2023 results;
- One third (1/3) of their shareholding can be dealt with two business days after release of Full Year 2023 results; and
- One third (1/3) of their shareholding can be dealt with two business days after release of Half Year 2024 results.

At the end of each escrow period, Shares and options will be released from escrow at the same time, which may impact the Company's share price if relevant persons seek to trade their Shares at that time.

6.2.25 Further acquisitions and shareholder dilution

LGI's growth strategy includes pursuing future acquisitions. Shareholders' interests will be diluted if the Company issues new Shares as consideration for acquisitions or if the Company funds acquisitions by placing Shares with new investors.

LGI's growth strategy may be impacted if it is unable to find and integrate suitable acquisitions. The Company's due diligence processes may not be successful and an acquisition may not perform to the level expected.

6.2.26 Personal relationship between Directors

There may be a perceived conflict of interest due to an existing personal relationship between Directors and Co-Chief Executive Officers, Adam Bloomer and Dr Jessica North. The Company believes there are sufficient arrangements in place to manage any conflicts that may arise and that these will not impact Mr Bloomer and Dr North's ability to discharge their duties as directors or officers of the Company.

6.3 General investment risks

6.3.1 Share market investments

Before the Offer, there has been no public market for the Shares. It is important to recognise that, once the Shares are quoted on ASX, their price might rise or fall and they might trade at prices below or above the Offer Price. There can also be no assurance that an active trading market will develop for the Shares.

Factors affecting the price at which the Shares are traded on ASX could include domestic and international economic conditions. In addition, the prices of many listed entities' securities are affected by factors that might be unrelated to the operating performance of the relevant company. Those fluctuations might adversely affect the price of the Shares.

6.3.2 General economic conditions

LGI's operating and financial performance is influenced by a variety of general economic and business conditions including the level of inflation, interest rates and government fiscal, monetary and regulatory policies. Prolonged deterioration in general economic conditions, including an increase in interest rates, could be expected to have a corresponding adverse impact on the Company's operating and financial performance.

6.3.3 Accounting standards

Australian Accounting Standards are set by the Australian Accounting Standards Board (**AASB**) and are outside the Directors' and LGI's control. Changes to accounting standards issued by AASB could materially adversely affect the financial performance and position reported in LGI's financial statements.

6.3.4 Tax risks

Changes to the rate of taxes imposed on LGI (including in overseas jurisdictions in which LGI operates now or in the future) or tax legislation generally may affect LGI and its Shareholders. In addition, an interpretation of Australian tax laws by the Australian Taxation Office that differs to LGI's interpretation may lead to an increase in LGI's tax liabilities and a reduction in Shareholder returns. In the event that the Company exceeds thresholds as set out by the ATO in each tax year, the tax payable by the Company may increase.

Personal tax liabilities are the responsibility of each individual investor. LGI is not responsible either for tax or tax penalties incurred by investors.

6.3.5 Litigation

There is a risk that the Company may in future be the subject of, or required to commence litigation. There is, however, no litigation, mediation, conciliation, or administrative proceeding taking place, pending or threatened against the Company.

6.3.6 No guarantee of dividend

The ability of LGI to pay dividends in the future is dependent on many factors, and in particular making sufficient profit to cover capital project requirements whilst still complying with covenants. This, together with a number of other factors, will impact on the Company's ability to pay a dividend. The Board cannot give any assurance regarding the payment of dividends in the future.

6.3.7 COVID-19 Pandemic

Events related to COVID-19 have resulted in significant market volatility. There is continued uncertainty as to the ongoing and future response of governments and authorities globally, and a further Australian economic downturn is possible. As such, the full impact of COVID-19 on clients, employees and the Company are not fully known. Given this, the impact of COVID-19 could potentially be materially adverse to the Company's financial and operational performance. Further, any government or industry measures may materially adversely affect LGI's operations and are likely beyond LGI's control.

As a result, LGI may experience some customer losses, including due to insolvency or LGI's customers ceasing operations, which may result in an inability to collect receivables from these customers. LGI may also experience a decrease or delay in demand for LGI's services, which could result in decreased revenue and cash flows for the Company. LGI could be further adversely affected by a decline in government spending or changes in government budgetary priorities as a result of the economic impact of COVID-19 (or other macroeconomic events that may constrain infrastructure spend), competing demands for public funding or other factors.

In addition, COVID-19 has affected how LGI and its customers are operating their business, including as a result of local, state and federal government public health orders, travel restrictions and/or business shutdowns, all of which could negatively impact the Company's business and results of operations, including cash flows. The duration and extent to which these restrictions will continue to impact LGI and its customers remains uncertain, and may prove difficult to assess or predict, particularly over the medium to longer term. Government restrictions on LGI's operations may impact LGI's ability to provide services or lead to an increase in costs. Such restrictions may, directly and indirectly, have a material adverse impact on the financial and operational performance of the Company.

6.4 Cautionary statement

Statements contained in this Prospectus may be forward-looking statements.

Forward-looking statements can be identified by the use of forward-looking terminology such as, but not limited to, 'may', 'will', 'expect', 'anticipate', 'estimate', 'would be', 'believe', or 'continue' or the negative or other variations of comparable terminology. These statements are subject to risks and uncertainties that could cause actual results to differ materially from those projected. The Directors' expectations, beliefs and projections are expressed in good faith and are believed to have a reasonable basis. They are based on, among other sources the examination of historical operating trends, data contained in the Company's records and other data available from third parties. There can be no assurance, however, that their expectations, beliefs or projections will give the results projected in the forward-looking statements. Investors should not place undue reliance on these forward-looking statements.

Additional factors that could cause actual results to differ materially from those indicated in the forward-looking statements are discussed earlier in this section.

.7.

INVESTIGATING ACCOUNTANT'S REPORT AND FINANCIAL SERVICES GUIDE

The Directors
LGI Limited
57 Harvey Street North
Eagle Farm QLD 4009

17 August 2022

Dear Directors

Investigating Accountant's Report

Independent Limited Assurance Report on LGI Limited's historical and forecast financial information and Financial Services Guide

We have been engaged by LGI Limited (the Company) to report on the historical and forecast financial information of the Company for the years ended 30 June 2020, 30 June 2021 and 30 June 2022 and the year ending 30 June 2023 for inclusion in the Prospectus dated on or about 17 August 2022 and relating to the issue of ordinary shares in the Company.

Expressions and terms defined in the Prospectus have the same meaning in this report.

The nature of this report is such that it can only be issued by an entity which holds an Australian financial services licence under the Corporations Act 2001. PricewaterhouseCoopers Securities Ltd, which is wholly owned by PricewaterhouseCoopers holds the appropriate Australian financial services licence under the Corporations Act 2001. This report is both an Investigating Accountant's Report, the scope of which is set out below, and a Financial Services Guide, as attached at Appendix A.

Scope

You have requested PricewaterhouseCoopers Securities Ltd to review the following historical financial information of the Company (the responsible party) included in the Prospectus:

Historical Financial Information

- the Statutory Historical Income Statements for the years ended 30 June 2020, 30 June 2021 and 30 June 2022;
- the Statutory Historical Statement of Financial Position as at 31 December 2021; and
- the Statutory Historical Cash Flow Statements for the years ended 30 June 2020, 30 June 2021 and 30 June 2022.

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 has been extracted from the financial report of the Company for the years ended 30 June 2020, 30 June 2021, and the unaudited financial information for the half year ending 31 December 2021, and full year ending 30 June 2022. The years ended 30 June 2020 and 30 June 2021 were audited and half-year

PricewaterhouseCoopers Securities Ltd, ACN 003 311 617, ABN 54 003 311 617, Holder of Australian Financial Services Licence No 244572
480 Queen Street, BRISBANE QLD 4000, GPO BOX 150, BRISBANE QLD 4001
T +61 7 3257 5000, F +61 7 3257 5999, www.pwc.com.au

ended 31 December 2021 was reviewed by BDO Audit Pty Ltd (BDO) in accordance with the Australian Auditing Standards. BDO issued an unmodified audit (and review) opinion on the audited and reviewed financial reports. The historical financial information is presented in the 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 PricewaterhouseCoopers Securities Ltd to review the following pro forma historical financial information of the Company (the responsible party) included in the Prospectus:

- the Pro Forma Historical Income Statements for the years ended 30 June 2020, 30 June 2021 and 30 June 2022;
- the Pro Forma Historical Statement of Financial Position as at 31 December 2021; and
- the Pro Forma Historical Cash Flows Statements for the years ended 30 June 2020, 30 June 2021 and 30 June 2022.

The Pro Forma Historical Financial Information has been derived from the Historical Financial Information of the Company, after adjusting for the effects of pro forma adjustments described in sections 5.3, 5.4, 5.7, 5.9 and 5.11 of the Prospectus. The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies applied to the historical financial information and the event(s) or transaction(s) to which the pro forma adjustments relate, as described in sections 5.3, 5.4, 5.7, 5.9 and 5.11 of the Prospectus, as if those event(s) or transaction(s) 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, financial performance, and/or cash flows.

Forecast

- the forecast Statements of Financial Performance and Cash Flow of the Company for the year ending 30 June 2023, as described in section 5.5 of the Prospectus.

The directors' best-estimate assumptions underlying the Forecast are described in sections 5.5 and 5.15 of the Prospectus. The stated basis of preparation used in the preparation of the Forecast being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies.

Pro Forma Forecast

- the pro forma forecast Statements of Financial Performance and Cash Flow of the Company for the year ending 30 June 2023, described in section 5.5, 5.7 and 5.9 of the Prospectus.

The Pro Forma Forecast has been derived from the Company's Forecast, after adjusting for the effects of the pro forma adjustments described in section 5.5, 5.7 and 5.9 of the Prospectus. The stated basis of preparation used in the preparation of the Pro Forma Forecast being the recognition and measurement principles contained in Australian Accounting Standards applied to the forecast and the event(s) or transaction(s) to which the pro forma adjustments relate, as described in sections 5.3, 5.5, 5.7 and 5.9 of the Prospectus, as if those event(s) or transaction(s) had occurred during the year ended 30 June 2023. Due to its nature, the Pro Forma Forecast does not represent the company's actual prospective financial performance, and/or cash flows for the year ending 30 June 2023.

Directors' responsibility

The directors of the Company are responsible for the preparation of the Historical Financial Information and Pro Forma Historical Financial Information, including its basis of preparation and the selection and determination of pro forma adjustments made to the Historical Financial Information and included in the Pro Forma Historical Financial Information.

The directors of the Company are also responsible for the preparation of the Forecast, including its basis of preparation and the best-estimate assumptions underlying the Forecast. They are also responsible for the preparation of the Pro Forma Forecast, including its basis of preparation and the selection and determination of the pro forma adjustments made to the Forecast and included in the Pro Forma Forecast.

This includes responsibility for its compliance with applicable laws and regulations and for such internal controls as the directors determine are necessary to enable the preparation of historical financial information, pro forma historical financial information, a forecast and a pro forma forecast that are free from material misstatement.

Our responsibility

Our responsibility is to express a limited assurance conclusion on the Historical Financial Information, the Pro Forma Historical Financial Information, the Forecast and Pro Forma Forecast, the best-estimate assumptions underlying the Forecast and Pro Forma Forecast, and the reasonableness of the Forecast and Pro Forma Forecast themselves, based on our review. We have conducted our engagement in accordance with the Standard on Assurance Engagement 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.

Conclusions

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 of the Company, as described in section 5 of the Prospectus, and comprising:

- the Statutory Historical Income Statements for the years ended 30 June 2020, 30 June 2021 and 30 June 2022;
- the Statutory Historical Statement of Financial Position as at 31 December 2021; and

- the Statutory Historical Cash Flow Statements for the years ended 30 June 2020, 30 June 2021 and 30 June 2022.

are not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in sections 5.3 and 5.4 of the Prospectus being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies.

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 financial information of the Company as described in section 5.3 and 5.4 of the Prospectus, and comprising:

- the Pro Forma Historical Income Statements for the years ended 30 June 2020, 30 June 2021 and 30 June 2022;
- the Pro Forma Historical Statement of Financial Position as at 31December 2021; and
- the Pro Forma Historical Cash Flow Statements for the years ended 30 June 2020, 30 June 2021 and 30 June 2022.

are not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in section 5.3 and 5.4 of the Prospectus being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies applied to the historical financial information and the event(s) or transaction(s) to which the pro forma adjustments relate, as described in sections 5.3, 5.4, 5.7, 5.9 and 5.11 of the Prospectus, as if those event(s) or transaction(s) had occurred as at the date of the historical financial information.

Forecast

Based on our review, which is not an audit, nothing has come to our attention which causes us to believe that:

- the directors' best-estimate assumptions used in the preparation of the forecast Statements of Financial Performance and Cash Flow of the Company for the year ending 30 June 2023 do not provide reasonable grounds for the Forecast; and
- in all material respects, the Forecast:
  - is not properly prepared on the basis of the directors' best-estimate assumptions as described in section 5.15 of the Prospectus; and
  - is not presented fairly in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the entity's adopted accounting policies; and
- the Forecast itself is unreasonable.

Pro Forma Forecast

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that:

- the directors' best-estimate assumptions used in the preparation of the pro forma forecast Statements of Financial Performance and Cash Flow of the Company for the year ending 30 June 2023 do not provide reasonable grounds for the Pro Forma Forecast; and

- in all material respects, the Pro Forma Forecast:
  - is not properly prepared on the basis of the directors' best-estimate assumptions, as described in section 5.15 of the Prospectus; and
  - is not presented fairly 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, applied to the Forecast and the pro forma adjustments as if those adjustments had occurred as at the date of the forecast; and
- the Pro Forma Forecast itself is unreasonable.

Forecast and Pro Forma Forecast

The Forecast and Pro Forma Forecast have been prepared by management and adopted by the directors in order to provide prospective investors with a guide to the potential financial performance of the Company for the year ending 30 June 2023. There is a considerable degree of subjective judgment involved in preparing forecasts since they relate to event(s) and transaction(s) that have not yet occurred and may not occur. Actual results are likely to be different from the Forecast and Pro Forma Forecast since anticipated event(s) or transaction(s) frequently do not occur as expected and the variation may be material.

The directors' best-estimate assumptions on which the Forecast and Pro Forma Forecast are based relate to future event(s) and/or transaction(s) that management expect to occur and actions that management expect to take and are also subject to uncertainties and contingencies, which are often outside the control of the Company. Evidence may be available to support the directors' best-estimate assumptions on which the Forecast and Pro Forma Forecast are based however such evidence is generally future-oriented and therefore speculative in nature. We are therefore not in a position to express a reasonable assurance conclusion on those best-estimate assumptions, and accordingly, provide a lesser level of assurance on the reasonableness of the directors' best-estimate assumptions. The limited assurance conclusion expressed in this report has been formed on the above basis.

Prospective investors should be aware of the material risks and uncertainties in relation to an investment in the Company, which are detailed in the Prospectus, and the inherent uncertainty relating to the Forecast and Pro Forma Forecast. Accordingly, prospective investors should have regard to the investment risks and sensitivities as described in sections 6 and 5.18 of the Prospectus. The sensitivity analysis described in section 5.18 of the Prospectus demonstrates the impact on the Forecast and Pro Forma Forecast of changes in key best-estimate assumptions. We express no opinion as to whether the Forecast or Pro Forma Forecast will be achieved.

The Forecast and Pro Forma Forecast have been prepared by the directors for the purpose of inclusion in the Prospectus. We disclaim any assumption of responsibility for any reliance on this report, or on the Forecast or Pro Forma Forecast to which it relates, for any purpose other than that for which it was prepared. We have assumed and relied on representations from certain members of management of the Company, that all material information concerning the prospects and proposed operations of the Company has been disclosed to us and that the information provided to us for the purpose of our work is true, complete, and accurate in all respects. We have no reason to believe that those representations are false.

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Notice to investors outside Australia

Under the terms of our engagement this report has been prepared solely to comply with Australian Auditing Standards applicable to review engagements.

This report does not constitute an offer to sell, or a solicitation of an offer to buy, any securities. We do not hold any financial services licence or other licence outside Australia. We are not recommending or making any representation as to suitability of any investment to any person.

Restriction on Use

Without modifying our conclusions, we draw attention to section 5 of the Prospectus, which describes the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose.

Consent

PricewaterhouseCoopers Securities Ltd has consented to the inclusion of this assurance report in the public document in the form and context in which it is included.

Liability

The liability of PricewaterhouseCoopers Securities Ltd is limited to the inclusion of this report in the Prospectus. PricewaterhouseCoopers Securities Ltd makes no representation regarding, and has no liability for, any other statements or other material in, or omissions from the Prospectus.

Independence or Disclosure of Interest

PricewaterhouseCoopers Securities Ltd does not have any interest in the outcome of this transaction other than the preparation of this report and participation in due diligence procedures for which normal professional fees will be received.

Financial Services Guide

We have included our Financial Services Guide as Appendix A to our report. The Financial Services Guide is designed to assist retail clients in their use of any general financial product advice in our report.

Yours faithfully

Wim Blom
Authorised Representative of
PricewaterhouseCoopers Securities Ltd

Appendix A – Financial Services Guide

PRICEWATERHOUSECOOPERS SECURITIES LTD

FINANCIAL SERVICES GUIDE

This Financial Services Guide is dated 17 August 2022

1. About us

PricewaterhouseCoopers Securities Ltd (ABN 54 003 311 617, Australian Financial Services Licence no 244572) ("**PwC Securities**") has been engaged by LGI Limited (the Company) to provide a report in the form of an **Investigating Accountant's Report** in relation to the proposed initial public offering of fully paid ordinary shares in the Company and listing of the Company on the Australian Securities Exchange (the **Offer**) for inclusion in the **Prospectus**.

You have not engaged us directly but have been provided with a copy of the Report as a retail client because of your connection to the matters set out in the Report.

2. This Financial Services Guide

This Financial Services Guide ("**FSG**") is designed to assist retail clients in their use of any general financial product advice contained in the Report. This FSG contains information about PwC Securities generally, the financial services we are licensed to provide, the remuneration we may receive in connection with the preparation of the Report, and how complaints against us will be dealt with.

3. Financial services we are licensed to provide

Our Australian financial services licence allows us to provide a broad range of services, including providing financial product advice in relation to various financial products such as securities, interests in managed investment schemes, derivatives, superannuation products, foreign exchange contracts, insurance products, life products, managed investment schemes, government debentures, stocks or bonds, and deposit products.

4. General financial product advice

The Report contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs.

You should consider your own objectives, financial situation and needs when assessing the suitability of the Report to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

5. Fees, commissions and other benefits we may receive

PwC Securities charges fees to produce reports, including this Report. These fees are negotiated and agreed with the entity who engages PwC Securities to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the person who engages us. In the preparation of this Report our fees charged are $350,000 (excluding GST).

Directors or employees of PwC Securities, PricewaterhouseCoopers, or other associated entities, may receive partnership distributions, salary or wages from PricewaterhouseCoopers.

6. Associations with issuers of financial products

PwC Securities and its authorised representatives, employees and associates may from time to time have relationships with the issuers of financial products. For example, PricewaterhouseCoopers may be the auditor of, or provide financial services to, the issuer of a financial product and PwC Securities may provide financial services to the issuer of a financial product in the ordinary course of its business.

7. Complaints

If, for any reason, you are not satisfied with the advice or service you receive from PwCS or from our authorised representatives, you are entitled to make a complaint.

If you wish to make a complaint please initially lodge your complaint with your adviser. We have established procedures to ensure all complaints are resolved quickly and fairly. A copy of our internal complaints handling procedure can be provided to you upon request.

If you do not receive a satisfactory outcome to your complaint, you have the right to contact the Australian Financial Complaints Authority ("AFCA"). AFCA provides independent financial services complaint resolution that is free to consumers.

Australian Financial Complaints Authority
GPO Box 3, Melbourne VIC 3001
Tel: 1800 931 678 (Free Call)

E-mail: info@afca.org.au
Website: www.afca.org.au

PwCS is a member of AFCA. You will not be charged for using the AFCA service.

8. Contact Details

PwC Securities can be contacted by sending a letter to the following address:

Wim Blom
Authorised Representative
PricewaterhouseCoopers Securities Ltd
480 Queen Street
BRISBANE QLD 4000
GPO Box 150, BRISBANE QLD 4001

.8. MATERIAL AGREEMENTS

8.1 Key documents

The Board considers that certain agreements relating to LGI are significant to the Offer, the operations of LGI or may be relevant to investors. A description of material agreements or arrangements, together with a summary of the more important details of each of these agreements, is set out below.

8.2 Constitution

Below is a summary of the key provisions of LGI's Constitution. This summary is not exhaustive, nor does it constitute a definitive statement of a Shareholder's rights and obligations.

Shares

The Directors are entitled to issue and cancel Shares in the capital of LGI, grant options over unissued shares and settle the manner in which fractions of a Share are to be dealt with. The Directors may decide the persons to whom, and the terms on which, Shares are issued or options are granted, as well as the rights and restrictions that attach to those Shares or options.

The Constitution also permits the issue of preference shares on terms determined by the Directors.

LGI may also sell a Share that is part of an unmarketable parcel of Shares under the procedure set out in the Constitution.

Variation of class rights

The rights attached to any class of Shares may, unless their terms of issue state otherwise, only be varied with the consent in writing of members holding at least three-quarters of the Shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of Shares of that class.

Restricted securities

If the ASX classifies any of LGI's Share capital as restricted securities, then the restricted securities must not be disposed of during the escrow period and LGI must refuse to acknowledge a disposal of the restricted securities during the escrow period, except as permitted under the Listing Rules or by the ASX.

Share certificates

Subject to the requirements of the Corporations Act, the Listing Rules or the ASX Settlement Operating Rules, LGI need not issue Share Certificates if the Directors so decide.

Calls

The Directors may, from time to time, call upon Shareholders for unpaid monies on their Shares. The Directors must give Shareholders notice of a call at least 30 business days before the amount called is due, specifying the time and place of payment. If a call is made, Shareholders are liable to pay the amount of each call by the time and at the place specified.

A call is taken to have been made when a Directors' resolution passing the call is made, or on any later date fixed by the Board. A call may be revoked or postponed at the discretion of the Directors.

Forfeiture and lien

LGI may forfeit Shares to cover any call, or other amount payable in respect of Shares, which remains unpaid following any notice to that effect sent to a Shareholder. Forfeited Shares become the property of LGI and the Directors may sell, reissue or otherwise dispose of the Shares as they think fit.

A person whose Shares have been forfeited may still be required to pay LGI all calls and other amounts owing in respect of the forfeited Shares (including interest) if the Directors so determine.

LGI has a first and paramount lien for unpaid calls, instalments and related interest and any amount it is legally required to pay in relation to a Shareholder's Shares. The lien extends to all distributions relating to the Shares, including dividends.

LGI's lien over Shares will be released if it registers a transfer of the Shares without giving the transferee notice of its claim.

Share transfers

Shares may be transferred by any method permitted by the Corporations Act, the Listing Rules or the ASX Settlement Operating Rules or by a written transfer in any usual form or in any other form approved by the Directors. The Directors may refuse to register a transfer of Shares where it is not in registrable form, LGI has a lien over any of the Shares to be transferred or where it is permitted to do so by the Listing Rules or the ASX Settlement Operating Rules.

General meetings

Each Shareholder, Director and auditor is entitled to receive notice of and attend any general meeting of LGI. Two Shareholders must be present to constitute a quorum for a general meeting and no business may be transacted at any meeting except the election of a chair and the adjournment of the meeting, unless a quorum is present when the meeting proceeds to business.

Voting rights

Subject to any rights or restrictions attached to any Shares or class of shares, on a show of hands each Shareholder present has one vote and, on a poll, one vote for each fully paid Share held, and for each partly paid Share, a fraction of a vote equivalent to the proportion to which the Share has been paid up. Voting may be in person or by proxy, attorney or representative.

Remuneration of Directors

Each Director is entitled to remuneration from LGI for his or her services as decided by the Directors but the total amount provided to all Directors for their services as Directors must not exceed in aggregate in any financial year the amount fixed by LGI in general meeting. The remuneration of a Director (who is not the Managing Director or an Executive Director) must not include a commission on, or a percentage of, profits or operating revenue.

Remuneration may be provided in the manner that the Directors decide, including by way of non-cash benefits. There is also provision for Directors to be paid extra remuneration (as determined by the Directors) if they devote special attention to the business of LGI or otherwise perform services which are regarded as being outside of their ordinary duties as Directors or, at the request of the Directors, engage in any journey on LGI's business.

Directors are also entitled to be paid all travelling and other expenses they incur in attending to LGI's affairs, including attending and returning from general meetings or Board meetings, or meetings of any committee engaged in LGI's business.

Interests of Directors

A Director who has a material personal interest in a matter that is being considered by the Board must not be present at a meeting while the matter is being considered nor vote on the matter, unless the Corporations Act allows otherwise.

Election and retirement of Directors

There must be a minimum of three Directors and a maximum of 9 Directors, unless LGI in general meeting resolves otherwise.

Where required by the Corporations Act or Listing Rules, LGI must hold an election of Directors each year. No Director, other than the Managing Director, may hold office without re-election beyond the third annual general meeting, following the meeting at which the Director was last elected or re-elected. A Director appointed to fill a casual vacancy, who is not a Managing Director, holds office until the conclusion of the next annual general meeting following his or her appointment. If there would otherwise not be a vacancy, and no Director is required to retire, then the Director who has been longest in office since last being elected must retire.

If a number of Directors were elected on the same day, the Directors to retire is (in default of agreement between them) determined by ballot.

Dividends

If the Directors determine that a final or interim dividend is payable, it is (subject to the terms of issue on any Shares or class of Shares) paid on all Shares proportionate to the amount for the time being paid on each Share. Dividends may be paid by cash, electronic transfer or any other method as the Board determines.

The Directors have the power to capitalise and distribute the whole or part of the amount from time to time standing to the credit of any reserve account or otherwise available for distribution to Shareholders. The capitalisation and distribution must be in the same proportions which the Shareholders would be entitled to receive if distributed by way of a dividend.

Subject to the Listing Rules, the Directors may pay a dividend out of any fund or reserve or out of profits derived from any source.

Proportional takeover bids

LGI may prohibit registration of transfers purporting to accept an offer made under a proportionate takeover bid unless a resolution of LGI has been passed approving the proportional takeover bid under the provisions of the Constitution.

The rules in the Constitution relating to proportional takeover bids cease on the third anniversary of the adoption of the Constitution, or the renewal of the rules, unless renewed by a special resolution of Shareholders.

Indemnities and insurance

LGI must indemnify current and past Directors and other Executive Officers (**Officers**) of LGI on a full indemnity basis and to the fullest extent permitted by law against all liabilities incurred by the Officer as a result of their holding office in LGI or a related body corporate.

LGI may also, to the extent permitted by law, purchase and maintain insurance, or pay or agree to pay a premium for insurance, for each Officer against any liability incurred by the Officer as a result of their holding office in LGI or a related body corporate.

8.3 Underwriting Agreement

LGI and the Joint Lead Managers have entered into the Underwriting Agreement. In accordance with the terms of the Underwriting Agreement, the Joint Lead Managers have agreed to manage the Offer and to underwrite the application for new Shares under the Offer by subscribing for any Shares the subject of the Offer for which valid applications are not received. The Joint Lead Managers may also appoint sub-underwriters.

Fees and costs

LGI must pay the Joint Lead Managers a fee of 4.5% (comprising an underwriting fee of 3% and a management fee of 1.5%) of the underwritten Offer proceeds $25 million, whether the funds are received or arranged by LGI or the Joint Lead Managers.

In addition to the fees described above, LGI has agreed to pay the Joint Lead Managers for reasonable out of pocket expenses (including legal fees) in relation to the Offer.

Termination

As is normal for agreements of this nature, the Joint Lead Managers may terminate their obligations under the Underwriting Agreement if certain events occur before the Shares are issued (**Unqualified Termination Events**). In respect of the occurrence of certain other events, the Joint Lead Managers' ability to terminate is limited to circumstances in which the Joint Lead Managers are of the opinion that the event has had or could be expected to have a material adverse effect on certain factors including (but not limited to) the financial condition of LGI, the ability of the Joint Lead Managers to market or promote the Offer or the price or likely price at which the Shares are likely to trade on ASX (**Qualified Termination Events**).

The Unqualified Termination Events include (but are not limited to):

1. (Index fall) the S&P/ASX 200 Index published by ASX on any trading day before completion of the Offer closes at 10% below its level as at the close of ASX trading on the trading day before lodgement of the Prospectus;
2. (Supplementary prospectus) the Joint Lead Managers form the view (acting reasonably) that a supplementary prospectus must be lodged with ASIC and LGI does not lodge the supplementary prospectus as required;
3. (Material adverse change) a material adverse change, or any development involving a prospective material adverse change occurs in relation to LGI and its related bodies corporate in the reasonable opinion of the Joint Lead Managers, including a change that could result in the success of the Offer being affected to a material degree;
4. (Offer documents) there is:
   i. A material omission from the Prospectus or any supplementary prospectus of material required by the Corporations Act to be included;
   ii. An Offer Document (defined in the Underwriting Agreement to mean any documents issued or published by or on behalf of the Company in respect of the Offer, including the Prospectus, the Application Form, any supplementary prospectus, any written materials that are presented or provided to prospective investors (including roadshow presentations) and any Publication (defined in the Underwriting Agreement to include media statements, announcements and other similar materials)) contains a statement which is misleading or deceptive (whether by inclusion or omission); or
   iii. An Offer Document (as defined above) does not contain all information required to comply with Chapter 6D and Chapter 7 of the Corporations Act;
5. (Insolvency) LGI or any of its related bodies corporate becomes insolvent; and

6. (Material change) there is a change in the material terms of the Offer as set out in the Prospectus (or any supplementary prospectus) without the prior written approval of the Joint Lead Managers.

The Qualified Termination Events include (but are not limited to):

1. (Hostilities) in respect of any one or more of Australia, the United States of America, any member state of the European Union or the People's Republic of China:
   i. Hostilities not presently existing commence;
   ii. A major escalation in existing hostilities occurs; or
   iii. A terrorist act is perpetrated;
2. (Material adverse change in financial markets) any of the following occurs:
   i. Any material adverse change or disruption to the political conditions or financial markets of Australia, the United Kingdom or the United States of America, or a general moratorium on commercial banking activities is declared in those countries; or
   ii. Trading on ASX, the London Stock Exchange or the New York Stock Exchange is suspended or limited in a material respect for one day on which that exchange is open for trading;
3. (Conduct) LGI or any of its Directors or Officers engage in any fraudulent conduct or activity or breach the Corporations Act;
4. (Timetable) any event specified in the Offer timetable is delayed for more than one business day without the prior written approval of the Joint Lead Managers;
5. (Debt facilities):
   i. LGI breaches, or defaults under, any provision, undertaking, covenant or ratio of a material debt or financing arrangement; or
   ii. There occurs an event of default under or with respect to such financing arrangement;
6. (Change in law) there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of the Commonwealth of Australia or any State or Territory of Australia a new law, or the Government of Australia or any State or Territory of Australia or the Reserve Bank of Australia adopts or announces a proposal to adopt a new policy;
7. (Material contracts) any contract, deed or other agreement which is material to the making of an informed investment decision in relation to the Shares, as referred to in the Prospectus, is terminated or breached by LGI or a related body corporate; and
8. (Legal proceedings) the commencement of legal proceedings against LGI or any Director or any regulatory inquiry or public action against a Director or announcement that such action may be taken.

Representations, warranties and undertakings

The Underwriting Agreement contains various representations and warranties made by LGI and the Joint Lead Managers, which are customary in such an agreement. LGI also provides certain undertakings under the Underwriting Agreement regarding the conduct of LGI prior to, and for limited periods of time following, the Shares being issued.

Indemnity

LGI agrees to indemnify the Joint Lead Managers, each of their related bodies corporate and affiliates and each of its Officers, Directors, Employees, representatives, agents and Advisers against all losses, liabilities, claims, damages, costs, charges and expenses whatsoever (including reasonable legal costs on a full indemnity basis) incurred or suffered directly or indirectly arising out of or in connection with the Offer or the Underwriting Agreement, other than losses caused directly by the gross negligence, wilful default, wilful misconduct or fraud of any indemnified party or the Joint Lead Managers, except to the extent that the breach is caused or contributed to by LGI, its related bodies corporate or their Directors, Officers, Advisers, agents or employees.

8.4 Site contracts

LGI have a number of landfill gas extraction, power generation and gas flaring contracts at various sites across Queensland, New South Wales and the Australian Capital Territory. These projects are on industry standard terms including termination rights (often for convenience in favour of the principal), KPI based performance by LGI for operations under the relevant contract, indemnities, minimum insurance requirements and security arrangements.

LGI is granted access to its various power generation, flaring and landfill gas operations sites undertaken across Queensland, New South Wales and the Australian Capital Territory in a combination of ways. Access is either provided by a lease or sublease agreement, licence agreement or contractually pursuant to the relevant project agreement. These access arrangements are linked to the project documents in respect to termination and term and were separate documents they are on standard terms for documents of this nature. In circumstances where the access rights are contained in the project document, they provide access for the purposes of carrying out the project works.

Landfill gas power generation sites

LGI has a number of landfill gas services contracts for operations at various landfill gas facilities. These contracts ordinarily have fixed terms with options to extend (unless otherwise terminated in accordance with its terms). The landfill gas services contracts require LGI to design, construct and operate a landfill gas flaring system at the landfill facility. Services provided under the contract include gas collection, gas flaring and power station operation. The landfill gas services contracts are otherwise on standard industry terms including indemnities, minimum insurance requirements, security, limitation of liability and general terms. Ordinarily these contracts are accompanied by a connection agreement allowing LGI to connect to the electricity grid to generate and export electricity at those sites. Certain sites are also accompanied by carbon abatement contracts with the Clean Energy Regulator.

Biogas flaring landfill sites

LGI has a number of biogas flare and field management services contracts for operations at various landfill centres. These contracts ordinarily have fixed terms with options to extend (unless otherwise terminated in accordance with its terms). The contracts require LGI to provide biogas flare and field management services at the particular landfill site. Certain contracts also provide for the services to include gas collection and gas flaring at the local landfill centres. The contract is on standard industry terms including indemnities, minimum insurance requirements and limitation of liability. Certain sites are also accompanied by carbon abatement contracts with the Clean Energy Regulator.

LGI also has a number of landfill gas contracts for operations at various waste management centres. These contracts ordinarily have fixed terms with options to extend (unless otherwise terminated in accordance with its terms). The landfill gas contracts require LGI to design, construct and provide gas extraction flaring services and operational services at the landfill site. These contracts are otherwise on standard industry terms including indemnities and minimum insurance requirements

Gas collection and treatment sites

LGI has a number of landfill gas contracts at various landfill centres. These contracts ordinarily have fixed terms with options to extend (unless otherwise terminated in accordance with its terms). The landfill gas contracts require LGI to provide design, construction and operational services for a gas collection and treatment facility. Certain contracts also provide for LGI to provide gas collection and gas flaring services at the facility. The contracts are otherwise on standard industry terms including indemnities, limitation of liability and minimum insurance requirements. Certain sites are also accompanied by carbon abatement contracts with the Clean Energy Regulator.

Sale of Electricity and Environmental products

From time to time LGI enters into contracts for the sale of ACCUs and LGCs. These contracts cover the delivery and sale of environmental products in the future. LGI has recently entered into a 5-year offtake contract for a significant portion of the non-contracted ACCU portfolio with a major offshore energy group that provides materially increased unit pricing when compared to current ERF contracts. LGI has agreed the sale of LGCs for a fixed volume and fixed price from our inventory across the next 3 years. LGI enters into electricity hedges to limit the impact of volatility in the electricity wholesale price.

8.5 Voluntary restriction agreements

Key Management Personnel and certain other shareholders have entered into voluntary restrictions agreements relating to an aggregate of 48,050,400 shares and 500,000 shares resulting from exercising options, which restrict them from selling, creating a security interest in or otherwise dealing in their Shares and shares resulting from exercising options in accordance with the following schedule:

1. One third (1/3) of their Shareholding can be dealt with two business days after release of Half Year 2023 results;
2. One third (1/3) of their Shareholding can be dealt with two business days after release of Full Year 2023 results; and
3. One third (1/3) of their Shareholding can be dealt with two business days after release of Half Year 2024 results.

Vik Bansal and Abigail Cheadle will receive an aggregate total of 363,333 shares as a bonus incentive relating to the IPO, see Section 10.9. These shares will be subject to voluntary restriction for a period of three years from the IPO.

The escrow arrangements do not restrict those Shareholders from accepting a successful takeover bid (being a takeover bid that is accepted by at least half of the non-escrowed Shareholders), transferring Shares under a scheme of arrangement, or entering into a pre-bid acceptance agreement with a potential bidder for all the Shares.

NAME	ROLE	TOTAL SALARY	BONUS PAYMENT CAP WHICH MAY BE PAYABLE SUBJECT TO PERFORMANCE HURDLES BEING SATISFIED
Jarryd Doran	Chief Operating Officer	$276,972	n/a
Jessica North	Executive Director and Co-Chief Executive Officer	$275,292	n/a
Adam Bloomer	Managing Director/ Chief Executive Officer	$375,292	n/a
Dean Wilkinson	Chief Financial Officer and Joint Company Secretary	$276,252	n/a

8.6 Executive service contracts

The Company has entered into executive service agreements with Key Executives, which contain standard terms and conditions for agreements of this nature, including confidentiality, restraint on competition and retention of intellectual property provisions. The agreements are expressed to cover periods specific to individual appointments, but may generally be terminated by notice by either party, or earlier in the event of certain breaches of the terms and conditions. See table below.

Each Executive is also eligible to participate in the Company's Omnibus Plan.

Details of fees payable to the Directors are set out in Section 10.9.

8.7 Deeds of indemnity and access

The Company has entered into standard deeds of indemnity and access with the Directors.

The Company has undertaken, consistent with the Corporations Act, to indemnify each Director in certain circumstances and to maintain directors' and officers' insurance cover in favour of the Director for seven years after the Director ceases to be a Director.

The Company has further undertaken with each Director to maintain a complete set of the Company's board papers and to make them available to the Director for seven years after the Director ceases to be a Director.

8.8 Equity incentive scheme

The Company has adopted a long-term incentive plan in connection with its admission to the ASX, the Omnibus Incentive Plan (**Omnibus Plan**).

Key employees identified by the Board will be offered participation under the Omnibus Plan in the form of Shares, options or rights. Each Director is eligible to participate in the Omnibus Plan.

The vesting of the Shares, options or rights may be subject to the satisfaction of service-based conditions and performance hurdles which, when satisfied, will allow participating employees to receive Shares or vested options or rights which are exercisable over Shares.

Awards of fully paid ordinary shares, options, performance rights and share appreciation rights can be made under the Omnibus Plan.

Shares can be granted to eligible employees under a free grant (receiving an allocation of shares for no consideration) or salary contribution agreement.

An option confers a right to acquire a share during the exercise period, subject to the satisfaction of any vesting conditions, the payment of the exercise price for the option (including through a cashless exercise facility) set out in the offer, and otherwise in the manner required by the Board and specified by the offer.

A performance right confers an entitlement to be issued, transferred or allocated one share after the vesting date, subject to any disposal restrictions, the satisfaction of the vesting conditions, and any other requirements contained in the offer.

A share appreciation right confers an entitlement to be issued, transferred or allocated the number of shares calculated under the terms of the Omnibus Plan after the vesting date, subject to any disposal restrictions, the satisfaction of the vesting conditions and any other requirement contained in the offer. The Board may decide, in its absolute discretion to substitute the issue, transfer of allocation of these shares for the payment of a cash amount.

The maximum number of securities to be issued under the Omnibus Plan without shareholder approval is 4,630,004 being 5% of the total number of Shares on issue at Completion.

Outstanding options

The following securities have been issued under the Omnibus Plan to date:

Nil

8.9 Finance facilities

LGI Limited (**Company**) has core Existing Banking Facilities with a major Australian big 4 bank. The Company also has other Existing Banking Facilities relating to the funding of vehicles and machinery.

A summary of the core Existing Banking Facilities are set out in the table below.

DESCRIPTION	PURPOSE	FACILITY LIMIT	EXPIRY DATE
Major Australian bank			
Market Rate Loan Facilities	To fund or reimburse Project Costs. Project Costs means all costs of the Company in connection with the construction and installation of the Landfill Gas Facilities.	$28,850,000	30 June 2025
Overdraft Facility	To fund general working capital requirements.	$500,000	Renewed annually (1 year after Financial Close, subject to annual review at bank's discretion)
Contingent Liability Facility	To fund any of the Company's obligations to provide performance security in connection with the Project or a New Project.	$100,000	Renewed annually (1 year after Financial Close, subject to annual review at bank's discretion)

Each of the above facilities are secured. The repayment conditions for the various facilities are not uncommon for facilities of this type. These repayment conditions include interest only until 30 June 2023 and then principal and interest repayments.

LGI will repay $5.3M of the Market Rate Loan Facility following listing (see Use of Funds in Section 9.5).

The interest rates and facility fees payable under each of the facilities are usual commercial terms for facilities of this type.

The facility agreements with the major Australian bank contain customary representations, warranties, undertakings and events of default which are not uncommon for facilities of this type. A breach of such representations or undertakings, or the occurrence of an event of default, may result in the facilities becoming immediately due and payable and/or the cancellation of the financiers' commitments. Debt covenants include debt service cover ratio at least 1.4:1.0, equity ratio not less than 30% and interest cover ratio not less than 3.5:1.0. LGI has never been in breach of these debt covenants. Based on the forecast financial position, LGI does not expect to breach any covenants in the forecast period.

The Company has other Existing Banking Facilities relating to the funding of vehicles and machinery with a major Australian big 4 bank and 2 other financiers. The interest rates and repayments under each of the financiers' facilities are usual commercial terms for facilities of this type. The facility terms range from 48 months to 60 months. The Company had a total Facility Limit of $1,498,200 at 31 December 2021.

8.10 Documents available for inspection

Copies of the following documents are available for inspection during normal office hours at the registered office of the Company for 13 months after the date of this Prospectus:

- The constitution of LGI; and
- The consents to the issue of this Prospectus.

.9.
DETAILS OF THE OFFER

9.1 Description of the Offer

The Offer comprises a capital raising of approximately $25,000,000, by way of an issue of 16,666,667 Shares at $1.50 per Share.

Allocations must be for a minimum of 1,400 Shares equalling $2,100.

9.2 Structure of the Offer

The Offer comprises:

- The Broker Firm Offer, which is open to Australian resident retail clients of Brokers who have received a firm allocation of Shares from their Broker;
- The Institutional Offer, which consists of an offer to Institutional Investors in Australia and a number of other eligible jurisdictions to apply for Shares; and
- The Chairman's List Offer, which consists of an offer to selected investors in Australia who have received an invitation from the Chairman or the Company.

No general public offer of Shares will be made under the Offer. Members of the public wishing to subscribe for Shares must do so through a broker with a firm allocation.

The process for applying for Shares under the Offer is set out in the Annexure 'How to apply for Shares'.

All Shares offered under this Prospectus will rank equally with the existing Shares on issue. Refer to Section 8.2 for details of the rights attaching to Shares.

9.3 Underwriting

The Offer is jointly underwritten by Bell Potter Securities Limited, Morgans Corporate Limited and Aitken Mount Capital Partner Pty Ltd.

Further details of the Underwriting Agreement, including the circumstances in which the Joint Lead Managers may terminate their obligations, are set out in Section 8.3.

9.4 What is the purpose of the Offer?

The purpose of the Offer is to:

- Provide the Company with additional financial flexibility for investment in developing and organic growth opportunities, such as installation of batteries at our existing Bunya power station and installation of additional generation units at our Canberra power station;
- Assist with repayment of debt facilities;
- Provide a liquid market for LGI's Shares and an opportunity for others to invest in LGI; and
- Provide benefits of an increased brand profile that arises from being a listed entity.

9.5 What will the proceeds of the Offer be used for?

The table below sets out the proposed use of the proceeds from the Offer. This represents current intentions of the Company based on its current business plan and business conditions. The amounts and timing of the actual expenditure may vary and will depend upon numerous factors.

USE OF PROCEEDS	$ RAISED
Capital expenditure on existing power stations to develop them into hybrid power stations with batteries.	$12.8M
Capital expenditure to construct solar generation on sites with existing landfill gas power stations.	$3.3M
Capital expenditure to build new flares and extend landfill pipework.	$2.1M
Debt repayment.	$5.3M
Costs of the Offer.	$1.7M
Total funds raised	**$25.0M**

9.6 Pro forma historical consolidated statement of financial position

LGI's Pro Forma Historical Statement of Financial Position following Completion, including details of the pro forma adjustments, is set out in Section 5.11.

9.7 Capital structure

LGI's capital structure before and following Completion is set out in Section 5.12.

9.8 Shareholding structure

The details of the ownership of Shares at Completion are set out below:

SHAREHOLDER	SHARES	PERCENTAGE INTEREST
Blakin Technologies Pty Ltd	17,593,232	19.93%
McGavin Holdings (Aust) Pty Ltd <T&S McGavin Family A/C>	13,282,930	15.05%
Picarra Holdings Pty Ltd <Picarra Land A/C>	10,048,064	11.38%
Rodney Bloomer & Vivenne Bloomer <The Coolabine Family A/C>	5,036,500	5.71%
Jessica North	1,299,200	1.47%
Other shareholders	40,998,130	46.45%
Total	**88,258,056**	**100%**

9.9 Control implications of the Offer

The Directors do not expect any Shareholder will control (as defined by section 50AA of the Corporations Act) LGI on Completion.

9.10 Terms and conditions of the Offer

QUESTION	DETAIL
What is the Offer?	The Offer comprises a capital raising of approximately $25,000,000, by way of an issue of 16,666,667 Shares at $1.50 per Share.
What is the type of security being offered?	Shares (being fully paid ordinary shares in the capital of LGI).
What is the Offer Price of the Shares?	The Shares are being issued at $1.50 per Share.
What is the Offer period?	The Offer opens on 29 August 2022 and closed on 23 September 2022.
What is the structure of the Offer and who is eligible to participate?	The Offer comprises: a) The **Broker Firm Offer**, which is open to Australian resident retail clients of Brokers who have received a firm allocation of Shares from their Broker; b) The **Institutional Offer**, which consists of an offer to Institutional Investors in Australia and a number of other eligible jurisdictions to apply for Shares; and c) The **Chairman's List Offer**, which consists of an offer to selected investors in Australia who have received an invitation from the Chairman or the Company.
What rights and liabilities attach to the Shares?	The Shares will rank equally in all respects with the shares held by the Existing Shareholders. The rights and liabilities attaching to all shares are set out in the Company's constitution.
What are the cash proceeds to be raised?	$25,000,000 is expected to be raised under the Offer, through New Shares.
Is the Offer underwritten?	The Offer is jointly underwritten by Bell Potter Securities Limited, Morgans Corporate Limited and Aitken Mount Capital Partners Pty Ltd.
Are there any escrow arrangements?	55.3% of the Shares will, from Completion, be subject to voluntary escrow arrangements. For more information, see Section 8.5.
Will I receive dividends on my Shares?	The Directors' current intention is to distribute approximately 20% to 60% of reported net profit after tax in the form of dividends. The Directors intend to declare interim dividends payable in March and final dividends payable in September.
How do I participate in the Offer?	To participate in the Offer, please complete the Application Form attached to this Prospectus and return it to the Company with payment of the Application Money before 23 September 2022. If you have a broker firm allocation, please return your Application Form to your broker.
When will I receive confirmation that my Application has been successful?	It is expected that initial holding statements will be dispatched by standard post on or about 28 September 2022. Refunds to Applicants who make an Application and are scaled back will be made as soon as possible post Settlement, which is expected to occur on or about 28 September 2022.
Will the Shares be quoted on the ASX?	LGI will apply to the ASX for admission to the Official List and official quotation of Shares under the ASX code LGI. Completion of the Offer is conditional on the ASX approving the Company's listing application. If approval is not given within three months after the date of this Prospectus (or any longer period permitted by law), the Offer will be withdrawn, and all Application Monies received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.

QUESTION	DETAIL
When are the Shares expected to commence trading?	It is expected that the Shares will commence trading on the ASX on or about 4 October 2022. It is the responsibility of each person who trades in Shares to confirm their holding before trading in Shares. If you sell Shares before receiving a holding statement, you do so at your own risk. LGI and the Joint Lead Managers and the Share Registry disclaim all liability, whether in negligence or otherwise, if you sell Shares before receiving your holding statement, whether on the basis of a confirmation of allocation provided by any of them or a Broker or from the Offer Information Line.
What is the allocation policy?	The allocation of Shares within and between the Institutional Offer and the Broker Firm Offer will be determined by the Company in consultation with the Joint Lead Managers. The Company, in consultation with the Joint Lead Managers, has absolute discretion regarding the basis of allocation of Shares amongst Applicants. No assurance can be given that any Applicant under the Offer will be allocated all, or any Shares applied for. The Company will not be liable to any person not allocated Shares or not allocated the full amount applied for. With respect to the Broker Firm Offer, it will be a matter for the Joint Lead Managers as to how it allocates Shares among its clients and other brokers.
How do I calculate the Application Money payable if I wish to participate in the Offer?	The Application Money is calculated by multiplying the number of Shares you wish to apply for by the Offer Price of $1.50 per Share.
What is the minimum number of Shares for which I can apply?	Applications under the Offer must be for a minimum of 1,400 Shares (total cost of $2,100).
Is commission payable to financial advisers or brokers?	Participating organisations receive a handling fee on stamped Application Forms that receive an allocation of Shares under the Offer, other than Shares forming part of a firm allocation. This fee is paid by the Joint Lead Managers.
Are there any escrow arrangements?	Yes. Details are provided in Section 6.2.
Has an ASIC relief or ASX waiver been obtained or been relied on?	No
Are there any tax considerations?	You may be subject to Australian income tax on any future dividends paid. The tax consequences of any investment in Shares will depend upon an Investor's particular circumstances. Applicants should obtain their own tax advice prior to deciding whether to invest.
What should I do with any enquiries?	All enquiries in relation to this Prospectus should be directed to the Offer Information Line on 1300 401 918 (within Australia) and +61 3 9415 4845 (outside Australia) between 8.30am and 5.00pm (AEST), Monday to Friday (excluding public holidays). All enquiries in relation to the Broker Firm Offer should be directed to your Broker. If you are unclear in relation to any matter or are uncertain as to whether LGI is a suitable investment for you, you should seek professional guidance from your stockbroker, accountant, lawyer, financial adviser or other independent professional adviser before deciding whether to invest.

9.11 Allocation of Shares

The Joint Lead Managers, after consultation with the Company, allocate Shares to Applicants under the Offer at its discretion.

The Company may allocate all, or a lesser number, of Shares for which an application has been made, accept a late application or decline an application. Where applications are scaled back, there may be a different application of the scale-back policy to each Applicant.

Where no allocation is made to a particular Applicant or the number of Shares allocated is less than the number applied for by an Applicant, surplus Application Money is returned to that Applicant. No interest is paid on refunded Application Money. Any interest earned on Application Money is the property of the Company.

Successful Applicants are given written notice of the number of Shares allocated to them as soon as possible after the Closing Date. It is the responsibility of Applicants to confirm the number of Shares allocated to them before trading in Shares. Applicants who sell Shares before they receive notice of the Shares allocated to them do so at their own risk.

If the Company's application for admission to ASX is denied, or for any reason this Offer does not proceed, all Application Money is refunded in full without interest.

Further details of the allocation of Shares is set out in the Annexure 'How to apply for Shares'.

9.12 Withdrawal

The Company reserves the right to withdraw the Offer, at any time before the allotment of Shares. If the Offer does not proceed, the Application Money is refunded. No interest is paid on any Application Money refunded as a result of the withdrawal of the Offer.

9.13 Taxation considerations

The taxation consequences of an investment in the Company depend upon your particular circumstances. You should make your own enquiries about the taxation consequences of an investment in the Company. If you are in doubt about the course you should follow, you should consult your accountant, stockbroker, lawyer or other professional adviser.

9.14 Foreign selling restrictions

This document does not constitute an offer of New Shares in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

Singapore

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part 13 of the Securities and Futures Act 2001 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an "institutional investor" (as defined in the SFA) or (ii) an "accredited investor" (as defined in the SFA). If you are not an investor falling within one of these categories, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

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

New Zealand

This offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the *Corporations Act 2001* (Aust) and regulations made under that Act. In New Zealand, this is subpart 6 of Part 9 of the Financial Markets Conduct Act 2013 and Part 9 of the Financial Markets Conduct Regulations 2014.

This offer and the content of the offer document are principally governed by Australian rather than New Zealand law. In the main, the *Corporations Act 2001* (Aust) and the regulations made under that Act set out how the offer must be made.

There are differences in how financial products are regulated under Australian law. For example, the disclosure of fees for managed investment schemes is different under the Australian regime. The rights, remedies, and compensation arrangements available to New Zealand investors in Australian financial products may differ from the rights, remedies, and compensation arrangements for New Zealand financial products.

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

Authority, New Zealand (http://www.fma.govt.nz). The Australian and New Zealand regulators will work together to settle your complaint. The taxation treatment of Australian financial products is not the same as for New Zealand financial products.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of a financial advice provider.

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.

9.15 Investor representations

Each Applicant warrants and represents that they:

1. Are resident or domiciled in Australia or New Zealand, if outside Australia or New Zealand, is an Institutional Investor;
2. Are located in Australia or New Zealand at the time of the application;
3. Are not acting for the account or benefit of any person in the United States or any other foreign person, excluding Applicants who are Institutional Investors;
4. Understands that the Shares have not been, and will not be, registered under the US Securities Act and may not be offered or sold in the United States, except in transactions exempt from, or not subject to, the registration of the US Securities Act and applicable US state securities laws; and
5. Has not and will not send this Prospectus or any other material relating to the Offer to any person in the United States or elsewhere outside Australia.

9.16 Ownership restrictions

The sale and purchase of Shares in Australia are regulated by Australian laws and laws in other countries in which LGI operates that restrict the level of ownership or control by any one person (either alone or in combination with others). This section contains a general description of these laws.

9.17 Corporations Act

The takeover provisions in Chapter 6 of the Corporations Act restrict acquisitions of shares in listed companies if the acquirer's (or another party's) voting power would increase to above 20%, or would increase from a starting point that is above 20% and below 90%, unless certain exceptions apply. The Corporations Act also imposes notification requirements on persons having voting power of 5% or more in LGI, either themselves or through an associate.

9.18 Foreign Acquisitions and Takeovers Act 1975 (Cth)

Generally, the *Foreign Acquisitions and Takeovers Act 1975 (Cth)* (**FATA**) applies to acquisitions of shares and voting power in a company of 20% or more by a single foreign person and its associates (**Substantial Interest**), or 40% or more by two or more unassociated foreign persons and their associates (**Aggregate Substantial Interest**). Where a foreign person holds a Substantial Interest in LGI or foreign persons hold an Aggregate Substantial Interest in LGI, LGI itself will be a "foreign person" for the purposes of the FATA.

Where an acquisition of a Substantial Interest or an Aggregate Substantial Interest meets certain criteria, the acquisition may not occur unless notice of it has been given to the Federal Treasurer and the Federal Treasurer has either stated that there is no objection to the proposed acquisition in terms of the Australian Government's Foreign Investment Policy (**Policy**) or a statutory period has expired without the Federal Treasurer objecting. An acquisition of a Substantial Interest or an Aggregate Substantial Interest meeting certain criteria may also lead to divestment orders unless a process of notification, and either a statement of non-objection or expiry of a statutory period without objection, has occurred.

In addition, acquisitions of a direct investment in an Australian company by foreign governments and their related entities must be notified to the Foreign Investment Review Board for approval, irrespective of value. Generally a 'direct investment' will typically include any investment of 10% or more of the shares (or other securities or equivalent economic interest or voting power) in an Australian company but may also include investment of less than 10% where the investor is building a strategic stake in the target or obtains potential influence or control over the target investment.

.10. ADDITIONAL INFORMATION

10.1 Registration

LGI Limited was registered in Queensland on 3 July 2009 as a company limited by shares.

10.2 Company tax status

LGI will be taxed as an Australian tax resident public company in Australia for the purposes of Australian income tax. LGI will be subject to tax at the applicable Australian corporate tax rate. The financial year of LGI ends on 30 June.

10.3 Rights attaching to Shares

The rights attaching to Shares in LGI are set out in the constitution and summarised in Section 8.2 of this Prospectus.

10.4 Shareholding qualifications

Directors are not required under the constitution to hold any Shares.

10.5 Options

Certain staff have been offered options, details of options issued and not exercised are set out below.

STAFF	NUMBER OF SHARES SUBJECT TO THE OPTION	STRIKE PRICE	EXERCISE PERIOD
Jessica North	300,000	$0.70	31 Jan 2021 to 31 Jan 2025
Jessica North	100,000	$0.925	1 May 2022 to 31 Jan 2025
Dean Wilkinson	100,000	$0.925	1 May 2022 to 31 Jan 2025

10.6 Litigation

LGI may, from time to time, be party to various disputes and legal proceedings incidental to the conduct of its business. These disputes may lead to legal and other proceedings and may cause LGI to suffer additional costs.

As far as the Directors are aware, there is no current or threatened civil litigation, arbitration proceeding or administrative appeal, or criminal or governmental prosecution of a material nature in which LGI is directly or indirectly concerned which is likely to have a material adverse impact on the business or financial position of LGI.

10.7 Consents and disclaimers of responsibility

None of the parties referred to below has made any statement that is included in this Prospectus or any statement on which a statement made in this Prospectus is based, except as specified below. Each of the parties referred to below, to the maximum extent permitted by law, expressly disclaims, and takes no responsibility for, any part of this Prospectus, other than the reference to its name and a statement included in this Prospectus with the consent of that party, as specified below.

Bell Potter Securities Limited has given, and has not withdrawn, its written consent to be named as Joint Lead Manager to the Offer in the form and context in which it is named.

Morgans Corporate Limited has given, and has not withdrawn, its written consent to be named as Joint Lead Manager to the Offer in the form and context in which it is named.

Aitken Mount Capital Partner Pty Ltd has given, and has not withdrawn, its written consent to be named as Joint Lead Manager to the Offer in the form and context in which it is named.

McCullough Robertson has given, and has not withdrawn, its written consent to be named as lawyers to the Company in the form and context in which it is named.

PricewaterhouseCoopers Securities Ltd has given, and has not withdrawn, its written consent to be named as Investigating Accountant, in the form and context in which it is named and for the inclusion of its Investigating Accountant's Report in Section 7 of this Prospectus in the form and context in which it is included.

BDO Audit Pty Ltd has given, and not withdrawn, its consent to be named as Auditor in the form and context in which it is named.

Computershare Investor Services Pty Ltd has given, and not withdrawn, its written consent to be named as share registrar in the form and context in which it is named.

10.8 Interests of experts and advisers

Except as set out in this Prospectus:

1. No person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus has any interest or has had any interest during the last two years:
   i. In the formation or promotion of LGI; or
   ii. In property acquired or proposed to be acquired by LGI in connection with its formation or promotion; or
   iii. The Offer of the Shares; and
2. No amount has been paid or agreed to be paid, and no benefit has been given, or agreed to be given, to any person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus in connection with the services provided by the person in connection with the:
   i. Formation or promotion of LGI; or
   ii. The Offer of the Shares.

Bell Potter Securities Limited, Morgans Corporate Limited and Aitken Mount Capital Partner Pty Ltd are acting as Joint Lead Managers to the Offer. Bell Potter Securities Limited, Morgans Corporate Limited and Aitken Mount Capital Partners Pty Ltd will be paid a management and underwriting fee, details of which are disclosed in Section 8.3 of this Prospectus.

McCullough Robertson has acted as legal adviser to the Company for the Offer and has undertaken due diligence enquiries and provided legal advice on the Offer. McCullough Robertson will be paid an amount of $100,000 for these services.

PricewaterhouseCoopers Securities Ltd has acted as Investigating Accountant to the Offer and has prepared the Investigating Accountant's Report in Section 7. PricewaterhouseCoopers Securities Ltd will be paid an estimated fee of $350,000 for these services. Further amounts may be paid to PricewaterhouseCoopers Securities Ltd in accordance with their normal time-based charges.

BDO Audit Pty Ltd has acted as Independent Auditor to the Company. BDO Audit Pty Ltd has been paid a fee of $84,610 for audits and reviews of the financial statements for the year ended 30 June 2021 (GST exclusive). Further amounts may be paid to BDO Audit Pty Ltd in accordance with their normal time-based charges.

10.9 Interests of Directors

Vik Bansal will receive 283,333 shares and Abigail Cheadle will receive 80,000 shares in connection with the IPO. These will be held in escrow for 3 years from the IPO as described in Section 8.5 and may be subject to compulsory escrow or encumbrance to such terms as decided by ASX in accordance with Listing Rules. These shares will be issued at the IPO Issue Price of $1.50 and is unconditional other than admission to the ASX.

Other than as set out above or elsewhere in this Prospectus:

10.9.1 No Director or proposed Director of LGI has, or has had in the two years before lodgment of this Prospectus, any interest in:

1. The formation or promotion of LGI; or
2. The Offer of Shares; or
3. Any property proposed to be acquired by LGI in connection with the formation or promotion of the Offer of the Shares; and

10.9.2 No amounts have been paid or agreed to be paid and no benefit has been given or agreed to be given, to any Director or proposed Director of LGI either:

1. To induce him or her to become, or to qualify him or her as a Director; or
2. Otherwise for services rendered by him or her in connection with the formation or promotion of LGI or the Offer of Shares.

Shareholdings

The Directors or their associates will have a beneficial interest in the following Shares and options in the Company upon Completion:

DIRECTOR	SHAREHOLDER	SHARES HELD UPON COMPLETION	PERCENTAGE HOLDING UPON COMPLETION	OPTIONS AND RIGHTS UPON COMPLETION
Vik Bansal	Ariana Vernon Holdings Pty Ltd atf the VB Family Trust	500,000	0.57%	–
Abigail Cheadle	Freggie Pty Ltd as trustee for Abigail Cheadle Family Trust	80,000	0.09%	–
Andrew Peters	Andrew Peters atf Highcrest Family Trust	500,858	0.57%	–
Adam Bloomer	Blakin Technologies Pty Ltd	17,593,232	19.93%	–
Jessica North	Jessica North	1,299,200	1.47%	400,000
Timothy McGavin	McGavin Holdings (Aust) Pty Ltd atf T&S McGavin Family Trust	13,282,930	15.05%	–

Vik Bansal intends to apply for 45,238 shares and Andrew Peters intends to apply for 10,000 shares under the Offer. No other Director intends to apply for further Shares under the Offer.

Director Loans

Andrew Peters (either directly or through a nominated entity) (**Borrower**) has entered into loan agreements dated 20 January 2021 with the Company (**Director Loan Agreement**).

The Director Loan Agreements are on arm's length terms.

Pursuant to the Director Loan Agreements, on or about 20 January 2021, the Company advanced $345,190.60 (**Director Loan Amount**) to the Borrower to fund the exercise of fully vested options and resulting issuance of 234,029 Shares issued to that Borrower (which, as at the date of this Prospectus, are 468,058 Shares after the Company conducted a share subdivision) at an issue price of $1.40 for 117,029 Shares and $1.55 for 117,000 Shares, the issue price being set prior to the 2 for 1 share split (**Director Loan Shares**).

The Director Loan Agreements will remain in place following completion of the Offer and are on standard terms for a document of this nature.

Payments to Directors

The constitution of LGI provides that the Directors may be paid, as remuneration for their services, a sum set from time to time by the Shareholders in general meeting, with that sum to be divided among the Directors as they agree.

The maximum aggregate amount which has been approved by the Shareholders for payment to the Directors is $1,000,000 per annum. The current non-executive directors fees are $170,000 per annum for the Chairman and between $60,000 and $90,000 per annum for each of the non-executive directors.

10.10 Substantial Shareholders

It is expected that the following Shareholders will have a substantial holding in LGI following Completion:

SHAREHOLDER	SHARES	PERCENTAGE INTEREST
Blakin Technologies Pty Ltd	17,593,232	19.93%
McGavin Holdings (Aust) Pty Ltd <T&S McGavin Family A/C>	13,282,930	15.05%
Picarra Holdings Pty Ltd <Picarra Land A/C>	10,048,064	11.38%
Rodney Bloomer & Vivienne Bloomer <The Coolabine Family A/C>	5,036,500	5.71%

The above assumes no additional participation by these Shareholders in the Offer.

Final holdings of all substantial Shareholders will be notified to the ASX on the Company's listing.

10.11 Expenses of the Offer

The total estimated expenses of the Offer payable by the Company including ASX and ASIC fees, underwriting fees, accounting fees, legal fees, share registry fees, printing costs, public relations costs and other miscellaneous expenses are estimated to be approximately $1,700,000.

These costs will be borne by LGI from the proceeds of the Offer.

10.12 Electronic Prospectus

This Prospectus is available in electronic form at www.lgi.com.au. Any person receiving this Prospectus electronically will, on request, be sent a paper copy of the Prospectus by LGI free of charge until the Closing Date.

The Application Form may only be distributed attached to a complete and unaltered copy of the Prospectus. The Application Form included with this Prospectus contains a declaration that the investor has personally received the complete and unaltered Prospectus before completing the Application Form.

LGI will not accept a completed Application Form if it has reason to believe that the Applicant has not received a complete paper copy or electronic copy of the Prospectus or if it has reason to believe that the Application Form or electronic copy of the Prospectus has been altered or tampered with in any way.

While LGI believes that it is extremely unlikely that during the period of the Offer the electronic version of the Prospectus will be altered in any way, LGI can not give any absolute assurance that this will not occur. Any investor in doubt about the validity or integrity of an electronic copy of the Prospectus should immediately request a paper copy of the Prospectus directly from LGI or a financial adviser.

10.13 Privacy

When applying for Shares in the Company, Applicants will be asked to provide personal information to LGI directly, and through the share registry, such as name, address, telephone and fax numbers, tax file number and account details. The Company and the share registry collect, hold and use that personal information to assess Applications, provide facilities and services to Applicants and undertake administration. Access to information may be disclosed by the Company to its agents and service providers on the basis that they deal with the information under the *Privacy Act 1988* (Cth). Incomplete applications may not be processed. Under the *Privacy Act 1988* (Cth), Applicants may request access to their personal information held by or on behalf of the Company by contacting the share registry.

10.14 Governing law

This Prospectus and the contracts that arise from the acceptance of the Applications and bids under this Prospectus are governed by the laws applicable in Queensland and each Applicant and bidder under this Prospectus submit to the exclusive jurisdiction of the courts of Queensland.

10.15 Authorisation

This Prospectus is issued by the Company.

Dated 17 August 2022.

Vik Bansal | Chairman

GLOSSARY

AASB	means the Australian Accounting Standards Board.
ACCU	means Australian Carbon Credit Units.
AEMO	means the Australian Energy Market Operator.
Applicant	means a person or entity who submits an Application Form.
Application Form	means an application form attached to this Prospectus.
Application Money	means the money received by the Company under the Offer, being the Offer Price multiplied by the number of Shares applied for.
ARC	means LGI's audit and risk committee.
ARENA	means the Australian Renewable Energy Agency.
ASIC	means Australian Securities and Investments Commission.
ASX	means ASX Limited ACN 008 624 691 or the securities exchange operated by it (as the case requires).
ASX Settlement	means ASX Settlement Pty Ltd ACN 008 504 532.
ASX Settlement Operating Rules	means the ASX Settlement Operating Rules, being the operating rules of the Settlement Facility for the purposes of the Corporations Act.
ATO	means the Australian Taxation Office.
Board	means the board of Directors of the Company.
Bonus Shares	means the bonus shares of Vik Bansal and Abigail Cheadle (described in section 10.9) which are to be issued prior to the date of initial quotation of Shares by the ASX.
Broker Firm Offer	means the invitation to investors in Australia or New Zealand who have received a firm allocation of Shares from their broker, as described in Section 9 and the Annexure 'How to apply for Shares'.
Broker Firm Offer Application Form	means the Broker Firm Offer application form attached to this Prospectus.
CER	means the Clean Energy Regulator.
CFI	means the Carbon Farming Initiative.
CHESS	means Clearing House Electronic Subregister System, operated by ASX Settlement.
Closing Date	means the date on which the Offer closes, being 23 September 2022, or another date nominated by the Company in consultation with the Joint Lead Managers.
Company or LGI	means LGI Limited ACN 138 085 551.
Completion	means the date that the Bonus Shares are issued after completion of the Offer.
Corporations Act	means *Corporations Act 2001* (Cth).
DACS	means the Dynamic Asset Control System being developed by LGI to actively manage the integration of assets and the export of electricity from LGI sites.
Directors	means the directors of the Company.
EBIT	means earnings before interest and income tax.
EBITDA	means Earning Before Interest, Tax, Depreciation and Amortisation.
ERF	means Emissions Reduction Fund.
ESOO	means the Electricity Statement Of Opportunity published by AEMO.
Existing Shareholders	means the holders of Shares before the date of this Prospectus.

FCAS	means Frequency Control Ancillary Services administered by AEMO.
Green Gas	means gas that is extracted from a landfill that has been treated to meet the appropriate standard to be injected in-to the gas reticulation network.
GWh	means Gigawatts per hour, being 1,000 MWh.
IFRS	means International Financial Reporting Standards.
Institutional Investor	means an institutional or professional investor (and any person for whom it is acting) in Australia, Singapore and New Zealand, and in particular: 1. if in Australia, who is a "wholesale client" for the purpose of section 761G of the Corporations Act and who is either a "professional investor" or "sophisticated investor" within the meaning of sections 708(11) and 708(8) of the Corporations Act; 2. if in Singapore, the term "professional investor" includes regulated financial intermediaries such as banks, insurance companies, providers of investment services and collective investment schemes (i.e. managed funds) as well as high net worth individuals (having a portfolio of at least HK$8 million); and 3. if in New Zealand a wholesale investor within the meaning of clause 3(2) of Schedule 1 of the Financial Markets Conduct Act 2013.
Institutional Offer	means the invitation to institutional investors in Australia and certain overseas jurisdictions, described in Section 9.2 and the Annexure 'How to apply for Shares'.
Joint Lead Managers	means each of Bell Potter Securities Limited (ACN 006 390 772, AFSL 243480), Morgans Corporate Limited (ACN 010 539 607, AFSL 235410) and Aitken Mount Capital Partner Pty Ltd (ACN 169 972 436, AFSL 517935).
Key Management Personnel	means each of the Directors, Dean Wilkinson and Jarryd Doran.
LFG	means Landfill Gas.
LGC	means Large scale Generation Certificate.
Listing Rules	means the listing rules of ASX.
MWh	Megawatts per hour.
NEM	means the National Energy Market.
New Shares	means the Shares issued by LGI under this Prospectus.
NRC	means LGI's nominations and remuneration committee.
Offer	means the offer of Shares under this Prospectus.
Offer Price	means $1.50 per Share.
Omnibus Plan	means the Company's omnibus incentive plan described in Section 8.8.
Personnel	means employees and professional services contractors of LGI.
PPA	means Power Purchase Agreement, being an agreement for the purchase of electricity and other products created by a generation facility.
Pro Forma Historical Financial Information	has the meaning given in Section 5.
Prospectus	means this prospectus.

Renewable Energy Generation	Electrical systems that generate electricity from renewable sources. The Australian Government's Clean Energy Regulator includes the following sources of renewable energy: • wind, • solar, • hydro, • ocean, • tide, • biomass, • geothermal-aquifer, • hot dry rock, • landfill gas, • sewage gas, and • waste coal mine gas.
Renewable Energy Sector	The sector of the economy that includes all the Renewable Power Stations.
Renewable Power Station	An installation that creates Renewable energy generation.
Request for tender	means the process which a landfill owner or operator re-quests information on the landfill gas capture and destruction process offered by a tenderer, including services and commercial terms.
RET	means Renewable Energy Target.
RNG	means Renewable Natural Gas which can also be described as Green Gas.
Settlement Facility	has the meaning specified in the ASX Settlement Operating Rules.
Shareholders	means Holders of shares in LGI.
Shares	means fully paid ordinary shares in LGI.
Us or we	means the Company.
You	means the investors under this Prospectus.

ANNEXURE

HOW TO APPLY FOR SHARES

1 How to apply

Applications for the Broker firm and Chairman's List Offer may only be made on the Application Forms attached to or accompanying this Prospectus or in its paper copy form as downloaded in its entirety from www.lgi.com.au. Detailed instructions on how to complete the Application Form are set out on the reverse of the Application Form.

The Offer Price is $1.50 per Share. Applications must be for a minimum of 1,400 Shares ($2,100).

2 Broker firm Applicants

2.1 How to apply

If you have received a firm allocation of Shares from your broker, your application and payment procedures differ in two important respects from those described above:

- **your application cheque must be made payable to the broker (not to 'LGI – Share Offer'); and**
- **your completed Application Form and cheque must be delivered to the broker directly (not to the Share Registry).**

Applicants who receive a firm allocation of Shares must lodge their Application Form and Application Money with the relevant broker under the relevant broker's directions in order to receive their firm allocation. Your broker acts as your agent in submitting your application.

The Company, the Share Registry and the Joint Lead Managers take no responsibility for any acts or omissions by your broker in connection with your Application, Application Form or Application Money.

The procedure should be explained to you in further detail by your broker. If you have a firm allocation of Shares and are in any doubt about what action to take, you should immediately contact the broker who has made you the firm offer.

2.2 Payment methods

Applicants under the Broker Firm Offer must pay their Application Monies to their broker in accordance with instructions provided by that Broker.

2.3 Allocation policy under the Broker Firm Offer

The allocation of Shares to brokers will be determined by agreement between LGI and the Joint Lead Managers. Shares that are allocated to Brokers for allocation to their Australian clients will be issued or transferred to the Applicants nominated by those Brokers (subject to the right of LGI and the Joint Lead Managers to reject, aggregate or scale back Applications).

It will be a matter for each Broker as to how they allocate Shares among their retail clients, and they (and not LGI or the Joint Lead Managers) will be responsible for ensuring that retail clients who have received an allocation from them receive the relevant Shares.

3 Institutional offer

3.1 Invitations to bid

LGI are inviting certain eligible Institutional Investors to bid for Shares in the Institutional Offer.

The Institutional Offer consists of an invitation to certain Institutional Investors in Australia and certain foreign jurisdictions to apply for Shares. The Joint Lead Managers will advise Institutional Investors of the application procedures for the Institutional Offer.

3.2 Allocation policy under the Institutional Offer

The allocation of Shares among bidders in the Institutional Offer will be determined by agreement between LGI and the Joint Lead Managers. LGI and the Joint Lead Managers have absolute discretion regarding the basis of allocation of Shares among Institutional Investors.

The allocation policy will also be influenced by a range of factors, including:

1. the price and number of Shares bid for by particular bidders;
2. the timeliness of the bid by particular bidders; and
3. any other factors that LGI and the Lead Managers consider appropriate.

4 Chairman's List Offer

Shares offered under the Chairman's List Offer will be allocated at the discretion of the Company, in consultation with the Joint Lead Managers. If you have received an offer to participate in the Chairman's List Offer, you must complete the Chairman's List Offer Application Form and deliver it with your Application Monies in accordance with the instructions on the Chairman's List Offer Application Form.

An Application in the Chairman's List Offer is an offer by you to the Company to apply for New Shares at the Offer Price, on the terms and conditions detailed in this Prospectus (including any supplementary or replacement document) and the Chairman's List Offer Application Form. To the extent permitted by law, an Application by an Applicant may not be varied and is irrevocable.

You should follow the instructions in your personalised invitation from the Company.

Applicants with questions on how to complete the Application Form, or who require additional copies of the Prospectus, can contact 1300 401 918 (within Australia) or visit the website www.lgi.com.au to download a copy of the Prospectus.

An Application may be accepted by the Company in respect of the full amount, or any amount lower than that specified on the Chairman's List Offer Application Form without further notice to the Applicant. The Company reserves the right to decline any Application if it believes any provisions or procedures in this Prospectus, the Chairman's List Offer Application Form or other laws or regulations may not be complied with in relation to the Application.

The Company and the Joint Lead Managers reserve the right to reject any Application which is not correctly completed or which is submitted by a person whom they believe is ineligible to participate in the Chairman's List Offer, or to waive or correct any errors made by the Applicant in completing their Application. In addition, the Company and the Joint Lead Managers reserve the right to aggregate any Applications which they believe may be multiple Applications from the same person or reject or scale back any Applications (or aggregation of applications).

The final allocation of Shares to Applicants in the Chairman's List Offer will be at the absolute discretion of the Company, in consultation with the Joint Lead Managers. The Company and the Joint Lead Managers may reject an Application, or allocate fewer Shares than the number, or the equivalent dollar amount applied for.

Successful Applicants in the Chairman's List Offer will be allotted Shares at the Offer Price. Acceptance of an Application will give rise to a binding contract, conditional on settlement and quotation of Shares on ASX on an unconditional basis.

Application Monies received under the Chairman's List Offer will be held in a special purpose account until Shares are issued or transferred to successful Applicants.

Applicants under the Chairman's List Offer whose Applications are not accepted, or who are allocated a lesser dollar amount of Shares than the amount applied for, will be mailed (or otherwise in the Company's discretion provided with) a refund (without interest) of all or part of their Application Monies, as applicable.

No refunds pursuant solely to rounding will be provided. Interest will not be paid on any monies refunded and any interest earned on Application Monies pending the allocation or refund will be retained by the Company.

It is your responsibility to ensure that your BPAY® payment or electronic funds transfer payment is received by no later than 10.00am (AEDT) on 23 September 2022. You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration when making payment.

5 Validity of Application Forms

An Application Form may only be distributed with, attached to or accompany a complete and unaltered copy of this Prospectus.

By completing and lodging an Application Form received with this Prospectus, the Applicant represents and warrants that the Applicant has personally received a complete and unaltered copy of this Prospectus before completing the Application Form.

The Company does not accept a completed Application Form if it has reason to believe the Applicant has not received a complete copy of the Prospectus or it has reason to believe that the Application Form has been altered or tampered with in any way.

An Application Form is an irrevocable acceptance of the Offer.

6 ASX listing

LGI will apply to the ASX within seven days of the Prospectus Date, for admission to the official list of the ASX and quotation of the Shares on the ASX (which is expected to be under the code LGI).

The ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that the ASX may admit LGI to the official list of the ASX is not to be taken as an indication of the merits of LGI or the Shares offered under this Prospectus.

If permission is not granted for the official quotation of the Shares on the ASX within three months after such application is made (or any later date permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.

Subject to certain conditions (including any waivers obtained by LGI from time to time), LGI will be required to comply with the ASX Listing Rules.

The expected free float of the Company on completion will be 44.49%, based on 88,258,056 Shares being on issue less 49,133,850 Shares subject to voluntary escrow restrictions. See Section 8.5 for further information on escrow.

7 CHESS

The Company will apply for the Shares to participate in CHESS. Applicants who are issued Shares under this Offer will receive shareholding statements in lieu of share certificates. They set out the number of Shares issued to each successful Applicant.

The shareholding statement also provides details of the Shareholder's HIN (in the case of a holding on the CHESS sub-register) or SRN (in the case of a holding on the issuer sponsored sub register).

In future, Shareholders need to quote their HIN or SRN, as applicable, in all dealings with a stockbroker or the share registry. Further statements are given to Shareholders showing changes in their shareholding during a particular month. Additional statements may be requested at any time, although the Company reserves the right to charge a fee for them.

8 Discretion regarding the Offer

LGI may withdraw the Offer at any time before the issue or transfer of Shares to successful Applicants and bidders. If the Offer, or any part of it, does not proceed, all relevant Application Monies will be refunded (without interest).

LGI and the Joint Lead Managers also reserve the right to close the Offer or any part of it early, extend the Offer or any part of it, accept late Applications or bids either generally or in particular cases, reject any Application or bid, or allocate to any Applicant or bidder fewer Shares than applied or bid for.

SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation of Financial Statements

The historical financial information has been prepared in accordance with the Corporations Act, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. LGI is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of the historical financial information are presented below and have been consistently applied unless stated otherwise.

The historical financial information, except for cash flow information, have been prepared on an accruals basis and are based on historical costs.

The company's presentational and functional currency is Australian dollars.

The amounts presented in the historical financial information have been rounded to the nearest thousand dollar.

Adoption of new or amended accounting standards and interpretations

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by LGI for the annual reporting period ended 30 June 2022 LGI's assessment of the impact of these new or amended Accounting Standards and Interpretations, are set out below.

Conceptual Framework for Financial Reporting (Conceptual Framework)

The revised Conceptual Framework is applicable to annual reporting periods beginning on or after 1 July 2021. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards. Where LGI has relied on the existing framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under the Australian Accounting Standards, LGI may need to review such policies under the revised framework. At this time, the application of the Conceptual Framework does not have a material impact on LGI's financial information.

Revenue recognition

Revenue recognition under AASB 15

Electricity and related services

The contracts for the sale of electricity represent a series of distinct goods that are substantially the same, have the same pattern of transfer to the customer and are treated as one performance obligation satisfied over time based on the output delivered to the customer. LGI determines that the right-to-invoice approach to measure the progress towards completion of the performance obligation is most appropriate, as it depicts the company's performance. At the end of each month, electricity revenues are recognised based on metered usage at agreed contracted rates less any agreed charges.

Operating and maintenance services

LGI continues to operate and maintain biogas flares on various landfill sites across Australia. The company's performance obligations are fulfilled over time and the operating and maintenance service revenue is recognised and invoiced at the end of each month, based on contractual terms. The contractual terms include a fixed monthly charge. Invoices are due for payment between 14 and 30 days from invoice date.

Construction

Contracts with customers to carry out construction works to install landfill gas collection systems. The company assesses each of its contracts individually and where there are separate performance obligations identified, the transaction price is allocated based on the relative stand-alone selling prices of the services provided.

The transaction price for each contract may include variable consideration in the form of contract variations or modifications, performance or other incentive fees and contract claims. Variable consideration is only included in the transaction price for a contract to the extent it is highly probable that a significant reversal of that revenue will not occur. The company assesses the probability of receiving variable consideration using a combination of commercial and market factors, historical experience and independent third party advice. This assessment is reviewed each reporting period or when facts and circumstances change during the reporting period.

Construction revenue is recognised when the work is complete and the performance obligation is satisfied. Revenue is invoiced based on the terms of each individual contract which may include a periodic billing schedule or achievement of specific milestones. Invoices are issued under commercial payment terms which is typically 30 days from when an invoice is issued.

Incremental Costs of obtaining Customer Contracts

Commissions paid as part of obtaining customer contracts are expensed during the year.

Contract Assets (Trade Receivables and Work in progress)

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Work in progress represents costs incurred and profit recognised for services that are in progress at balance date and the Company has an enforceable right to payment for its performance completed to date.

Financing components

The Company does not recognise adjustments to transition prices or Contract balances where the period between the transfer of promised goods or services to the customer and payment by customer does not exceed one year.

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument.

All revenue is stated net of the amount of goods and services tax.

Government grants

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Environmental Certificates – ACCU & LGC

Australian Carbon Credit Units ("ACCUs") and Large-scale Generation certificates ("LGCs") are considered government grants under AASB120, Accounting for Government Grants and disclosure of Government Assistance. Government grants are recognised when there is reasonable assurance that LGI will comply with the conditions of the grant and the grant will be received.

ACCUs and LGCs are recognised at the date of the creation of the renewable energy certificate. This is typically at the date of flaring for ACCUs and the date of electricity generation for LGCs. The revenue is measured through the use of meters that are regularly reviewed and subsequently reported to the Australian Government. Where the pricing of the ACCUs and LGCs are contracted, they are recognised at their contracted values. Where the pricing of the ACCUs and LGCs are not contracted, they are recognised at the lower of their spot or net realisable value (being the estimated selling price in the ordinary course of business net of costs to realise). All ACCUs and LGCs are intended to be realised within 12 months of the reporting date.

With respect to ACCU royalty fees, where the fee is paid in ACCUs, the amount is recognised in revenue for the receipt of the ACCUs and recognised in cost of sales as the royalty fee paid.

In the event of LGI exiting from ERF contracts, the exit fee is recognised in cost of sales.

Income Tax

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income for the current period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

A deferred tax liability shall be recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from:

- the initial recognition of goodwill; or
- the initial recognition of an asset or liability in a transaction which:
  - i is not a business combination; and
  - ii at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (i) a legally enforceable right of set-off exists; and (ii) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Property, Plant and Equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition or construction of the asset. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised in profit or loss.

The carrying amount of plant and equipment is reviewed annually as part of the goodwill impairment assessment to ensure it is not in excess of the recoverable amount from these assets.

The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to LGI and the cost of the item can be measured reliably. All other costs are recognised as expenses in profit or loss in the financial period in which they are incurred.

Depreciation

Depreciation is calculated so as to write-off the costs of each asset over its expected useful life to its estimated residual value. The depreciable amount of all fixed assets, including buildings and capitalised lease assets but excluding motor vehicles, are depreciated on a straight-line basis over the asset's useful life to the company commencing from the time the asset is held ready for use. Motor vehicles are depreciated using the diminishing value method.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Average useful lives of asset classes are as follows:

- Plant and equipment: Up to 25 years
- Motor vehicles and leased assets: 4-5 years
- Office furniture and equipment: 2-10 years

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss when the item is derecognised.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

LGI has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, LGI's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Impairment of Non-Financial Assets

At the end of each reporting period, LGI assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, LGI estimates the recoverable amount of the cash-generating unit to which the asset belongs.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Impairment testing is performed annually for goodwill. For the purpose of annual impairment testing, goodwill is allocated to the cash-generating unit. The company considers the whole business as a cash generating unit. The recoverable amounts of the cash-generating unit are determined based on value-in-use calculations, covering a five-year forecast, followed by an extrapolation of expected cash flows for the units' remaining useful lives using the growth rates determined by management. The present value of the expected cash flow is determined by applying a suitable discount rate.

Licence Costs

Licence costs are carried at cost less any accumulated amortisation and impairment losses. Licence costs represent the costs of installing pipe networks and related infrastructure on customer owned sites for the purposes of biogas extraction and subsequent flaring and/or conversion into electricity. The licence costs are supported by customer agreements and are amortised over the term of the customer contract.

Employee Benefits

Short-term employee benefits

Provision is made for LGI's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

LGI's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables in the statement of financial position. LGI's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on corporate bonds that have maturity dates that approximate the terms of the obligations.

Upon the remeasurement of obligations due to changes in assumptions for other long-term employee benefits, the net change in the obligation is recognised in profit or loss as part of employee benefits expense in the periods in which the changes occur.

LGI's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where LGI does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

Provisions

Provisions are recognised when LGI has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown as borrowings in current liabilities on the statement of financial position.

Trade and Other Receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

LGI has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by LGI that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (**ATO**).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of

GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from financing and investing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in LGI's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in LGI's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Share-based payments

Equity-settled share-based compensation benefits are provided to employees. Equity-settled transactions are awards of share options that are provided to employees in exchange for the rendering of services.

The cost of equity-settled option transactions are measured at fair value on grant date. Fair value is determined using Black Scholes valuation method that takes into account the exercise price, the term of the performance right, the impact of dilution, the share price at grant date, the expected dividend yield and the risk-free interest rate for the term of the performance right.

The cost of equity-settled option transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Dividends are recognised when declared during the financial year.

Intangible Assets – Goodwill

Goodwill is carried at cost less any accumulated impairment losses.

Goodwill represents the future economic benefits arising from assets/liabilities acquired in a business combination that are not individually identifiable or separately recognised. A business combination is a transaction or other event in which an acquirer obtains control of one or more businesses and results in the consolidation of assets and liabilities acquired. Business combinations are accounted for by applying the acquisition method and is recognised as the excess of the aggregate consideration transferred over the fair value of the identifiable assets and liabilities acquired. Acquisition costs are expensed as incurred.

Goodwill is tested for impairment annually.

Borrowings

Borrowings are recognised at their fair value at initial recognition. Subsequent to initial recognition, borrowings are measured at their amortised cost with all transaction costs being amortised over the term of the borrowings. Borrowings are classified as current liabilities unless LGI has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Derivative financial instruments

Derivative financial instruments are stated at fair value, with changes in fair value recognised in the statement of profit or loss where the financial instrument does not qualify for hedge accounting. Where the financial instrument qualifies for hedge accounting, recognition of changes in fair value depends on the nature of the item being hedged. Hedge accounting is discontinued when the hedge relationship is revoked, the hedging instrument expires, is sold, terminated, exercised or no longer qualifies for hedge accounting.

Derivative financial instruments assigned to an effective hedge relationship have movements in fair value deferred to an Equity Hedge Reserve until the transactions to which those instruments are matched occur. Derivative financial instruments not assigned to an effective hedge relationship have movements in fair value recognised in the profit or loss statement. When derivative amounts are recognised in the profit and loss statement, they are included in revenue.

LGI documents at the inception of the hedging transaction the economic relationship between hedging instruments and hedged items including whether the instrument is expected to offset changes in cash flows of hedged items. LGI documents its risk management objective and strategy for undertaking various hedge transactions at the inception of each hedge relationship.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Directors evaluate estimates and judgements incorporated into the financial information based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within LGI.

Key estimates and judgements

Goodwill impairment

LGI assesses impairment at the end of each reporting period by evaluating the conditions and events specific to LGI that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations, which incorporate various key assumptions.

Share Based Payments

Share based payments have been recognised using common valuation techniques and relevant assumptions as at the grant date. As part of the valuation of those Share based payments, the determination of the volatility is a key estimate. This key estimate has been determined on the basis of volatility of comparable entities being used as a proxy for the volatility of LGI Ltd and is thus, a key judgement and estimate.

Estimation of useful lives of assets

LGI determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Revenue from contracts with customers involving sale of goods

The transaction price for each contract may include variable consideration in the form of contract variations or modifications, performance or other incentive fees and contract claims. Variable consideration is only included in the transaction price for a contract to the extent it is highly probable that a significant reversal of that revenue will not occur. LGI assesses the probability of receiving variable consideration using a combination of commercial and market factors, historical experience and independent third-party advice. This assessment is reviewed each reporting period or when facts and circumstances change during the reporting period. Revenue is recognised when the work is completed and the obligation is satisfied.

Capital raising

LGI has incurred costs of $801,794 in preparation of raising equity. The directors considered the portion of equity relating to new shares issued and the portion relating to acquisition of existing Shares. $241,276 costs relating to the estimated new Shares to be issued have been recognised on the balance sheet and will be offset against the value of the equity when it is raised. $560,518 of costs that relate to existing Shares has been expensed in the profit and loss statement.

The directors have assessed the likelihood of raising equity. In making the assessment the directors considered the process that has been conducted and the interest shown in LGI by potential investors. The directors concluded that LGI is likely to raise capital and will continue to carry the appropriate costs on the balance sheet.

Salary and wages capitalised to capital projects

Directly attributable cost of bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management are capitalised. Labour costs that management considers are incremental in nature have been capitalised to capital projects. In determining, whether the costs are incremental in nature management has given consideration to the type of project i.e. self-constructed asset and stage of construction. Any costs related to planning of the project are expensed and costs incurred in the development phase are capitalised.

Fair value of financial instruments

Management uses their judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. For hedge financial instruments, assumptions are made based on observable market prices or rates adjusted for specific features of the instrument.

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LGI Limited
ABN 49 138 085 551

Broker Code

Adviser Code

Broker Firm Offer Application Form

This Application Form is important. If you are in doubt as to how to deal with it, please contact your professional advisers without delay.
You should read the LGI Limited Prospectus dated 17 August 2022 and any relevant Supplementary Prospectus (if applicable), carefully before completing this Application Form. The Corporations Act prohibits any person from passing on this Application Form (whether in paper or electronic form) unless it is attached to or accompanies a complete and unaltered copy of the Prospectus and any relevant Supplementary Prospectus (whether in paper or electronic form).

A I/we apply for

Shares in LGI Limited at A$1.50 per Share or such lesser number of Shares which may be allocated to me/us.

B I/we lodge full Application Money

A$.

C Individual/Joint applications - refer to naming standards overleaf for correct forms of registrable title(s)

Title or Company Name Given Name(s) Surname

Joint Applicant 2 or Account Designation

Joint Applicant 3 or Account Designation

D Enter the postal address - include State and Postcode

Unit Street Number Street Name or PO Box/Other information

City/Suburb/Town State Postcode

E Enter your contact details

Contact Name

Telephone Number - Business Hours

( )

F CHESS Participant

Holder Identification Number (HIN)

X

Please note that if you supply a CHESS HIN but the name and address details on your form do not correspond exactly with the registration details held at CHESS, your application will be deemed to be made without the CHESS HIN, and any Shares issued as a result of the Offer will be held on the Issuer Sponsored subregister.

G Payment details - Please note that funds are unable to be directly debited from your bank account

Drawer	Cheque Number	BSB Number	Account Number	Amount of cheque
				A$

Cheques should be drawn up according to the instructions provided by your Broker.

By submitting this Application Form:

- I/we declare that this Application is complete and lodged according to the Prospectus, and any relevant Supplementary Prospectus, and the declarations/statements on the reverse of this Application Form,
- I/we declare that all details and statements made by me/us (including the declaration on the reverse of this Application Form) are complete and accurate, and
- I/we agree to be bound by the Constitution of LGI Limited.

See overleaf for completion guidelines →

How to complete this Broker Firm Offer Application 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 1,400 Shares (A$2,100.00).

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 A$1.50.

C Applicant Name(s)
Enter the full name you wish to appear on the statement of shareholding. This must be either your own name or the name of a company. Up to 3 joint Applications 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 (CHESS) participants should complete their name identically to that presently registered in the CHESS system.

D Postal Address
Enter your postal address for all correspondence. All communications to you from the Registry 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 CHESS
LGI Limited will apply to the ASX to participate in CHESS, operated by ASX Settlement Pty Limited, a wholly owned subsidiary of ASX Limited. If you are a CHESS participant (or are sponsored by a CHESS participant) and you wish to hold Shares issued to you under this Application on the CHESS Subregister, enter your CHESS HIN. Otherwise, leave this section blank and on issue, you will be sponsored by LGI Limited and allocated a Securityholder Reference Number (SRN).

G Payment
If you have been contacted by your Broker regarding the Broker Firm Offer, you should ask your Broker for information about how and when to lodge this Application Form, and who to make your cheque payable to. Generally, you will lodge this Application Form and cheque payment with your Broker in accordance with their instructions.

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 in LGI Limited is upon and subject to the terms of the Prospectus and the Constitution of LGI Limited, agrees to take any number of Shares that may be issued 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
The Broker Firm Offer opens on Monday 29 August 2022 and is expected to close at 5:00pm (AEST) on Friday 23 September 2022. LGI Limited and the Joint Lead Managers may elect to extend the Broker Firm Offer.
If you have been contacted by your Broker regarding the Broker Firm Offer, you should ask your Broker for information about how and when to lodge this Application Form, and who to make your cheque payable to. Generally, you will lodge this Application Form and cheque payment with your Broker in accordance with their instructions. Do NOT lodge this Application form with the Share Registry.
Your Broker must receive your completed Application Form and Application Monies (if applicable) in time to arrange settlement on your behalf by the relevant Closing Date for the Broker Firm Offer.

Privacy Notice
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 overleaf 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. Application Forms must be in the name(s) of a natural person(s), companies or other legal entities acceptable to LGI 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 Ltd	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

LGI

FOCUS YOUR ENERGY

LGI Limited

ABN 49 138 085 551

For all enquiries:

(toll free within Australia) 1300 401 918
(outside Australia) +61 3 9415 4845

Chairman's List Offer Application Form

This Application Form is important. If you are in doubt as to how to deal with it, please contact your professional advisers without delay.
You should read the LGI Limited Prospectus dated 17 August 2022 and any relevant Supplementary Prospectus (if applicable), carefully before completing this Application Form. The Corporations Act prohibits any person from passing on this Application Form (whether in paper or electronic form) unless it is attached to or accompanies a complete and unaltered copy of the Prospectus and any relevant Supplementary Prospectus (whether in paper or electronic form).

A I/we apply for

Shares in LGI Limited at A$1.50 per Share or such lesser number of Shares which may be allocated to me/us.

B I/we lodge full Application Money

A$.

C Individual/Joint applications - refer to naming standards overleaf for correct forms of registrable title(s)

Title or Company Name Given Name(s) Surname

Joint Applicant 2 or Account Designation

Joint Applicant 3 or Account Designation

D Enter the postal address - include State and Postcode

Unit Street Number Street Name or PO Box/Other information

City/Suburb/Town State Postcode

E Enter your contact details

Contact Name

Telephone Number - Business Hours

( )

F CHESS Participant

Holder Identification Number (HIN)

X

Please note that if you supply a CHESS HIN but the name and address details on your form do not correspond exactly with the registration details held at CHESS, your application will be deemed to be made without the CHESS HIN, and any Shares issued as a result of the Offer will be held on the Issuer Sponsored subregister.

G Payment details - please refer to the back of this Application Form.

By submitting this Application Form:

- I/we declare that this Application is complete and lodged according to the Prospectus, and any relevant Supplementary Prospectus, and the declarations/statements on the reverse of this Application Form,
- I/we declare that all details and statements made by me/us (including the declaration on the reverse of this Application Form) are complete and accurate, and
- I/we agree to be bound by the Constitution of LGI Limited.

See overleaf for completion guidelines →

How to complete this Chairman's List Offer Application 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 1,400 Shares (A$2,100.00).

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 A$1.50.

C **Applicant Name(s)**
Enter the full name you wish to appear on the statement of shareholding. This must be either your own name or the name of a company. Up to 3 joint Applications 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 (CHESS) participants should complete their name identically to that presently registered in the CHESS system.

D **Postal Address**
Enter your postal address for all correspondence. All communications to you from the Registry 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 **CHESS**
LGI Limited will apply to the ASX to participate in CHESS, operated by ASX Settlement Pty Limited, a wholly owned subsidiary of ASX Limited. If you are a CHESS participant (or are sponsored by a CHESS participant) and you wish to hold Shares issued to you under this Application on the CHESS Subregister, enter your CHESS HIN. Otherwise, leave this section blank and on issue, you will be sponsored by LGI Limited and allocated a Securityholder Reference Number (SRN).

G **Payment**
Submit your Application Monies in accordance with the instructions on your personalised invitation to participate in the Chairman's List Offer. The total payment amount must agree with the amount shown in Step B.

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 in LGI Limited is upon and subject to the terms of the Prospectus and the Constitution of LGI Limited, agrees to take any number of Shares that may be issued 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
Submit your Application Monies in accordance with the instructions on your personalised invitation to participate in the Chairman's List Offer.

Privacy Notice
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 overleaf 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. Application Forms must be in the name(s) of a natural person(s), companies or other legal entities acceptable to LGI 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 Ltd	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

CORPORATE DIRECTORY

Company

LGI Limited
57 Harvey Street North
Eagle Farm QLD 4009

www.lgi.com.au

Directors

Mr Vik Bansal
Chairman

Mr Adam Bloomer
Managing Director and
Chief Executive Officer

Ms Abigail Cheadle
Non-Executive Director

Mr Andrew Peters
Non-Executive Director

Dr Jessica North
Executive Director
Co Chief Executive Officer

Mr Timothy McGavin
Non-Executive Director

Company Secretary

Mr Dean Wilkinson
Mr Hasaka Martin

Share Registry

Computershare Investor Services Pty Ltd
200 Mary Street
Brisbane QLD 4000

www.computershare.com

Joint Lead Managers to the Offer

Bell Potter Securities Limited
Level 29, 101 Collins Street
Melbourne VIC 3000

www.bellpotter.com.au

Morgans Corporate Limited
Level 29, Riverside Centre
123 Eagle Street
Brisbane QLD 4000

www.morgans.com.au

Aitken Mount Capital Partners Pty Ltd
52 Victoria Street
Paddington NSW 2021

info@amcps.com.au

Auditor

BDO Audit Pty Ltd
Level 10, 12 Creek St
Brisbane QLD 4000

www.bdo.com.au

Investigating Accountant

PricewaterhouseCoopers Securities Ltd
Level 23, 480 Queen Street
Brisbane QLD 4000

www.pwc.com.au

Lawyers to the Offer

McCullough Robertson
Level 11, Central Plaza Two
66 Eagle Street
Brisbane QLD 4000

www.mccullough.com.au

FOCUS YOUR ENERGY

www.lgi.com.au