

Appendix 2

Commercial



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Preston Rowe Paterson Geelong Pty Ltd

ABN 12 134 390 980

Unit 2/5 Villamanta Place

Geelong VIC 3220

Phone: 61 3 5221 9511

Fax: 61 3 5221 2265

Email: geelong@prp.com.au

[www: prp.com.au](http://www.prp.com.au)

Directors

Gareth Kent AAPI CPV #63378

M 0413407820

E Gareth.Kent@prp.com.au

Stuart McDonald AAPI CPV 63228

M 0405266783

E stuart.mcdonald@prp.com.au

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Executive Summary

This executive summary must be read in context of and in conjunction with the full valuation report of which this executive summary forms part. All comments, terms and conditions contained in the full valuation report relate directly to this Executive Summary



Property Address:	72-80 Buckley Grove, Moolap, Vic 3224
Instructing Party/Client:	Phil Cunningham of Webster Dolilta Finance Ltd
Instructions:	To determine the Market Value of the subject property
Purpose of Valuation:	First Mortgage purposes and no other purposes
Date of Inspection:	24 th May, 2016
Date of Valuation:	24 th May, 2016
Property Type:	Industrial Factory

Brief Description:

The subject property comprises a large metal deck factory, constructed from 3 interconnecting industrial sheds of different ages. The shed on the southern side of the property is originally a large clear span engineering workshop (with high clearance), estimated construction circa 1975.

The middle section is a circa 1950's saw tooth designed factory with partial asbestos cladding, timber and steel framing and columns/ piers.

The third section of the factory comprises a circa 1980's metal clad shed with steel portal frame structure. Suspended mercury vapour lighting is dotted throughout the factory to provide internal lighting.

Additionally a detached concrete block office with staff amenities is located at the front of the property, along with a weigh bridge.

The factory, previously owned by MHM Alreco, was used in the processing of 'White Dross' or better known as Aluminium Saltcake. The saltcake was transported to the subject property from where it was crushed and three products are manufactured including; (1) Aluminium scraps (2) Brine (3) Aluminium slag or (NMP) ALOX.

We explicitly highlight there are several tonnes of 'Alox02' product located in mounds at the rear of the sheds and the dust from the Alox02 product is spread over the whole site.

Further, as a result of working with salt products such as the brine, much of the structure of the sheds has been corroded by rust. In the opinion of the Valuer the rust corrosion is severe and drastically reduces the useful life of the sheds.

Lastly we note that there is a large amount of plant and equipment that has been transferred with the property and some of this equipment, although specialised has recently been sold on.

In considering the valuation of this site we have considered the severe corrosion of the shedding and buildings, their low functionality for future alternative uses and the existence of the Alox02 material. We have considered the property as land value only, minus the cost to demolish and remove the existing structures and to remove/ cleanup the remaining Alox02 material. We note that although the sheds and Alox02 material have some value in a specialised market, we have not considered their value herein.

Tenancy Particulars:

Vacant

Land Area:

21,830m²

Building Area:

3,540m²

Registered Proprietor:	Estate Fee Simple Sole Proprietor; Alreco Pty Ltd of Level 1 20 Kings Park Road, West Perth WA 6005 via reference AH188481V 29/04/2010.
Zoning:	Industrial 1 Zone administered by the City of Greater Geelong Planning Scheme
Assessed Interest:	100% of the freehold interest subject to critical assumptions as noted in the report.
Basis of Valuation:	Current market value on the basis of vacant possession.
Valuation Approach:	Direct Comparison Approach & Capitalisation Approach
Market Value:	(\$960,000) Nine Hundred and Sixty Thousand dollars exclusive of GST
Critical Assumptions:	<ul style="list-style-type: none">• We assume Alox02 is a non-hazardous material and can be disposed in a local land fill;• We assume the asbestos roof can be repaired/ replaced for a sum not exceeding that allowed for herein;• We assume the costs of demolition/ removal of corroded buildings do not exceed the amount allowed for herein;• We confirm we have undertaken this valuation on a land value only, assuming the improvements are now obsolete.

Signature of Valuer:



Signature of Valuer/Director: on behalf of
Preston Rowe Paterson Geelong Pty Ltd
Gareth Kent, AAPI CPV #63378

1 Introduction

PRP File Reference: 631573
Client Reference: Valuation of 72-80 Buckley Grove, Moolap 3224
Client Name: Phil Cunningham
Client Company: Webster Dolita Finance Ltd
Client Address: PO Box 31, Ballarat, VIC 3353
Client Telephone: 5337 0088
Client Email: kara@wdfinance.com.au
Mortgagor/Borrower: JLNOG Pty Ltd

2 Instructions

Date of Instruction: 13th May, 2016
Property Address: 72-80 Buckley Grove, Moolap, Vic 3224
Interest to be Valued: Freehold
Basis of this Valuation: Market Value
Purpose of Valuation: Market Valuation, Mortgage Valuation
Special Instructions: Nil

3 Date of Valuation

Date of Valuation: 24th May, 2016
Date of Inspection: 24th May, 2016

4 Risk Profile

Market	Low	Low-Medium	Medium	Medium-High	High
Marketability;	Moderate, given state of buildings.				
Market Activity;	The market in Moolap industrial and commercial is active with a good amount of sales in recent times.				
Recent Market Direction;	Steady;				
Market Volatility;	Market volatility in this precinct is dependent on the wider economic conditions due to the type of business in the precinct;				
Stock Levels;	Low;				
Selling Periods;	Medium- Long.				
Likely Buyer Profile;	Owner occupiers;				
Last Known Sale;	We understand the property is under offer, we are unaware of the contract details.				

Asset	Low	Low-Medium	Medium	Medium-High	High
Highest and Best Use	Re-development- current use obsolete.				

Occupancy/Cash Flow	Low	Low-Medium	Medium	Medium-High	High
Occupancy Status	Vacant;				
Leasing Demand	Medium;				
Letting Period	Not tenatable;				
Cash Flow	We do <u>not</u> believe the property to be tenatable in its current state.				

Asset Management	Low	Low-Medium	Medium	Medium-High	High
Asset Complexity	The property is specialised industrial property and requires specialised management;				
Current Management	We understand the MHM is mothballing the facility;				
Quality of Management	The property is current vacant, we are unaware of a management plan;				
Physical Obsolescence	The existing improvements are obsolete and corroded;				
Function Obsolescence	The function of the existing buildings is obsolete, due to the closure of Alcoa;				

SWOT Analysis:

Set out below is our analysis of the strengths, weaknesses, opportunities and threats (SWOT Analysis) for the subject property:-

- Strengths:**
- Well located within an established Industrial area;
 - Further development potential;
 - Large amount of plant and equipment has been left by the proprietor to the new purchaser, some specialised equipment is considered to be worth in the (hundreds of thousands).
 - Large allotment.
-

- Weaknesses:**
- Improvements are considerably corroded and in disrepair
 - Existence of large amounts of non-hazardous, material known as Alox02, we are unaware of its properties, however has been advised that it is not a hazardous material and can be used as clean land fill.
 - Previous uses are now obsolete due to the withdrawal of Alcoa.
 - Existence of Asbestos in a small portion of the roof and a section of this roof has collapsed.
-

- Opportunities:**
- Removal of Alox02, to allow a clean site.
 - Remediation/ demolition of the corroded and obsolete factories, to provide a new clean development site.
 - Redevelopment in line with new industrial uses.
-

- Threats**
- The Alox02, is not a well-known substance, we understand it is currently graded as non-hazardous. Should this change, this site becomes a highly contaminated site, with excessive clean-up. We recommend the lender make their own enquiries in this regard.
 - The current use is deemed obsolete, we have valued as land value only;
 - Global economic conditions, including the rise and fall of the Australian dollar have a sever impact on the viability of manufacturing and this has an impact on properties located in industrial/ manufacturing regions.

5 Brief Description

The subject property comprises an "Industrial 1" zoned allotment of 2.183 hectares, located within a heavy industrial precinct of Moolap, nearby the ALCOA refinery and cheetham salt lakes. The property was previously an industrial facility owned and operated by MHM Alreco, a multinational company associated with the secondary aluminium smelting industry.

The subject property comprises a large metal deck factory, constructed from 3 interconnecting industrial sheds of differing ages. The shed on the southern side of the property is originally a large clear span engineering workshop with high clearance, estimated construction circa 1975. The middle section is a circa 1950's saw tooth design factory with partial asbestos cladding, timber and steel framing and columns/ piers. The third section of the factory is a circa 1980's metal clad shed with a steel portal frame structure. Additionally a detached concrete block office building with staff amenities is located at the front of the property, along with a weigh bridge.

The subject property was a plant utilised to process 'White Dross' or better known as Aluminium Saltcake. The material was shipped from Alcoa Yenorra. Alcoa Yenorra dealt with Secondary Aluminium smelting where car engines, primary dross, aluminium trimmings, cans etc are smelted. The process utilises SALT to reduce oxidation in the furnaces, the skimmings from the process is referred to as WHITE DROSS or better known as ALUMINIUM SALTCAKE.

The Saltcake was transported to the subject property in Moolap, where the Salt Cake was crushed.

Three products are manufactured.

1. Aluminium Scraps
2. Brine (Salt in water) after washing and separation
3. Aluminium Slag, Non Metallic Product (NMP) and classed into Alox products.

As a direct result in processing salt products a large amount of the exposed steel frame and building structures have been excessively corroded. We also note that a large section of the asbestos roof has collapsed and broken asbestos pieces are found on site.

Lastly, we note that there are large mounds of products, estimated at several thousand tonnes, at the rear of the property.

We have requested further information as to identifying this compound and note that we have been advised by the applicant it is the Aluminium slag by product, known as Alox02.

We have no experience with this product and cannot conclusively comment as to its Environmental significance or uses. We have been advised by the applicant that Alox02 is a product utilised in Steel Manufacturing as an oxidise, Ceramic, Refractory and Road stabilisation as it has Pozolanic (Cementitious) properties. Further, the material has an intended home after the site has been purchased. Alox02 can be used as a sand replacement in concrete, fire proof filler for doors and walls, pool stabiliser and also falls under our R & D claim. We refer to the Alox02 specifications attached within the appendices of this report.

We also note that the subject property has a large amount of plant and equipment left by MHM Alreco, the equipment left on site is as follows;

1. Diemme Filter press with capacity of 9 dry tons per press;
2. 3 x Feeder bins that hold approximately 4m³ of material each;
3. Trommel (for screening) that runs at 12tph;
4. 2 x Impact (hammer) mills that runs at 12tph;
5. Scalper (effectively a vibrating screen with 100mm screens) that runs at 12tph;
6. 2 x Autogenous mills that runs at 12 tph (only one currently in service);
7. Vibrating screen that runs at 12tph;
8. 60m³ agitating tank;
9. Rotating thermal 10GJ (gas) dryer that runs at 12tph;
10. Cooling screw (water jacket).

11. Small rotating thermal (gas) dryer that runs at 1tph
12. Triple deck screen that runs at 10 tph
13. Impact mill (hammer) runs at 10 tph (this unit is run down)
14. Barmac that runs at around 10tph
15. Sieving plant (sieves material at 250um) that runs at about 1tph
16. Clarifier with capacity of approximately 35m3 capacity
17. 4 x Dewatering screws that run at 6tph
18. Holding hopper with 35m3 holding capacity
19. Weighbridge for standard and B-double trucks

We have been advised by the applicant that arrangements to sell a large number of the above equipment has been made, however we are not plant and equipment valuers, therefore have not considered the value of the above equipment within this assessment.

For the purpose of this assessment, noting that the its previous use is now considered obsolete, we have considered the value of the land only and made appropriate adjustments to allow for the demolition and removal of all buildings. Further, we have made allowance for the removal of the mounds of Alox02, estimated at approximately 10,000 tones, as landfill only.

Lastly, we have made an allowance for the removal and disposal of the asbestos roof, a hazardous material space and a site scrap to remediate the site to a land only allotment.

We note that we have not been provided with costs to demolish, remediate or dispose of any of the building materials or alox material, and have relied upon the costing provided within the 'Australian Construction Handbook' edition 34 (Rawlinsons), to arrive at these costs, estimates where appropriate we have taken a conservative approach to applying these costs.

As to the large amount of plant and equipment, we have assumed these have some further value as either scrap metal or alternative uses, and hence have not made any deductions for their removal.

In our opinion, as a large industrial 1 zoned site, offered as land value only, the property would be highly marketable to a wide market place.

Photographs



Front



Side



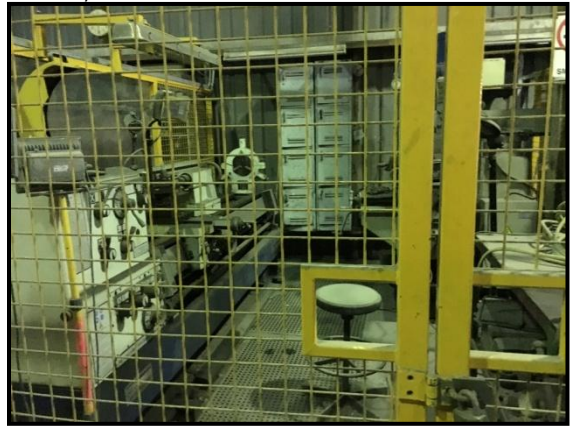
Factory



Factory



Factory



Factory



Factory



Factory



Factory



Factory



Side of Factory



Storage



Lunch Room



Reception



Male Amenities



Rear Office



Hardstand area



Office



Canopy



Waste



Waste



Factory



Factory



Factory

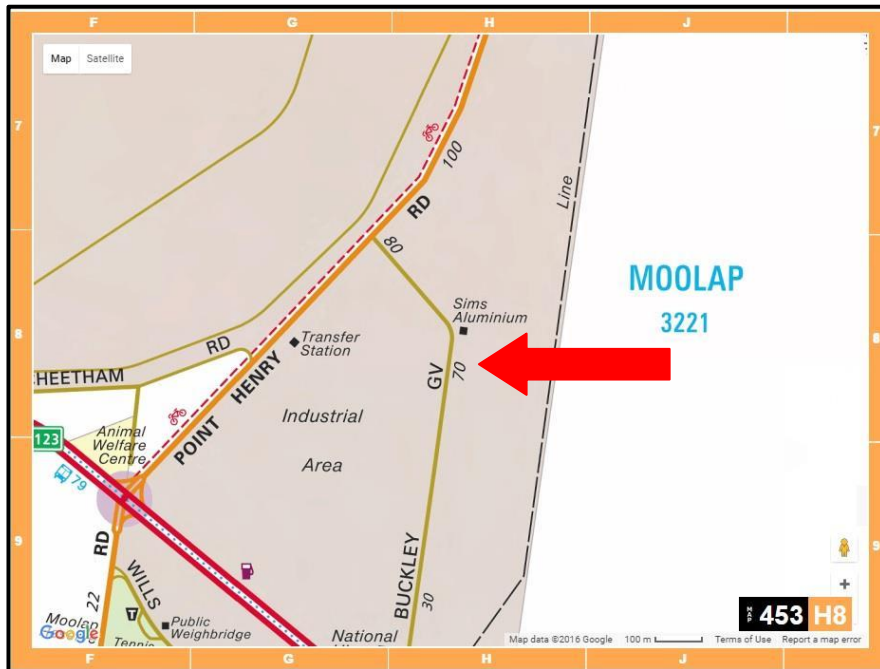


Rear view

6 Location

Physical Location:

The subject property is located on the eastern side of Buckley Grove within the Industrial precinct of Moolap. The nearest cross street is Point Henry Road. The subject property is located approximately 7 kilometres to the east of the Geelong Central Business District.



Sourced: <http://www.melway.com.au/online-maps>

Surrounding Development:

Surrounding development is generally industrial in nature comprising a mixture of industrial improved properties for businesses such as bulky goods warehousing, transport depots and distribution warehouses. We note that the previous Alcoa refinery is located only 3 kilometres to the North, within the same industrial precinct.

Proximity to Amenities and Services:

The property has access to the following amenities:

- Public transport: There is a regular bus service operating on Geelong -Portarlington Road providing public bus transport to the Geelong Central Business District and surrounding Geelong suburbs.
- Shops: Local shopping facilities can be found at Newcombe Central Shopping Centre located approximately 3 kilometres to the south-west of the subject with further shopping facilities found within the Geelong CBD.
- Major transport routes: The subject property is located within close proximity to Geelong - Portarlington Road, providing vehicular connection to the Princes Highway and other major transport linkages.

7 Land Description

Land Dimensions:

A more precise understanding of the land's dimensions and areas can be obtained from the Title Plan which is replicated below:-

Delivered by LANDATA®. Land Victoria timestamp 17/05/2016 10:12 Page 1 of 2
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TITLE PLAN		EDITION 2	TP 581001R
Location of Land Parish: MOOLAP Township: Section: Crown Allotment: Crown Portion: Last Plan Reference: LP26045 Derived From: VOL 9153 FOL 184 Depth Limitation: NIL		Notations ANY REFERENCE TO MAP IN THE TEXT MEANS THE DIAGRAM SHOWN ON THIS TITLE PLAN	
Description of Land / Easement Information ENCUMBRANCES REFERRED TO As to the land coloured blue - - - - THE EASEMENT to State Electricity - - - Commission of Victoria created by - - - Instrument B749549 - - - - -		THIS PLAN HAS BEEN PREPARED FOR THE LAND REGISTRY, LAND VICTORIA, FOR TITLE DIAGRAM PURPOSES AS PART OF THE LAND TITLES AUTOMATION PROJECT COMPILED: 26/07/2000 VERIFIED: AA	
AS TO THE LAND MARKED E-1 & E-4 IS AN EASEMENT OF DISTRIBUTION OF ELECTRICITY IN FAVOUR OF POWERCOR AUSTRALIA LTD CREATED IN AJ749321C AS TO THE LAND MARKED E-2, E-3 & E-4 IS AN EASEMENT OF POWER SUPPLY (OVERHEAD) IN FAVOUR OF POWERCOR AUSTRALIA LTD CREATED IN AJ749321C AS TO THE LAND MARKED E-3 IS AN EASEMENT OF POWER SUPPLY (UNDERGROUND) IN FAVOUR OF POWERCOR AUSTRALIA LTD CREATED IN AJ749321C			
COLOUR CODE BL = BLUE		TABLE OF PARCEL IDENTIFIERS WARNING: Where multiple parcels are referred to or shown on this Title Plan this does not imply separately disposable parcels under Section 8A of the Sale of Land Act 1962 PARCEL 1 = LOT 24 ON LP26045	
LENGTHS ARE IN METRES	Metres = 0.3048 x Feet Metres = 0.201168 x Links	Sheet 1 of 1 sheets	

The land is briefly described as follows:-

Parcel	Frontage (metres)	Depth (metres)	Rear (metres)	Area of Parcel (sqm)	Shape
1	82.60	264.71	100.58	21,830	Irregular

Topography:

The subject site is generally level in surface contour and appears to be adequately drained of storm and surface water.

Roads:

Buckley Grove, Moolap is a fully constructed, bitumen sealed road, with graded earthen channels.

Access:

Access to the property is via two concrete crossovers from Buckley Grove.

Services:

The usual utility services are available and connected to the subject property including: - electricity, natural gas, tank water, sewerage, telephone and town water.

We note that a large high transmission easement dissects the rear of the subject property.

Contamination:

We reiterate our previous comments and note that the site has approximately 10,000 tonnes of a product known as Alox02, which is a by-product of the previous use of the site. Further the valuer has sighted large amounts of broken asbestos in an area where the roof has collapsed inside the factories.

We have no experience with the substance Alox02 and cannot verify if the substance is considered hazardous or not, we recommend the lender make their own investigations in this regard and as a Valuer, we can only report its presence.

We note however, that Asbestos is considered a hazardous substance; we have made allowance for the removal and disposal of this hazardous material herein.

Lastly, a large amount of the steel structures of the buildings are excessively corroded, we are not structural engineers, and however in our opinion the corrosion is severe enough to consider the buildings obsolete. We have also made allowances for demolition and removal of these structures.

Historical use:

The property was previously used in the processes of aluminium 'White Dross', owned and operated by MHM Alreco.

Location to Noxious Industry:

The site is within 3 kilometres of the previous Alcoa refinery, 200 metres of the Geelong Waste Transfer station and is within an industrial precinct known for noxious industries. We note that a large high transmission easement dissects the rear of the subject property.

Underground tanks or evidence of soil contamination:	We did not site any underground chemical or fuel storage tanks. We note that the processes involved in the previous uses, to our knowledge, did not involve large amounts of liquid chemicals.
Hazardous materials:	<p>Alox02 – there is approximate 10 tonnes of this product on the site, however we have been advised it is not hazardous, not being experts in this field we cannot verify if it is or is not hazardous and recommend the lender make their own inquiries.</p> <p>We highlight that part of the roof of the industrial sheds are made from Asbestos, and note that a large section of this roof has caved in, leaving a large amount of broken asbestos. We recommend clean-up of this broken asbestos as an urgent OH&S issue.</p>
EPA Register:	The site is not listed on the Environmental Protection Authority (EPA) Priority Sites Register.

Site Identification:

We have positively identified the subject property from our physical inspection with reference to the Plan of Subdivision.

Site Description - Environmental Risks

You acknowledge that We have endeavoured to comment on all areas of Environmental concern based on Our superficial inspection of the property. An actual environmental audit may reveal matters that affect Our valuation herein that were not readily discernible at the time of inspection. In such an event, We reserve the right to reconsider our Valuation figure herein;

You acknowledge and recognise that We are not expert in identifying environmental hazards and compliance requirements affecting properties. We have, however, endeavoured to superficially identify all matters of environmental concern and the effect they might have on the value of the property. However, We will not be held liable nor responsible for any failure to identify all such matters of environmental concern and the impact, which any environmental related issue has on the property and its value including loss arising from site contamination; or the non-compliance with any environmental laws; or costs associated with the clean up of a property in which an environmental hazard has been recognised, including action by the relevant Environmental Protection Authority to recover clean up costs pursuant to the relevant Environmental Protection Act.

8 Title Details

Title details are summarised as follows:-

DESCRIPTION	LOT	PLAN	VOLUME BOOK	FOLIO
Freehold	1	581001R	09153	184

Registered Proprietor: Estate Fee Simple Sole Proprietor; Alreco Pty Ltd of Level 1 20 Kings Park Road, West Perth WA 6005 via reference AH188481V 29/04/2010

Encumbrances: Mortgage to Alcoa of Australia Ltd via reference AH600196C dated 08/11/2010.

Easement 2- There is a power supply easement running adjacent to the properties northern boundary alignment with a width of 92.90 metres.

Any encumbrances created by Section 98 Transfer of Land Act 1958 or Section plan set out under Diagram Location below.

Title Search: We have relied upon Certificate of Title dated 17/05/2016

Assumptions We have relied on a copy of title, which we have searched on (17/05/2016) should any notations have been placed on title since the date of search which defect the Valuation or Valuation Services We reserve the right to reconsider our valuation findings herein.

This valuation has been prepared on the understanding that no notations encumbrances, easements, rights of way or encroachments exist by or on the subject property other than those set out in title details or detailed herein.

Register Search Statement - Volume 9153 Folio 184

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REGISTER SEARCH STATEMENT (Title Search) Transfer of Land Act 1958

VOLUME 09153 FOLIO 184

Security no : 124060422767H
 Produced 17/05/2016 10:10 am

LAND DESCRIPTION

Lot 1 on Title Plan 581001R.
 PARENT TITLE Volume 08512 Folio 192
 Created by instrument G188691 10/06/1976

REGISTERED PROPRIETOR

Estate Fee Simple
 Sole Proprietor
 ALRECO PTY LTD of LEVEL 1 20 KINGS PARK ROAD WEST PERTH WA 6005
 AH188481V 29/04/2010

ENCUMBRANCES, CAVEATS AND NOTICES

MORTGAGE AH600196C 08/11/2010
 ALCOA OF AUSTRALIA LTD

Any encumbrances created by Section 98 Transfer of Land Act 1958 or Section
 24 Subdivision Act 1988 and any other encumbrances shown or entered on the
 plan set out under DIAGRAM LOCATION below.

DIAGRAM LOCATION

SEE TP581001R FOR FURTHER DETAILS AND BOUNDARIES

ACTIVITY IN THE LAST 125 DAYS

NIL

-----END OF REGISTER SEARCH STATEMENT-----

Additional information: (not part of the Register Search Statement)

Street Address: 72-80 BUCKLEY GROVE MOOLAP VIC 3224

DOCUMENT END

**Delivered from the Landata ® System by SAI Global Property Division Pty Ltd
 Delivered at 17/05/2016, for Order Number 36630622. Your reference: 631573.**

9 Statutory Assessment

Land Value:	\$ 780,000
Improved Value	\$ 1,920,000
Net Annual Rental	\$ 173,300
Base Date:	01/01/2014

10 Planning

Town Planning details, which we have obtained from online source, are summarised as follows:-

Local Government Area: City of Greater Geelong

"Industrial 1 Zone" Confirmed by Online reference to local planning scheme the main purpose of this overlay is to;

Zoning:

- To implement the State Planning Policy Framework and the Local Planning Policy Framework, including the Municipal Strategic Statement and local planning policies.
- To provide for manufacturing industry, the storage and distribution of goods and associated uses in a manner which does not affect the safety and amenity of local communities.

Planning Scheme:

Planning scheme administered by the City of Greater Geelong Planning Scheme

"Design and Development Overlay" (DDO) the main purpose of this overlay is to;

Planning Overlays:

- To implement the State Planning Policy Framework and the Local Planning Policy Framework, including the Municipal Strategic Statement and local planning policies.
- To identify areas which are affected by specific requirements relating to the design and built form of new development.

Permissible Land Uses: Industrial Uses

Land Use Conformity: Conforms with the zoning

Development Consents: We have not been provided with a copy of any planning permits for the subject property; however we have assumed that all necessary permits have been obtained.

Heritage Notations: Is not listed on any Heritage Registers

Assumptions

You acknowledge that information has been obtained verbally from representatives of the City of Greater Geelong LGA or the Council's web site and this valuation is issued on the understanding that such information is correct. The Town Planning information should be checked by You by the obtaining of the relevant certificate from the Planning Consent Authority. We will not assume any liability or negligence for our reliance on the Local Authority's verbal advice or information obtained from its web site.

Department of
Environment, Land,
Water and Planning

Planning Property Report

from www.dtpli.vic.gov.au/planning on 17 May 2016 09:58 AM

Address: 72-80 BUCKLEY GROVE MOOLAP 3224

Lot and Plan Number: Lot 1 TP581001

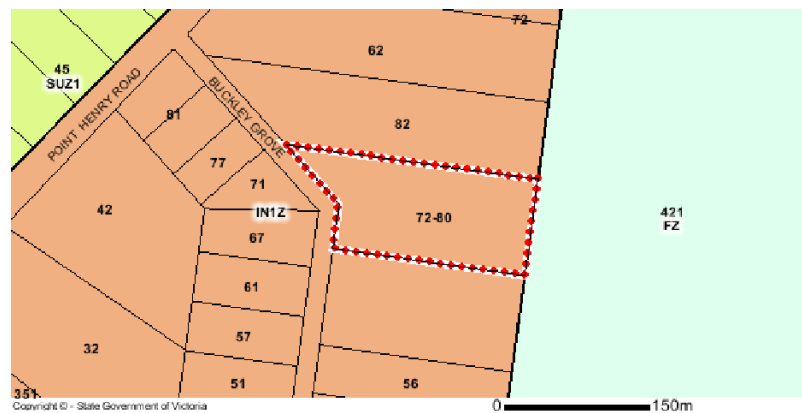
Local Government (Council): GREATER GEELONG **Council Property Number:** 246371

Directory Reference: Melway 453 H8

Planning Zone

INDUSTRIAL 1 ZONE (IN1Z)

SCHEDULE TO THE INDUSTRIAL 1 ZONE



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0 150m

Note: labels for zones may appear outside the actual zone - please compare the labels with the legend.

Zones Legend

ACZ - Activity Centre	IN1Z - Industrial 1	R1Z - General Residential
B1Z - Commercial 1	IN2Z - Industrial 2	R2Z - General Residential
B2Z - Commercial 1	IN3Z - Industrial 3	R3Z - General Residential
B3Z - Commercial 2	LDRZ - Low Density Residential	RAZ - Rural Activity
B4Z - Commercial 2	MUZ - Mixed Use	RCZ - Rural Conservation
B5Z - Commercial 1	NRZ - Neighbourhood Residential	RDZ1 - Road - Category 1
C1Z - Commercial 1	PCRZ - Public Conservation & Resource	RDZ2 - Road - Category 2
C2Z - Commercial 2	PDZ - Priority Development	RGZ - Residential Growth
CA - Commonwealth Land	PPRZ - Public Park & Recreation	RLZ - Rural Living
CCZ - Capital City	PUZ1 - Public Use - Service & Utility	RUZ - Rural
CDZ - Comprehensive Development	PUZ2 - Public Use - Education	SUZ - Special Use
DZ - Dockland	PUZ3 - Public Use - Health Community	TZ - Township
ERZ - Environmental Rural	PUZ4 - Public Use - Transport	UFZ - Urban Floodway
FZ - Farming	PUZ5 - Public Use - Cemetery/Crematorium	UGZ - Urban Growth
GRZ - General Residential	PUZ6 - Public Use - Local Government	
GWAZ - Green Wedge A	PUZ7 - Public Use - Other Public Use	
GWZ - Green Wedge	PZ - Port	Urban Growth Boundary

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Environment,
Land, Water
and Planning

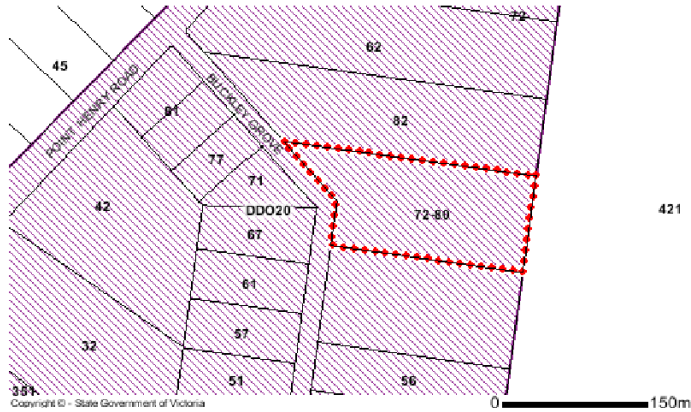
72-80-BUCKLEY-GROVE-MOOLAP-PLANNING-PROPERTY-REPORT

Page 1 of 3

Department of
Environment, Land,
Water and Planning

Planning Overlay

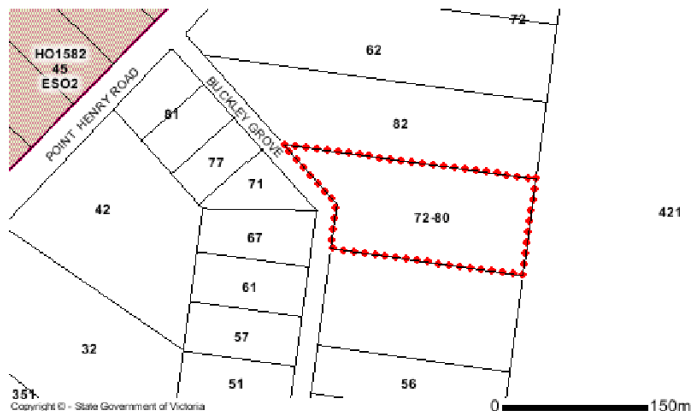
DESIGN AND DEVELOPMENT OVERLAY (DDO)
DESIGN AND DEVELOPMENT OVERLAY - SCHEDULE 20 (DDO20)



OTHER OVERLAYS

Other overlays in the vicinity not directly affecting this land

ENVIRONMENTAL SIGNIFICANCE OVERLAY (ESO)
HERITAGE OVERLAY (HO)



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11 Improvements

General Description:

The main sheds on the subject property have been constructed in three stages. The largest and tallest shed is located on the southern side of the property and appears to have been constructed originally as an engineering factory. This building has portal and truss framing, metal cladding and concrete pier foundations. We note that this building is severely corroded around the piers and bolts.

The second shed and oldest is located in the middle, and is interconnected to both the southern and northern sheds. A circa 1950's saw tooth design with asbestos roof metal cladding with steel piers and truss framing and concrete pier foundations.

The third shed is located towards the northern side of the property and is interconnected with the older, middle shed. A circa 1980's construction it has a steel portal frame, metal cladding and clear strip lighting. This shed is also corroded, although not as badly as the southern shed. Attached to the northern side of this factory is a fourth, smaller metal clad shed utilised as a workshop, this has a lockable sliding door, metal cladding and steel frame.

Additionally a metal deck canopy is attached to the rear providing coverage for loading the Aloxx2. A concrete block office and admin building is situated at the front of the property providing offices, showers, toilets, tea room and office appear to be in good condition. Lastly, and as a more recent addition a weigh bridge is located on the northern ingress of the site. The weigh bridge is substantial and has electronic measuring system.

Floor Area:

The approximate Gross Lettable Area in accordance with the Property Council of Australia's method of Measurement is as follows: -

DESCRIPTION	GROSS LETTABLE AREA M2 (APPROX.)
Industrial Factory	3,518 m ²
Workshop	202 m ²
Admin/ Offices	185 m ²

Design:

The design of the subject property includes a functional layout for its indented purpose.

Construction:

CONSTRUCTION TYPE	CONSTRUCTION MATERIAL
Foundation	Concrete piers
Floor	Reinforced concrete slab
External Walls	Metal Deck
Roofing	Metal Deck/ asbestos
Windows	Steel frame

Accommodation:

Factory: three open factories, interconnected to provide a large plant.

Office Component: entry, reception, (3) individual offices, toilet amenities, change room, shower room, lunch room, kitchenette and laboratory.

Admin area: Three (3) offices.

Finishes:

Exposed concrete floors throughout.

Plant and Equipment:

EQUIPMENT TYPE	EQUIPMENT DETAILS
Air Condition	Reverse cycle air-conditioning
Fire Services	Fire extinguisher
Security System	Nil
Emergency Lighting	Illuminated Exit Signs

We note that the site also includes the following plant and equipment, however note it not been considered in this valuation;

1. Diemme Filter press with capacity of 9 dry tons per press
2. 3 x Feeder bins that hold approximately 4m³ of material each
3. Trommel (for screening) that runs at 12tph
4. 2 x Impact (hammer) mills that runs at 12tph
5. Scalper (effectively a vibrating screen with 100mm screens) that runs at 12tph
6. 2 x Autogenous mills that runs at 12 tph (only one currently in service)
7. Vibrating screen that runs at 12tph
8. 60m³ agitating tank
9. Rotating thermal 10GJ (gas) dryer that runs at 12tph
10. Cooling screw (water jacket)
11. Small rotating thermal (gas) dryer that runs at 1tph
12. Triple deck screen that runs at 10 tph
13. Impact mill (hammer) runs at 10 tph (this unit is run down)
14. Barmac that runs at around 10tph
15. Sieving plant (sieves material at 250um) that runs at about 1tph
16. Clarifier with capacity of approximately 35m³ capacity
17. 4 x Dewatering screws that run at 6tph
18. Holding hopper with 35m³ holding capacity
19. Weighbridge for standard and B-double trucks

Other Buildings and Improvements:

Other improvements include: Cyclone mesh boundary fencing, concrete hard stand area and concrete driveway.

NABERS Rating:

The property has not been NABERS rated

12 Age and State of Repair

Age of Improvements:	65 years
State of Repair of Improvements:	Poor
Recommended Repairs:	See comments; due to the large amount of corrosion within the existing structures we have valued the property as land only, minus demolition and removal of the existing structures, for first mortgage security purposes.
Estimated Cost of Repairs:	N/A

13 Overview of Leases

General Lease Terms and Conditions:

The subject property was vacant at the time of inspection with no lease covenant held over the property.

14 Sales and Rental Evidence

Sale History – The Subject Property:

We have not been provided a copy of the current sales contract, we note that from verbal discussions the contract is still being negotiated and is not considered arms length.

Sales Evidence:

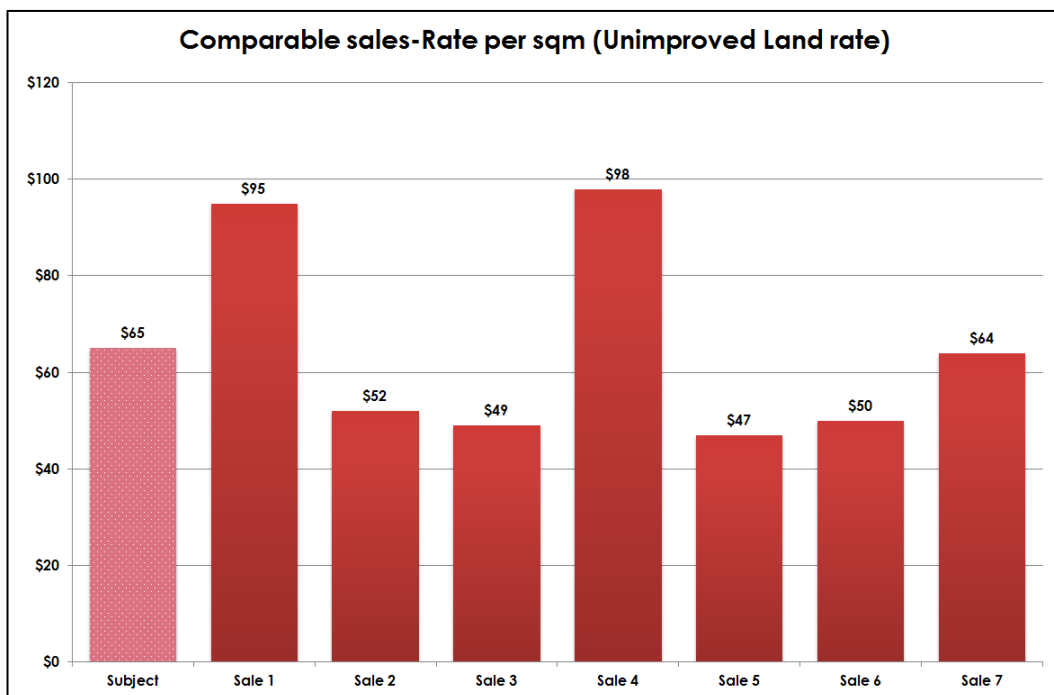
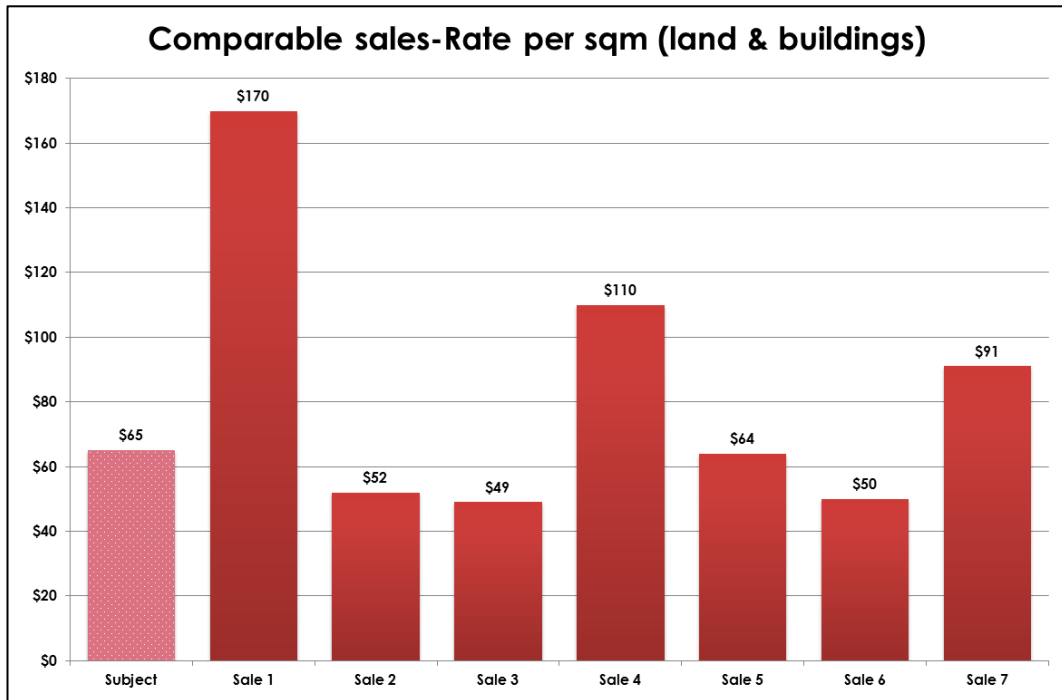
Sales evidence, which we have considered, is summarised below:-

Sale Date	Address	Sale Price	Land Area (m ²)/ Rate per m ²	Gross Lettable Area/ Rate per m ²	Yield (%)									
April 2015	401 Portarlington Road, Moolap	\$1,700,000	10,000m ² \$170/m ²	3,000m ² \$567/m ²	Vacant Possession									
<p>Comments: Comprises an industrial, steel portal framed, metal deck clad warehouse, hardstand loading dock and canopy and an office component of 145m². Additionally the property comprises full amenities, ample power, seven roller doors at 4 and 2.5 metre clearances, double street frontages, drive through access, roof clearance of 7 metres at apex and 5 metres at the wall. The allotment is zoned "Industrial 1". The property comprises 3,000m² of floor area on a 1.00ha allotment.</p> <p>Analysis;</p> <table border="1"> <tr> <td>Improvements</td> <td>3,000sqm @ \$ 250</td> <td>\$750,000</td> </tr> <tr> <td>Land Value</td> <td>10,000 sqm @ \$95</td> <td>\$950,000</td> </tr> <tr> <td>Total</td> <td></td> <td>\$1,700,000</td> </tr> </table> <p>Comparison: Superior lettable area, similar sized allotment, similar location, slightly superior quality improvements, access and exposure. Considered overall superior.</p>						Improvements	3,000sqm @ \$ 250	\$750,000	Land Value	10,000 sqm @ \$95	\$950,000	Total		\$1,700,000
Improvements	3,000sqm @ \$ 250	\$750,000												
Land Value	10,000 sqm @ \$95	\$950,000												
Total		\$1,700,000												

Sale Date	Address	Sale Price	Land Area (m ²)/ Rate per m ²	Gross Lettable Area/ Rate per m ²	Yield (%)									
Sept 2014	30 Buckley Grove, Moolap	\$1,050,000	20,020m ² / \$52/m ²	3,533m ² / \$297/m ²	Vacant Possession									
<p>Comments: Comprises three (3) industrial sheds. Shed 1 comprises a large, metal clad, steel framed industrial factory built circa 1975 with several offices and bathroom and kitchen amenities, shed 2 comprises a corrugated galvanised iron clad shed with canopy and adjoining brick veneer office and kitchen and bathroom amenities, shed 3 comprises a corrugated galvanised iron clad shed with canopy. This property was previously used as storage for Alcoa and is in poor condition.</p> <p>Analysis;</p> <table border="1"> <tr> <td>Improvements</td> <td>3,533 sqm @ \$ 0</td> <td>\$0</td> </tr> <tr> <td>Land Value</td> <td>20,020 sqm @ \$52</td> <td>\$1,050,000</td> </tr> <tr> <td>Total (rounded)</td> <td></td> <td>\$1,050,000</td> </tr> </table> <p>Comparison: Larger allotment with inferior quality improvements. Overall inferior.</p>						Improvements	3,533 sqm @ \$ 0	\$0	Land Value	20,020 sqm @ \$52	\$1,050,000	Total (rounded)		\$1,050,000
Improvements	3,533 sqm @ \$ 0	\$0												
Land Value	20,020 sqm @ \$52	\$1,050,000												
Total (rounded)		\$1,050,000												
Feb 2015	42-50 Buckley Grove, Moolap	\$1,000,000	20,238m ² / \$49/m ²	1,043m ² / \$958/m ²	5.5%									
<p>Comments: The subject property comprises an industrial parcel of 2.02 hectares located within an Industrial 1 zone, in an area known as Moolap. The property is improved by an industrial warehouse and associated office/amenities, currently leased to Syntell Pty Ltd. The warehouse comprises a timber framed, clear span warehouse with 4.9 metre clearance. The subject property was sold subject to an approved two lot subdivision in accordance with the endorsed plans, permit number 190/2012. In the proposed subdivision the existing improvements will be situated on proposed lot 1 comprising 5,455m² with 50 metre frontage to Buckley Grove, Moolap. Proposed lot 2 will comprise 1.478ha of vacant industrial 1 zoned land with 50.58 metre frontage to Buckley Grove, Moolap. We explicitly highlight that high tension, electricity easement dissects the rear boundary of the property. It appears this has been in existence for many years and has not adversely affected the use of the property as industrial warehousing. Sold with a lease in place, passing rental of \$55,000 pa plus GST.</p> <p>Analysis;</p> <table border="1"> <tr> <td>Improvements</td> <td>1,043 sqm @ \$ 0</td> <td>\$0</td> </tr> <tr> <td>Land Value</td> <td>20,238 sqm @ \$49</td> <td>\$1,000,000</td> </tr> <tr> <td>Total (rounded)</td> <td></td> <td>\$1,000,000</td> </tr> </table> <p>Comparison: Overall comparable, and site, buildings were an encumbrance on this site and detracted from the value.</p>						Improvements	1,043 sqm @ \$ 0	\$0	Land Value	20,238 sqm @ \$49	\$1,000,000	Total (rounded)		\$1,000,000
Improvements	1,043 sqm @ \$ 0	\$0												
Land Value	20,238 sqm @ \$49	\$1,000,000												
Total (rounded)		\$1,000,000												
April 2015	61-65 Buckley Grove, Moolap	\$670,000	6,070m ² / \$110/m ²	285 m ² / \$2,350/m ²	Vacant Possession									
<p>Comments: Comprises a regular, 1.5 acre parcel (6,070 sqm), located on the western side of Buckley Grove within the industrial 1 precinct of Moolap. The property has a single storey metal clad shed circa 1975 with internal double storey office, gravel onsite parking and cyclone mesh fencing to boundary alignments. The factory/ shed is low clearance with manual slide door to the north and pedestrian entrance to the east side, being approximately 285 sqm in size. Sold vacant possession.</p> <p>Analysis;</p> <table border="1"> <tr> <td>Improvements</td> <td>285sqm @ \$ 250</td> <td>\$71,250</td> </tr> <tr> <td>Land Value</td> <td>6,070 sqm @ \$98</td> <td>\$666,110</td> </tr> <tr> <td>Total (rounded)</td> <td></td> <td>\$670,000</td> </tr> </table> <p>Comparison: Overall smaller facility, smaller land, similar location. Should represent a higher rate due to ratios of size.</p>						Improvements	285sqm @ \$ 250	\$71,250	Land Value	6,070 sqm @ \$98	\$666,110	Total (rounded)		\$670,000
Improvements	285sqm @ \$ 250	\$71,250												
Land Value	6,070 sqm @ \$98	\$666,110												
Total (rounded)		\$670,000												

Sale Date	Address	Sale Price	Land Area (m ²)/ Rate per m ²	Gross Lettable Area/ Rate per m ²	Yield (%)									
Sept 2015	32-40 Buckley Grove, Moolap	\$1,300,000	20,234m ² \$64/m ²	2,266 m ² \$574/m ²	Vacant Possession									
<p>Comments: Comprises an industrial parcel of 20,234 metres located within an established Industrial area of Moolap. The property is improved by two (2) industrial steel framed high clearance metal clad warehouses circa 1995 & 2005, one of which has associated office/amenities. The property upon the date of sale was vacant. The valuer highlights that the combined area of the warehousing only covers a third of the overall site, therefore we note that due to the large portion of underutilised land present the subject property has further development potential. Lastly we note the property is subject to a high tension power easement over the rear boundary.</p> <p>Analysis;</p> <table border="1"> <tr> <td>Improvements</td> <td>2,266sqm @ \$ 145</td> <td>\$328,570</td> </tr> <tr> <td>Land Value</td> <td>20,234 sqm @ \$47</td> <td>\$950,998</td> </tr> <tr> <td>Total (rounded)</td> <td></td> <td>\$1,300,000</td> </tr> </table> <p>Comparison: Overall comparable, as a vacant site, before adjustments.</p>						Improvements	2,266sqm @ \$ 145	\$328,570	Land Value	20,234 sqm @ \$47	\$950,998	Total (rounded)		\$1,300,000
Improvements	2,266sqm @ \$ 145	\$328,570												
Land Value	20,234 sqm @ \$47	\$950,998												
Total (rounded)		\$1,300,000												
April 2015	361-363 Geelong-Portarlinton Road, Moolap	\$1,410,000	28,100m ² \$50/m ²	N/A	Vacant Possession									
<p>Comments: A vacant battle axe parcel of industrial 1 zoned land, having frontage to Geelong-Portarlinton Road.</p> <p>Comparison: Overall inferior due to access and lack of frontage.</p>														
Nov 2015	18-30 Point Henry Road, Moolap	\$1,201,500	13,193m ² \$91/m ²	707m ² \$1,699/m ²	Vacant Possession									
<p>Comments: The subject property comprises a 1.39 hectare industrial parcel, being utilised as a depot and head office for two companies, the first being 'Go Traffic management' and the second being 'Bellerine Tree Services'. The property is improved by a three storey brick office, attached to a corrugated iron shed, with the majority of the land utilised for vehicle parking. The south west corner of the allotment is utilised for the storage of wood chips. Owner occupied sold on vacant possession.</p> <p>Analysis;</p> <table border="1"> <tr> <td>Improvements</td> <td>707sqm @ \$500</td> <td>\$353,500</td> </tr> <tr> <td>Land Value</td> <td>13,193 sqm @ \$64</td> <td>\$844,352</td> </tr> <tr> <td>Total (rounded)</td> <td></td> <td>\$1,201,500</td> </tr> </table> <p>Comparison: Overall smaller site, smaller factory. Similar location.</p>						Improvements	707sqm @ \$500	\$353,500	Land Value	13,193 sqm @ \$64	\$844,352	Total (rounded)		\$1,201,500
Improvements	707sqm @ \$500	\$353,500												
Land Value	13,193 sqm @ \$64	\$844,352												
Total (rounded)		\$1,201,500												

Following is a graphical interpretation of our sales evidence:-



Our analysed sales evidence indicates a value range of \$47-\$98 psm of unimproved land value. We note that the sales are all from within the same Industrial precinct as the subject and considered highly comparable with regard to location characteristics, however the higher end of the range includes those properties with exposure to Geelong-Portarlington Road, which is a premium location. The majority of the sales indicate a land value of between \$47-\$64 psm. For the purpose of this assessment we have adopted \$65 psm over the subject parcel, as if unimproved.

15 Valuation Approach

Introduction:

To consider the valuation of the subject property we have adopted the Direct Comparison Approach to establish the Highest and Best Use Market Value. The Valuation approach involves comparing the subject property to comparable sales on a rate per square metre basis and making appropriate deductions for the demolition and removal of the buildings, the Alox02 material and disposal of the asbestos along with hazardous material.

Direct Comparison Approach:

Our analysed sales evidence indicates a value range of \$47-\$98 psm of unimproved land value. We note that the sales are all from within the same precinct as the subject and considered highly comparable in location characteristics, however the higher end of the range includes those properties with exposure to Geelong-Portarlington Road, which is a premium location. The majority of the sales indicate a land value of between \$47-\$64 psm. For the purpose of this assessment we have adopted \$65 psm over the subject parcel, as if unimproved.

We have then made the appropriate deductions as follows;

- 1- Demolition and removal of the existing corroded buildings
- 2- Removal and disposal as land fill, the 10,000 tonnes of Alox02 material
- 3- Removal and disposal of Asbestos roof
- 4- Profit and Risk

Our Calculations are as follows;

Direct Comparison Approach		
Land Area – 21,830	Value rate psm @ \$65	\$1,418,950
Demolition and removal of debris Build area – 3,540	Cost rate @ \$44.50	(\$157,530)
Removal and disposal of asbestos Portion of roof asbestos – 785 sqm	Cost rate @ \$40 psm	(\$31,400)
Removal and Disposal of Alox02	10,000T @ \$10 / tonne	(\$100,000)
Profit and Risk	15%	(\$169,503)
Subtotal Value		\$960,517
Adopt for practical purposes		\$960,000

Insurance Replacement Cost:

To consider our estimate of Insurance Replacement Cost we have: -

- Estimated the appropriate replacement cost of the existing improvements based on reliable current building cost guides;
- Included a contingency allowance, an estimate for professional fees and cost loadings where applicable;
- Included an allowance for demolition costs and removal of debris.

The sum of the above amounts represents the insurance replacement cost estimate for the subject property which is in the sum of \$4,300,000 exclusive of GST.

We specifically note that our assessment excludes building cost escalation during the policy period and any planning/approval and building period. It also excluded any loss of rental.

16 Goods and Services Tax Approach

We have adopted the following approach to valuation apropos Goods and Services Tax: -

Irrespective of whether or not the Lessee is required to pay Goods and Services Tax over and above rental and outgoings payments under their lease we have assumed, for valuation purposes, that the Lessor would charge Goods and Services Tax over and above rental and outgoings for the Taxable Supply and that the Lessee, would obligingly pay the GST and recover an appropriate Input Tax Credit; and

With regard to the sale implied in our valuation herein we have assumed that : -

That GST would payable over and above our valuation amount herein. (In this case we have also assumed that the implied purchaser would be registered for GST, happily pay the GST over and above the purchase price and claim an appropriate Input Tax Credit).

17 General and Market Commentaries

Local Property Climate for This Class of Property:

The subject property is located in a precinct, previously associated with the now closed Alcoa facility on Point Henry. Many of the surrounding buildings were used in supportive industries such as the subject properties previous uses. On average the land allotments in this precinct are much larger than other traditional industrial areas. We note that as Alcoa slowed down and shed staff, many of these supportive industries closed or left Geelong, and many have been vacant industrial facilities for some time. However; we have seen in recent times, a surge to buy and utilise these large sites for alternative uses, with the predominant use being allied to the treatment of waste and the creation of fertilisers. This is creating a new market for this precinct, and providing a new lease of life to the old, obsolete industrial facilities. We note that nearly every site in Buckley Grove has transacted within the last 4 years, all being purchased for these environmental industries.

We note that the climate for this property type is still very soft and although there is a new industry taking place of old, they are doing so, due to the low values associated with these obsolete sites.

Potential Marketability and Market Timing:

We are of the opinion that a fair and reasonable selling period would lie in the order of 18-24 months assuming an aggressive marketing campaign and satisfactory advertising budget.

18 Definitions

MARKET VALUE is defined as the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.¹

¹ As defined by the API in the Information Paper IPE 3, issued on 12 December 1993 - Section 1 Market Value.

19 Terms and Conditions

Explanation

1. The following terms and conditions are the standard terms and conditions that apply to all Valuations or the Valuation Services or consultancy services and Services provided by Preston Rowe Paterson Geelong Pty Ltd
2. These terms and conditions form part of the appointment of Preston Rowe Paterson Geelong Pty Ltd by the Client to provide the Services.
3. Preston Rowe Paterson Geelong Pty Ltd and its valuers are members of a Limited Liability Scheme in the meaning of the Professional Standards Act 1994.
4. The Valuation and all Valuation Services are provided by Preston Rowe Paterson Geelong Pty Ltd subject to these Terms and Conditions;

Definitions

5. The following definitions apply to these Terms and Conditions and the provision of our Valuations, Valuation Services and Services:-

"Client" shall mean Webster Dolita Finance Ltd

'Confidential information' means information that:

(a) Is by its nature confidential;

(b) Is designated by Us as confidential;

(c) You know or ought to know is confidential; and

(d) Includes, without limitation:

(i) Information comprised in or relating to any of Our intellectual property in the Services or any reports or certificates provided as part of the Services; and

(ii) The Quotation which We have provided to You.

'Date Of Valuation' means, in relation to any Valuation, Valuation Services, Services or consultancy services or advice, the date of preparation of our report or the specific date as at which our opinions are stated to apply (the Relevant Date).

'Director' means a Director noted on the Australian Securities and Investment Companies (ASIC's) records for Preston Rowe Paterson Geelong Pty Ltd

'Fee' means the amount agreed to be paid for the Services by You as set out in the Quotation.

'Limited Liability Scheme' means a scheme pursuant to the Professional Standards Legislation in the State of Victoria

'Parties' means You and/or Us as the context dictates.

'Quotation' means the written quote provided by Us in relation to the Services.

'Relevant Date' means the specific date that our opinion is stated to apply where we are instructed to value at a specific date other than the date of inspection.

'Services' means the Valuation, Valuation Services, asset management,

property management, facilities management or consultancy services or advice provided by Us pursuant to these Terms and Conditions and the Quotation.

"Valuation" shall include a Valuation, Valuation services, or feasibility study, made or given in relation to any real or personal property, freehold or leasehold property, asset, liability or item or items of plant and machinery, proposed development, infrastructure, carbon, water or native title property right, business, fixtures, fittings or other property;

"Valuation Services", shall include any oral or written advice, opinion, recommendation or statement communicated to the Client by Us consequent upon or incidental to the request for a Valuation;

"Valuer" means the individual valuer that has undertaken the valuation or valuation services;

'We', 'Us', 'Our (s)' means Preston Rowe Paterson Geelong Pty Ltd , our employees, contractors, servants and agents;

'You', 'Your' means the Client engaging Us to perform the Valuation, Services or Valuation Services;

Quotation

6. Prior to commencing work We will provide you with a Quotation that sets out who the report is for; the purpose for which the report is being prepared and the fee to be charged. You agree that:
 - (a) you will not use any advice we provide for any purpose other than as stated in the Quotation;
 - (b) you will not pursue any claim against Us for any loss you suffer because you have used Our advice for any other purpose;
 - (c) you will keep this report confidential, unless otherwise agreed by Us in writing; and
 - (d) you will indemnify Us in relation to any loss suffered by a third party that relies on Our advice without first receiving our written consent to do so.

Your Obligations

7. You agree that:
 - (a) You will not use any advice We provide for any purpose other than as stated in the Quotation;
 - (b) You will not pursue any claim against Us for any loss You suffer because You have used Our advice for any other purpose;
 - (c) You will keep this report confidential, unless otherwise agreed by Us in writing; and
 - (d) You will indemnify Us in relation to any loss suffered by a third party that relies on our advice without first receiving Our written consent to do so.
8. You warrant that the instructions and subsequent information supplied by You contain a full and frank disclosure of all information that is relevant to Our provision of the Valuation, Valuation Services or Services. You also accept all risk and any loss that might occur should you withhold any relevant information from Us.
9. You warrant that all third party expert or specialist reports provided to Us by You for the purpose of Us providing the Valuation, Valuation Services or Services are

provided with the authority of the authors of those reports.

10. You authorise and licence Us to incorporate Your intellectual property within Our report(s).
11. The Valuation and all Valuation Services are provided by Us solely for the use of the Client. You will not release any part of Our valuation or consultancy report or its substance to any third party without the written consent of one of Our Directors. Such consent will be provided at Our absolute discretion and on such conditions as We may require including that a copy of these Terms and Conditions must be provided to such third party. This clause shall not apply to persons noted as recipients in Your prior instruction to Us or in the Quotation provided. You are obligated to provide any such recipient with a copy of these Terms and Conditions.
12. If You release any part of the valuation or consultancy advice or its substance with Our written consent, You agree: a) to inform the other person of the terms of our consent; and b) to compensate Us if You do not do so. We have no responsibility to any other person even if that person suffers damage as a result of any other person receiving this Valuation, Valuation Services, Services or consultancy advice.
13. You agree that We do not and will not assume any responsibility to any person other than the Client for any reason whatsoever including, without limiting the generality of the foregoing, for breach of contract, negligence (including negligent mis-statement) or wilful act or default of itself or others by reason of or arising out of the provision of the Valuation, Valuation Services or Services and notwithstanding that any damages have been suffered or incurred by that person as a result of the provision of this Valuation or those Valuation Services to the Client or the use of either of them (or any part of either of them) by the Client for any purpose whatsoever;
14. You must pay our Fees within 14 days of the date of a correctly rendered invoice, unless otherwise dealt with in the Quotation. Fees that remain unpaid for a period of 30 days or more will attract an administration charge of 2% of the total of the invoice calculated per month or part thereof.
15. You agree that We reserve the right to reconsider or amend the Valuation, Valuation Services, Services or consultancy advice, or the Fee set out in Our Quotation to You, if we identify information or facts that were not provided to Us in the at the time of quoting that reveal that the task is much greater than we initially anticipated from the information you provided. In such circumstances, once We have identified additional issues that necessitate additional work, we will advise you of the additional fees for additional time required to complete the task.
16. You agree that neither the whole nor any part of Our Valuation or the substance of any of Our Valuation Services or Services may be communicated to any third party (whether by way of inclusion in a document, circular, statement, prospectus, Product Disclosure Statement (PDS), public offer document or otherwise) without first obtaining the written consent of one of Our Directors. Neither the whole nor any part of Our valuation report or Valuation Services report or any reference to it may be included in any published document, circular or statement, prospectus, Product Disclosure Statement (PDS), public offer document, nor published in any way, without written approval by one of Our Directors as to the form and context in which our Valuation or Valuation Services may appear. Notwithstanding the foregoing, the Client agrees that in the event that it does communicate to a third party the whole or any part of this Valuation or the Valuation Services it shall also communicate to that third party these Terms and Conditions. Furthermore You agree to indemnify Us in the event of any failure so to do;
17. You agree that every right, immunity, exemption and limitation or liability in these terms and conditions shall continue to have its full force and effect in all circumstances notwithstanding any breach of contract or the Terms and Conditions hereof by Us or any person entitled to the benefit of these Terms and Conditions;

18. You agree that if any provision or any part of a provision hereof is unenforceable for any reason whatsoever, such unenforceability shall not affect any other part of such provision or any other provision of these Terms and Conditions;
19. You will only use the valuation or valuation services for the specific purpose stated by us. You agree that you will not use the valuation or valuation services for any other purpose, unless you have our expert's written consent to do so.

Intellectual Property

20. All Our intellectual property contained within any advice We provide, remains Our property. We only grant you licence to use Our intellectual property to carry out the purpose for which the advice was provided

Valuation only for First Mortgage Security

21. Where the Services are provided for mortgage purposes, You agree that You will not use the Valuation or Valuation Services report where the property:-
 - a) is used as security other than by first registered mortgage;
 - b) is used as part of a group of securities (except where the property forms part of a trust); or
 - c) is used as security for more than one loan.
22. Any waiver of this requirement must be approved in writing by one Our Directors.
23. We will not accept any liability or responsibility to second or subsequent mortgagees whom have not instructed Us;

Length of Time Our Valuation or Valuation Services can be relied upon

24. Our Valuation and or Valuation Services are current at the Date of Valuation only. The value assessed in Our Valuation or Valuation Services Report may change significantly and unexpectedly over a relatively short period of time (including as a result of general market movements or factors specific to the particular property). We do not accept liability for losses arising from such subsequent changes in value. Without limiting the generality of the above comment, We do not assume responsibility or accept any liability where the valuation is relied upon after the expiration of ninety (90) days from the date of the valuation, or such earlier date if you become aware of any factors that have any effect on the valuation. Notwithstanding the above You accept that our Valuation and or Valuation Services are current as at the Date of Valuation only and no representation or warranty is made as to the future value of the property.

Obligation for Prudent Lending Practises – Lender Client

25. This valuation is prepared on the assumption that the lender as referred to in the valuation report (and no other), may rely on the valuation for mortgage finance purposes and the lender has complied with its own lending guidelines as well as prudent finance industry lending practices, and has considered all prudent aspects of credit risks for any potential borrower, including the borrower's ability to service and repay any mortgage loan. Further, the valuation is prepared on the assumption that any such lender is providing mortgage financing at a conservative and prudent loan to value ratio. This clause (Prudent Lends Clause) only applies if the lender is not a lender regulated by the Banking Act of 1959.

Assignment of Valuation or Valuation Services

26. You acknowledge that We reserve the right, at Our absolute discretion, to determine whether or not to assign Our valuation to any third party. Without limiting the

extent of Our discretion, We may decline a request for assignment where:

- a) the proposed assignee is not a major recognised lending institution (such as a bank or other lender regulated by the Banking Act 1959);
 - b) the assignment is sought in excess of 3 months after the date of valuation;
 - c) we consider that there has been a change in conditions which may have a material impact on the value of the property;
 - d) the proposed assignee seeks to use the valuation for an inappropriate purpose; or
 - e) Our Fee has not been paid in full.
27. Where We decline to provide an assignment We may be prepared to provide an updated valuation on terms to be agreed at that time.
28. In the event that You request us to assign Our valuation and We agree to do so, You authorise Us to provide to the assignee a copy of these Terms and Conditions, the original Quotation and any other document, including instructions provided by You, relevant to the scope of Our Valuation or Valuation Services.

Property or Valuation Circumstance Specific Qualifications, Assumptions and Conditions Precedent within our reports

29. We are providing You with our professional opinion as valuers. Our opinion is usually provided by way of a valuation report. That report will set out a number of important qualifications, assumptions and conditions precedent which We may need to make, in addition to these Terms and Conditions, relative to the circumstances of the particular property or properties (real or personal property) under consideration.
30. You agree to read these qualifications, assumptions and conditions precedent carefully, and understand that if the assumptions that we have made or relied on are circumstances that do not prevail or eventuate, or are found later to be inaccurate, Our opinion as to value may be materially different. You agree to solely bear the risk in relation to any loss you might suffer, should this occur.
31. The qualifications, assumptions, and conditions precedent that We make will usually depend on the circumstances of the property being valued and are made in relation to matters that We do not have expertise to verify or We cannot verify information provided to Us within the time required to complete the valuation. These will be set out in detail in the Valuation, Valuation Service report or Services report that We provide to You.
32. These qualifications, assumptions and conditions precedent typically will relate to:-
- (a) Land contamination and environmental risk; (b) Town Planning Information; (c) Town Planning and Development Controls and Consents; (d) Title including Notifications on Title such as Easements, Caveats, Restrictions and other dealings; (e) Building Areas; (f) Building Structural Integrity; (g) Building Compliance with the Building Code of Australia; (h) Pest Infestation; (i) Leases, Licences and Tenancies; (j) Strata Title Certificates; (k) Plant and Equipment within Buildings; (l) The veracity of and sources of Sales and Letting Information and Transaction Data; (m) The nature of forecasting, future value assessment and discounted cash flow analysis; (n) The basis of Value where access to the property is restricted; and (o) Whether or not the property has been completed where a development.
33. You agree that we will include property specific qualifications, assumptions and conditions precedent within Our reports as circumstances require. Furthermore You agree that it is Your responsibility to carefully read and consider these qualifications, assumptions and

conditions precedent and discuss them with Us if they cause You any concern.

Executive Summary

34. Our executive summary in Our Valuation or Valuation Services Report must be read in context of and in conjunction with the full valuation report of which this executive summary forms part. All comments, terms and conditions contained in the full valuation report and Quotation relate directly to this Executive Summary.

Expert Witness Services for litigation

35. If you retain us to provide services as an expert for any litigation, whether that be for a court or tribunal, you will provide us with a copy of the relevant rules that apply to expert witness reports and testimony. Those rules will take precedence over these terms and conditions in the event of any inconsistency, noting that:

a) Court rules usually oblige an expert witness to acknowledge that their duty is solely to assist the court in resolution of the dispute

b) Any expert witness that is considered to be acting as an advocate (rather than an independent expert) can be held liable for contempt of court; and

An expert acting pursuant to the rules of the court or tribunal is immune from any claim for damages, given that our sole duty is to the court and not the client that engages us.

20 Specific Assumptions, Terms and Conditions

The Client acknowledges:-

That we are not experts in identifying hazardous material, and we have no expertise with the material Alox02, which is located on the site. We refer to the appendices of this report and the provided documents of the chemical composition of this material. We note that verbal discussion with Mr Adrian Marion, a chemical engineer, previous manager of the MHM facility and whom is also a partner in the proposed purchase of the subject property, has stated that the Alox02 substance is not graded as hazardous and is being marketed as a road stabiliser, along with other uses. Further; we understand that some trials are currently underway to further utilise the product and a company has already purchased 75 tonnes of the product. In any respect, we have erred on the side of caution and allowed for the material to be taken and disposed of in landfill at a cost of \$10 per tonne, assuming a local landfill within 30 minute's drive can be located.

However should this situation change and the substance require to be taken to an EPA approved landfill for hazardous material, this would increase the cost on the applicant to \$58 per tonne, and there is approximately 10,000 tonnes located on the site.

We recommend the lender make their own enquiries with regard to the above issues and statements, we have relied wholly on information provided by the applicant and have no way of verifying the information provided.

We also note, that the previous process of extracting salt, has severely corroded the buildings and structures. We have allowed for the demolition and removal of all buildings within our assessment herein. In so doing we have relied wholly on the costing provided within the Australian Construction Handbook, (Rawlinsons). Again, if further information is sought on these costs, we recommend the lender make their own enquiries with a qualified demolition expert.

21 Market Value


We are of the opinion that the **Market Value** of 72-80 Buckley Grove, Moolap, Vic 3224 is in the sum of **\$960,000 (Nine Hundred and Sixty Thousand Dollars)**, as at the date hereof and subject to:-

1. The assumption that the valuation figure herein is **Exclusive** of **Goods and Services Tax**;
2. Good and marketable title, free from any encumbrances;
3. The comments contained herein; and
4. The terms and conditions contained herein.

22 Valuer Signatories

Reliance on this report should only be taken upon sighting the original document that has been signed by the Valuer and counter signed by a director of Preston Rowe Paterson Geelong Pty Ltd. The counter signatory verifies that this report is genuine, is issued and endorsed by Preston Rowe Paterson Geelong Pty Ltd. The opinion of value expressed in this report, however has been arrived at by the valuer whom has undertaken the valuation in accordance with the instructions given.

Valuer who has undertaken this valuation:



Gareth Kent
Certified Practising Valuer
AAPI #63378

Co-Signature/ Check Valuer



Georgia Hickey
Certified Practising Valuer
AAPI No 75918

Appendix A Letter of Instruction

PC:KS

Gareth Kent
Preston Rowe Patterson Geelong
Unit 2/5 Villamatta Place
GEELONG WEST VIC 3218

gareth.kent@prp.com.au

13 May, 2016

Dear Gareth,

RE: APPLICANT : JLNOG Pty Ltd
PROPERTY : 72-80 Buckley Grove, Moolap VIC 3224

Please provide a sworn valuation of the above mentioned property. Valuation reports are to be extended for use to Sandhurst Trustees Ltd and Webster Dolilta Finance Ltd.


The Valuation is to determine the following: -

- a. The current fair market value of the property;
- b. The acceptability of the property as security for a loan;
- c. Any factors that may affect the fair market value of the property.

General Instructions

Please specifically address within the valuation report, in addition to your normal observations, the following: -

- A replacement/reinstatement insurance figure for the property allowing for demolition and removal of debris;
- A list of recent comparable property sales (minimum three);
- Particulars of any Notice or Order affecting the property which may be detrimental to the interest of the mortgage (eg. road widening, zoning amendments, environmental concerns, Land claims etc);
- A photograph of the property;
- Confirmation that the property is **not** included on any Contaminated or Hazardous Materials Site Register;
- Pest infestation (comment as to whether or not a clear peat certificate is required);
- The title description of the property including, verification of the title details, (a copy of a full title search is to be obtained and provided with your valuation) and comments in respect of any easement, covenant or encumbrance; and proprietorship.



FINANCE

INVESTMENTS & LOANS

WEBSTER DOLILTA FINANCE LTD
PO BOX 31 BALLARAT VICTORIA 3353 DX 35042
T 1300 928 881 BSB 704 495
44 ARMSTRONG STREET SOUTH, BALLARAT VICTORIA 3350 T +61 3 5337 0088 F +61 3 5332 1559
9 LYDIARD STREET NORTH, BALLARAT VIC 3350 T +61 3 5331 3100 F +61 3 5304 4350
E ADMIN@WDFINANCE.COM.AU WWW.WDFINANCE.COM.AU

ACN 004 664 322 ABRN 48 034 664 322 AUSTRALIAN FINANCIAL SERVICES LICENSE NO. 234971



FINANCE
INVESTMENTS & LOANS

Please note that we have allowed five (5) working days for the property to be valued and the report to be received by us. Please contact us if any event occurs that will delay your report.

Access to the property can be arranged through Jonathan Walmsley 0418 514 804.

Yours faithfully

A handwritten signature in blue ink, appearing to read 'Phil Cunningham'.

Phil Cunningham
Managing Director
W & D Finance

WEBSTER DOLITA FINANCE LTD
PO BOX 31 BALLARAT VICTORIA 3353 DX 35042
T 1300 928 881 BSB 704 495
44 ARMSTRONG STREET SOUTH, BALLARAT VICTORIA 3350 T +61 3 5337 0088 F +61 3 5332 1559
9 LYDIARD STREET NORTH, BALLARAT VIC 3350 T +61 3 5331 3100 F +61 3 5304 4350
E ADMIN@WDFINANCE.COM.AU WWW.WDFINANCE.COM.AU

ACN 004 664 322 ABRN 48 004 664 322 AUSTRALIAN FINANCIAL SERVICES LICENSE NO. 234971

Appendix B Certificate of Title

Register Search Statement - Volume 9153 Folio 184

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REGISTER SEARCH STATEMENT (Title Search) Transfer of Land Act 1958

VOLUME 09153 FOLIO 184

Security no : 124060422767H
Produced 17/05/2016 10:10 am

LAND DESCRIPTION

Lot 1 on Title Plan 581001R.
PARENT TITLE Volume 08512 Folio 192
Created by instrument G188691 10/06/1976

REGISTERED PROPRIETOR

Estate Fee Simple
Sole Proprietor
ALRECO PTY LTD of LEVEL 1 20 KINGS PARK ROAD WEST PERTH WA 6005
AH188481V 29/04/2010

ENCUMBRANCES, CAVEATS AND NOTICES

MORTGAGE AH600196C 08/11/2010
ALCOA OF AUSTRALIA LTD

Any encumbrances created by Section 98 Transfer of Land Act 1958 or Section 24 Subdivision Act 1988 and any other encumbrances shown or entered on the plan set out under DIAGRAM LOCATION below.

DIAGRAM LOCATION

SEE TP581001R FOR FURTHER DETAILS AND BOUNDARIES

ACTIVITY IN THE LAST 125 DAYS

NIL

-----END OF REGISTER SEARCH STATEMENT-----

Additional information: (not part of the Register Search Statement)

Street Address: 72-80 BUCKLEY GROVE MOOLAP VIC 3224

DOCUMENT END

**Delivered from the Landata® System by SAI Global Property Division Pty Ltd
Delivered at 17/05/2016, for Order Number 36630622. Your reference: 631573.**

Delivered by LANDATA®. Land Victoria timestamp 17/05/2016 10:12 Page 1 of 2
 © State of Victoria. This publication is copyright. No part may be reproduced by any process except in accordance with the provisions of the Copyright Act and for the purposes of Section 32 of the Sale of Land Act 1962 or pursuant to a written agreement. The information is only valid at the time and in the form obtained from the LANDATA® System. The State of Victoria accepts no responsibility for any subsequent release, publication or reproduction of the information.

TITLE PLAN	EDITION 2	TP 581001R				
Location of Land Parish: MOOLAP Township: Section: Crown Allotment: Crown Portion: Last Plan Reference: LP26045 Derived From: VOL 9153 FOL 184 Depth Limitation: NIL	Notations ANY REFERENCE TO MAP IN THE TEXT MEANS THE DIAGRAM SHOWN ON THIS TITLE PLAN					
Description of Land / Easement Information <div style="background-color: #ffffcc; padding: 5px; border: 1px solid black;"> <p style="text-align: center;">ENCUMBRANCES REFERRED TO</p> <p>As to the land coloured blue - - - - -</p> <p><u>THE EASEMENT</u> to State Electricity - - -</p> <p>Commission of Victoria created by - - -</p> <p>Instrument B749549 - - - - -</p> </div> <p>AS TO THE LAND MARKED E-1 & E-4 IS AN EASEMENT OF DISTRIBUTION OF ELECTRICITY IN FAVOUR OF POWERCOR AUSTRALIA LTD CREATED IN AJ749321C AS TO THE LAND MARKED E-2, E-3 & E-4 IS AN EASEMENT OF POWER SUPPLY (OVERHEAD) IN FAVOUR OF POWERCOR AUSTRALIA LTD CREATED IN AJ749321C AS TO THE LAND MARKED E-3 IS AN EASEMENT OF POWER SUPPLY (UNDERGROUND) IN FAVOUR OF POWERCOR AUSTRALIA LTD CREATED IN AJ749321C</p>		THIS PLAN HAS BEEN PREPARED FOR THE LAND REGISTRY, LAND VICTORIA, FOR TITLE DIAGRAM PURPOSES AS PART OF THE LAND TITLES AUTOMATION PROJECT COMPILED: 26/07/2000 VERIFIED: AA				
<table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2" style="text-align: center;">TABLE OF PARCEL IDENTIFIERS</th> </tr> </thead> <tbody> <tr> <td style="width:50%; vertical-align: top;"> COLOUR CODE BL = BLUE </td> <td style="width:50%; vertical-align: top;"> WARNING: Where multiple parcels are referred to or shown on this Title Plan this does not imply separately disposable parcels under Section 8A of the Sale of Land Act 1962 PARCEL 1 = LOT 24 ON LP26045 </td> </tr> </tbody> </table>			TABLE OF PARCEL IDENTIFIERS		COLOUR CODE BL = BLUE	WARNING: Where multiple parcels are referred to or shown on this Title Plan this does not imply separately disposable parcels under Section 8A of the Sale of Land Act 1962 PARCEL 1 = LOT 24 ON LP26045
TABLE OF PARCEL IDENTIFIERS						
COLOUR CODE BL = BLUE	WARNING: Where multiple parcels are referred to or shown on this Title Plan this does not imply separately disposable parcels under Section 8A of the Sale of Land Act 1962 PARCEL 1 = LOT 24 ON LP26045					
LENGTHS ARE IN METRES	Metres = 0.3048 x Feet Metres = 0.201168 x Links	Sheet 1 of 1 sheets				

Appendix C Alox02 Chemical Composition / product description



Document No. : MLP-SS-03
 Document Title: SALEABLE SPECIFICATION
 ALOX-02 - NON-METALLIC PRODUCT

Page: 1 of 1
 Issue Date: 01/3/2014
 Issue No: 2
 Authorised: A Marion

1.0 CHEMICAL COMPOSITION

	Minimum	Maximum
XRD Quantitative Analysis		
% Quartz (SiO ₂)	0	3
% Aluminium Oxide (Al ₂ O ₃)	20	45
% Aluminium (Al)	4	12
% Aluminium Nitride (AlN)	10	30
% Magnesium dialuminium oxide (MgAl ₂ O ₄)	31	36
% Sphalerite (Zn(Fe)S)	0	<1
% Diaoyudaoite (Na ₂ Al ₂ O ₃ 4)	0	<1
% Periclase (MgO)	3	7
% Pyroxene (XY(Si,Al) ₂ O ₆)	1	3
% Aluminium hydroxide (Al(OH) ₃)	5	8
% Aluminium Silicate (NaAlSi ₃ O ₈ - CaAl ₂ Si ₂ O ₈)	1	3
% Cristobalite (SiO ₂)	0	<1
Other Parameters:		
% Moisture	0	2
% Chloride (total)	0.1	1
% Fluoride (total)	0.2	1.6
Fluoride, mg/L leachable at pH 9.2	20	30
Fluoride, mg/L leachable at pH 5.0	3	9.5
% Total Soluble Solids	0.2	1.5
pH	8.5	9.5
Particle Size (mm) (99%)	0	0.4

FHF Australia

Hard Stand and Road Stabilisation Binder



Stabilising Binder

FHF have a Soil Stabilising Binder to facilitate improved compaction levels for a number of applications. FHF's Soil Stabilising Binder is designed to modify the existing material and improve structural integrity for effective road or hardstand stabilisation.

- FHF have identified areas of material failure that are common to roads, car parks and hardstand areas as well as larger compacted construction areas. Along with dust control for gravel roads, FHF's carefully formulated innovative soil stabilising binder suits many different material types including:
 - **High plasticity material (high clay content)**
 - **Zero to low plasticity material (sandy, silty materials)**
 - **Materials that are not totally compatible with water**
 - **Road Stabilisation Applications**
 - **Hard Stand Applications**

Stabilisation - Compaction

FHF Stabilisation Binder helps to increase soil strength and improve compaction for many different types of stabilisation applications;

- Unsealed roads
- Car parks
- Hardstand areas
- Construction pads
- Foundations
- Anywhere structurally compacted base materials are required
- When applied to gravel roads, it provides a longer lasting all weatherproof road surface. The product is designed to be applied during normal construction and maintenance programs.
- Improvements Through Soil Stabilisation

Stabilisation - Application

There are many benefits to be gained from soil stabilisers/aids including reduced environmental impact.

Improvements made to existing materials treated with our soil stabilising aids include:

- Improved structural integrity
- Increased strength
- Greater density
- Improved bearing capacity (California Bearing Capacity up to 300 CBR)
- Reduced water permeability to alleviate mud and slush
- Fines loss reduction

Application

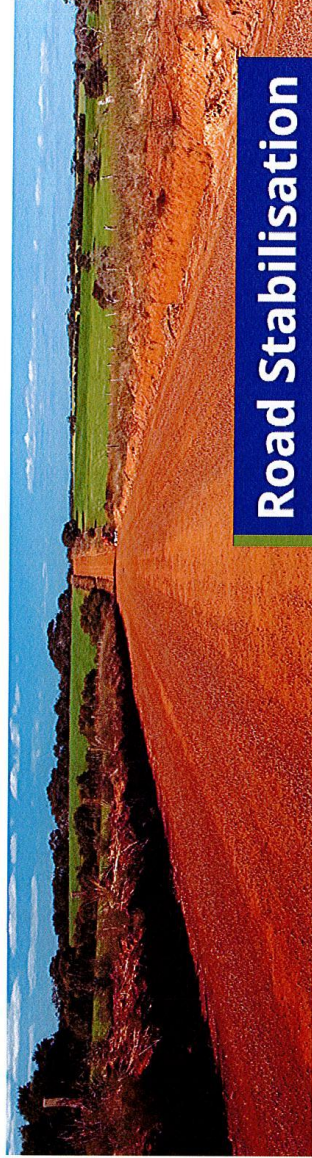
The Soil Stabilising binder is simply mixed in with the existing soil or rock/concrete/stone aggregates at a nominal 10% (maximum 30%) addition rate. A top screen is then applied over the preparation and the area is rolled and watered to commence the curing process.

If a strength of >30MPa is required after 28 days, 5% cement can be applied to accelerate the process.

Our Project Management team will provide a control plan to facilitate the specific of each project needs and requirements to ensure a successful stabilisation result.

EPA process/material approved

- Our product has been utilised in various field trials for stabilisation works
- An independent testing authority evaluated various mixes of the soil stabilisation binder with other aggregates and CBR ratings up to 300 were achieved – Refer TerraFirma Results
- The Stabilisation Binder was tested for toxicity and leachability by SESL and found to meet the stringent EPA guidelines of IWRG621 when used up to 30%.



EPA IWRG 621 Guidelines

Beneficial reuse of Alox02 material as a Soil Stabilisation Binder was provided to EPA by Russell Kennedy and Associated “Environmental Lawyers” that was based on Terra Firma CBR testing of ALox02 with various types of aggregates and Alox additions between 10 – 30%.

EPA were advised that:

“Alreco had received confirmation that the NMP was appropriate for use as a binding agent in civil works as per correspondence to the EPA (30/9/2015)”

The SESL independent report is provided in following slides

SESL Report Page 1



Our Ref: C4872.630300 P16.docx
 14th August, 2015
 Alnico – MHM Metals Limited (ASX:MHM)
 PO Box 2087
 Geelong VIC 3220

Alnico
 MH Metals Limited (ASX:MHM)
 August 2015

Introduction

MHM Metals have requested that we provide an additional report summarising the Terra Firma Laboratory physical testing together with the SESL chemistry tests into one package.

We understand generally that Plant Hire Solutions Australia (PHSA) conducted some trials incorporating the Aluminium Oxide (Alox) waste into aggregate materials with a view to using its cementing or binding abilities to make a road-base material for engineering purposes.

Chemical Properties

The attached SESL test results and "Overall Summary" report provide support to the view that the Alox waste falls into the category of "Industrial Waste" according to the Vic EPA publication NYR0531 (Solid Industrial Waste Hazard Categorisation and Management). Note also that the only potential concern we saw is the presence of some sodium salts but these do not affect the classification as Industrial Waste in our view.

The chemistry of Al oxide and hydroxide wastes is such that various solid compounds in the "Gibbsite" family (Al(OH)₃). In practice large complex polymeric Al hydroxides form crystalline masses complexing also with iron, organic species and divalent cations (eg Ca) and is one of the species that form in Portland Cement (Spauld 1999). It is because of the crystallization of such species that Alox could be expected to provide cementitious properties analogous to Portland Cement; although such species do take longer to form than the very rapid crystallisation of Portland Cement.

Further, as the pHs seen in the Alox materials sampled Al (and all other metals) is not soluble and the binding effect would also act to trap or immobilize other species such as the salts present. Use of the material in a road-base that solidifies and becomes stronger over time would in my view significantly

Page 1 of 5

SESL Report Page 2



Alcoa
Mt Melba Limited (ASX: MPM)
August 2015

Mitigate the potential for leaching of salts from the matrix.

Physical Properties

The Terra Firma Laboratory Results provide some fairly typical test regimes used to assess road base materials including particle size distribution, compacted densities and California Bearing Ratio (CBR) strength tests. They are presented in Appendix I.

Most of the testing was done on Non Dispersed Crush Rock (NDCR) tested alone and with various additions of AOX added from 10 to 30%. A number of things can be discerned from the test results.

1. The addition of AOX results in an increase in the proportion of fines fraction, which is necessary to improve the packing properties of the coarse MDCR.
2. Somewhat counter-intuitively the compacted density appears to decline with added AOX but this is only because AOX is not as dense as hard rock or sand and does not reflect on strength properties.
3. CBR values are all higher with the AOX added than the 'Natural' NDCR. The Natural NDCR shows CBR 50 whereas when AOX is added they rise to give values between 80 and 170 CBR, a very significant increase. The variation in CBR is not clearly related to the amount of AOX added but at 20% AOX it is fairly safe conclusion that the CBR approximately doubles and triples in one case.

While it was not tested in these series of tests my knowledge of the chemistry of AOX crystallisation leads me to predict that strength would only increase further as the compounded samples age.

Summary

There is no doubt the AOX appears to be an effective cementing and binding agent in mixture with crushed rock. The tests demonstrate this and the chemistry predicts it. The degree to which strength rises appears to vary for various reasons but in every case the effect is very marked.

There are no contaminant concerns in the AOX material from our analytical work and the only issue that really needs addressing in any way is the presence of some salt. Given the fact that high binding effects occur with only 20% of AOX mixed into crushed rock materials (providing a 1:3 dilution effect anyway) and the fact that compacted road base is impermeable in any case it is likely in my view that the salts will

Page 2 of 3

